
THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of the Offer, this Composite Document and/or the accompanying Form of Acceptance 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 **Goal Forward Holdings Limited**, you should at once hand this Composite Document and the accompanying Form of Acceptance to the purchaser(s) or transferee(s) or to the bank or licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms of the Offer contained herein.

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



Ace Source Holdings Limited

佳源控股有限公司

(Incorporated in the BVI with limited liability)

Goal Forward Holdings Limited

展程控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1854)

**COMPOSITE DOCUMENT IN RELATION TO
UNCONDITIONAL MANDATORY CASH OFFER BY
SOMERLEY CAPITAL LIMITED FOR AND ON BEHALF OF
ACE SOURCE HOLDINGS LIMITED TO ACQUIRE ALL
THE ISSUED SHARES OF GOAL FORWARD HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED
BY ACE SOURCE HOLDINGS LIMITED AND
PARTIES ACTING IN CONCERT WITH IT)**

Financial Adviser to Ace Source Holdings Limited



SOMERLEY CAPITAL LIMITED

Independent Financial Adviser to the Independent Board Committee



Opus Capital Limited
創富融資有限公司

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

A letter from Somerley containing, among other things, details of the terms of the Offer is set out on pages 9 to 20 of this Composite Document. A letter from the Board is set out on pages 21 to 28 of this Composite Document.

A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in relation to the Offer is set out on pages 29 to 30 of this Composite Document.

A letter from the Independent Financial Adviser containing its advice on the Offer to the Independent Board Committee is set out on pages 31 to 56 of this Composite Document.

The procedures for acceptance and settlement of the Offer and other related information are set out in Appendix I “Further Terms and Procedures for Acceptance of the Offer” to this Composite Document and in the accompanying Form of Acceptance. Acceptance of the Offer should be received by the Registrar, Tricor Investor Services Limited, at Level 54 Hopewell Centre 183 Queen’s Road East Hong Kong, no later than 4:00 p.m. on Thursday, 9 September 2021 or such later time and/or date as Ace Source may determine and announce, in accordance with the requirements under the Takeovers Code.

Persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form of Acceptance to any jurisdiction outside Hong Kong, should read the details in this regard which are contained in the paragraph headed “Overseas Shareholders” in the “Letter from Somerley” in this Composite Document before taking any action. It is the responsibility of each Overseas Shareholder wishing to accept the Offer to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with all necessary formalities, regulatory and/or legal requirements. Overseas Shareholders are advised to seek professional advice on deciding whether or not to accept the Offer.

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

19 August 2021

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EXPECTED TIMETABLE

All references to dates and time contained in this Composite Document and the accompanying Form of Acceptance refer to Hong Kong dates and time.

The expected timetable set out below is indicative only and may be subject to change. Any changes to the timetable will be jointly announced by Ace Source and the Company.

Despatch date of this Composite Document and
the accompanying Form of Acceptance and
commencement date of the Offer (*Note 1*) Thursday, 19 August 2021

Latest time and date for acceptance of
the Offer (*Notes 2 and 5*) 4:00 p.m. on
Thursday, 9 September 2021

Closing Date (*Notes 3 and 5*) Thursday, 9 September 2021

Announcement of the results of the Offer
(or its extension or revision, if any)
as at the Closing Date, to be posted on the website
of the Stock Exchange (*Notes 3 and 5*) no later than 7:00 p.m.
on Thursday, 9 September 2021

Latest date for posting of remittances for the
amounts due in respect of valid acceptances received
under the Offer on the Closing Date (*Notes 4 and 5*) on or before 4:00 p.m.
Monday, 20 September 2021

Notes:

1. The Offer, which is unconditional, is open for acceptance on and from Thursday, 19 August 2021, being the date of this Composite Document, and is capable of acceptance on and from such date until 4:00 p.m. on the Closing Date.
2. Beneficial owners of Shares who hold their Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements (as set out in Appendix I to this Composite Document) for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures.
3. In accordance with the Takeovers Code, the Offer must initially be open for acceptance for at least 21 days following the date on which this Composite Document is posted. The Offer will initially remain open for acceptances until 4:00 p.m. on Thursday, 9 September 2021 unless Ace Source revises or extends the Offer in accordance with the Takeovers Code. Ace Source has the right under the Takeovers Code to extend the Offer until such date as it may determine in accordance with the Takeovers Code (or as permitted by the Executive in accordance with the Takeovers Code). Ace Source and the Company will jointly issue an announcement no later than 7:00 p.m. on Thursday, 9 September 2021 stating whether the Offer has been extended, revised or has expired. In the event that Ace Source decides to extend the Offer, and the announcement regarding the extension of the Offer does not specify the next closing date, at least 14 days' notice by way of an announcement will be given before the Offer is closed to those Independent Shareholders who have not accepted the Offer.

EXPECTED TIMETABLE

4. Remittances in respect of the cash consideration (after deducting the seller's Hong Kong ad valorem stamp duty in respect of acceptances of the Offer) payable for the Offer Shares tendered under the Offer will be despatched to the accepting Independent Shareholder(s) (to the address specified on the relevant Shareholder's Form of Acceptance) by ordinary post at his/her/its own risk as soon as possible, but in any event within seven (7) Business Days following the date of receipt by the Registrar of all the relevant documents to render the acceptance under the Offer complete and valid.
5. If there is a tropical cyclone warning signal number 8 or above, or a black rainstorm warning:
 - (a) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the Offer or the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances, the latest time for acceptance of the Offer will remain at 4:00 p.m. on the same Business Day, and the posting of the remittances will be made on the same Business Day, as the case may be; or
 - (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offer or the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances, the latest time for acceptance of the Offer will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m. or such other day as the Executive may approve in accordance with the Takeovers Code, and the posting of the remittances will be made on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m., as the case may be.

IMPORTANT NOTICES

NOTICE TO THE OVERSEAS SHAREHOLDERS

The making of the Offer to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or affected by the laws and regulations of the relevant jurisdictions. Overseas Shareholders and beneficial owners of the Shares who are citizens, residents or nationals of a jurisdiction outside Hong Kong should obtain information about and observe any relevant applicable legal or regulatory requirements and, where necessary, seek legal advice in respect of the Offer.

It is the responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required or the compliance with other necessary formalities or legal and regulatory requirements and the payment of any transfer or other taxes or other required payments due in respect of such jurisdictions.

Ace Source and the parties acting in concert with it, the Company, Somerley, the Independent Financial Adviser, the Registrar, the company secretary of the Company and any of their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offer shall be entitled to be fully indemnified and held harmless by the Overseas Shareholders for any taxes as such person may be required to pay. Please see the paragraph headed “Overseas Shareholders” in the “Letter from Somerley” and Appendix I to this Composite Document for details.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

DEFINITIONS

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

“Ace Source”	Ace Source Holdings Limited (佳源控股有限公司), a company incorporated in the BVI with limited liability
“acting in concert”	having the meaning ascribed to it under the Takeovers Code
“Agreements”	the Share Purchase Agreement and the Subscription Agreement
“associate(s)”	having the meaning ascribed to it under the Takeovers Code
“Board”	the board of Directors
“Business Day”	a day which the Stock Exchange is open for the transaction of business
“BVI”	British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“China Wantian”	China Wantian International Group Limited (中國萬天國際集團有限公司), a company incorporated in Hong Kong with limited liability and the controlling shareholder of Ace Source
“Closing Date”	9 September 2021, being the closing date of the Offer or any subsequent closing date in the event that the Offer is extended or revised in accordance with the Takeovers Code
“Company”	Goal Forward Holdings Limited (展程控股有限公司), a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1854)
“Completion”	Share Transfer Completion and Subscription Completion
“Composite Document”	this composite offer and response document jointly issued by Ace Source and the Company to the Independent Shareholders in accordance with the Takeovers Code in relation to the Offer

DEFINITIONS

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company from time to time
“Encumbrance”	any claim, option, charge (fixed or floating), mortgage, lien, pledge, equity, adverse interest, encumbrance, right to acquire, right of pre-emption, right of first refusal, title retention or any other third party right, or other security interest or any agreement or arrangement having a similar effect or any agreement to create any of the foregoing
“Executive”	the Executive Director of the Corporate Finance Division of the SFC and any delegate of the Executive Director
“Form of Acceptance”	the form of acceptance and transfer in respect of the Offer accompanying this Composite Document
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hooy Investment”	Hooy Investment Limited, a company incorporated in the BVI with limited liability
“Independent Board Committee”	an independent committee of the Board which comprises all non-executive Directors, namely Mr. Wong Chung Yeung, Ms. Li On Lei, Mr. Ng Ki Man and Mr. Lo Siu Kit for the purpose of advising the Independent Shareholders in respect of the Offer
“Independent Financial Adviser”	Opus Capital Limited, a licensed corporation under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, being the independent financial adviser appointed for the purpose of advising the Independent Board Committee in relation to the Offer
“Independent Shareholder(s)”	Shareholder(s) other than Ace Source and parties acting in concert with it (including the Vendor)

DEFINITIONS

“Joint Announcement”	the announcement dated 6 July 2021 jointly issued by Ace Source and the Company in relation to, among other things, the Share Purchase Agreement, the Subscription Agreement and the Offer
“Last Trading Day”	29 June 2021, being the last day on which the Shares were traded on the Stock Exchange prior to the suspension of trading in the Shares pending the release of the Joint Announcement
“Latest Practicable Date”	16 August 2021, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Hooy”	Mr. Hooy Kok Wai, a director and a controlling shareholder of Ace Source
“Mr. Liu”	Mr. Liu Chi Ching, the sole director and the sole shareholder of the Vendor, and an executive Director and the chairman of the Board
“Mr. Zhong”	Mr. Zhong Xueyong, a director and a shareholder of Ace Source
“Offer”	the unconditional mandatory cash offer being made by Somerley for and on behalf of Ace Source to acquire all the Offer Shares in compliance with the Takeovers Code
“Offer Share(s)”	all the Share(s) in issue, other than those Shares already owned by Ace Source and parties acting in concert with it
“Overseas Shareholder(s)”	Shareholder(s) whose addresses, as shown on the register of members of the Company, are outside Hong Kong
“PRC”	the People’s Republic of China which for the purposes of this Composite Document, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

DEFINITIONS

“Registrar”	Tricor Investor Services Limited, being the Hong Kong branch share registrar and transfer office of the Company, whose address is at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Relevant Period”	the period from 6 January 2021, being the date six months preceding the date of the Joint Announcement, up to and including the Latest Practicable Date
“Sale Share(s)”	an aggregate of 520,000,000 Shares sold by the Vendor and acquired by Ace Source pursuant to the terms of the Share Purchase Agreement
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Share Purchase Agreement”	the share purchase agreement dated 29 June 2021 entered into between the Vendor and Ace Source in respect of the Share Transfer
“Share Transfer”	the acquisition by Ace Source of the Sale Shares pursuant to the Share Purchase Agreement
“Share Transfer Completion”	completion of the Share Transfer pursuant to the terms of the Share Purchase Agreement
“Sommerley”	Sommerley Capital Limited, a licensed corporation under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities and the financial adviser to Ace Source
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription by Ace Source of the Subscription Shares pursuant to the Subscription Agreement
“Subscription Agreement”	the agreement dated 29 June 2021 entered into between Ace Source and the Company in respect of the Subscription
“Subscription Completion”	completion of the Subscription Agreement

DEFINITIONS

“Subscription Share(s)”	an aggregate of 252,000,000 new Shares subscribed by Ace Source under the Subscription Agreement
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“US\$”	United States dollars, the lawful currency of the United States of America
“Vendor”	Classic Line Holdings Limited, a company incorporated under the laws of the BVI with limited liability and which is beneficially wholly-owned by Mr. Liu
“Yap Global”	Yap Global Investment Limited, a company incorporated in the BVI with limited liability
“%”	per cent.

LETTER FROM SOMERLEY



SOMERLEY CAPITAL LIMITED
20th Floor
China Building
29 Queen's Road Central, Hong Kong

19 August 2021

To the Independent Shareholders,

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY
SOMERLEY CAPITAL LIMITED
FOR AND ON BEHALF OF ACE SOURCE HOLDINGS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
GOAL FORWARD HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED
BY ACE SOURCE HOLDINGS LIMITED AND
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

Reference is made to the Joint Announcement. On 29 June 2021 (after trading hours), the Vendor and Ace Source entered into the Share Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell, and Ace Source (or its nominee) has conditionally agreed to acquire, 520,000,000 Sale Shares (representing approximately 34.39% of the issued share capital of the Company as at the Latest Practicable Date), at a total cash consideration of HK\$78,000,000, being HK\$0.15 per Sale Share. On the same day, being 29 June 2021 (after trading hours), the Company and Ace Source entered into the Subscription Agreement, pursuant to which Ace Source has conditionally agreed to subscribe for, and the Company has agreed to allot and issue to Ace Source, 252,000,000 Subscription Shares (representing approximately 16.67% of the issued share capital of the Company as at the Latest Practicable Date), at a consideration of HK\$37,800,000, being HK\$0.15 per Subscription Share. Completion took place on 16 August 2021.

Immediately prior to Completion, Ace Source and parties acting in concert with it (excluding the Vendor) did not hold any Shares or control any voting rights over Shares. Upon Completion which took place on 16 August 2021 and as at the Latest Practicable Date, Ace Source was interested in 772,000,000 Shares, representing approximately 51.06% of the issued share capital of the Company. Ace Source is therefore required under Rule 26.1 of the Takeovers Code to make the Offer for all the issued Shares (other than those already owned by Ace Source and parties acting in concert with it). Somerley is making the Offer for and on behalf of Ace Source.

This letter forms part of this Composite Document and sets out, among other things, details of the Offer, information on Ace Source, and its intentions in relation to the Company. Further details on the terms and the procedures for acceptance of the Offer are set

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out in Appendix I to this Composite Document and the accompanying Form of Acceptance. The Independent Shareholders are strongly advised to carefully consider the information contained in the “Letter from the Board”, the “Letter from the Independent Board Committee”, the “Letter from the Independent Financial Adviser”, the appendices to this Composite Document and the accompanying Form of Acceptance, and to consult their own professional advisers before reaching a decision as to whether or not to accept the Offer.

THE OFFER

Somerley, for and on behalf of Ace Source and pursuant to the Takeovers Code, is making the Offer on the following basis:

For each Offer Share held HK\$0.15 in cash

The offer price per Offer Share is determined at a price equalling to the purchase price per Sale Share paid by Ace Source under the Share Purchase Agreement and the subscription price per Subscription Share paid by the Ace Source under the Subscription Agreement.

The Offer is unconditional in all respects and extended to all Shareholders other than Ace Source and parties acting in concert with it in accordance with the Takeovers Code. The Offer Shares to be acquired under the Offer shall be fully paid and acquired free from all Encumbrances and together with all rights attaching to them including the right to receive all dividends and distributions which may be declared, paid or made at any time on or after the date on which the Offer is made, being the date of despatch of this Composite Document. As at the Latest Practicable Date, the Company has not declared any dividend which remains unpaid, and the Company does not intend to declare, make or pay any dividend or other distributions prior to the close of the Offer.

Further details of the terms of the Offer and the procedures for acceptance are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

The Offer Price

The offer price of HK\$0.15 per Offer Share represents:

- (i) a discount of approximately 11.76% to the closing price of HK\$0.170 per Share quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 7.14% over the closing price of HK\$0.14 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 4.46% to the average closing price of approximately HK\$0.157 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the Last Trading Day;
- (iv) a discount of approximately 11.76% to the average closing price of approximately HK\$0.170 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to the Last Trading Day;

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- (v) a discount of approximately 10.18% to the average closing price of approximately HK\$0.167 per Share as quoted on the Stock Exchange for the last thirty consecutive trading days immediately prior to the Last Trading Day;
- (vi) a premium of approximately 102.70% over the audited consolidated net asset attributable to the owners of the Company of approximately HK\$0.074 per Share as at 31 March 2021 (calculated based on the audited consolidated equity attributable to the Shareholders of approximately HK\$93.28 million as at 31 March 2021 and 1,260,000,000 Shares in issue as at 31 March 2021); and
- (vii) a premium of approximately 50.00% over the adjusted unaudited consolidated net asset value attributable to the owners of the Company of approximately HK\$0.10 per Share as at 31 March 2021. The calculation of the adjusted unaudited consolidated net asset value attributable to the owners of the Company per Share as at 31 March 2021 is set out under the paragraph “Adjusted unaudited net asset value” in Appendix II to this Composite Document.

Highest and lowest Share prices

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK\$0.194 per Share on 20 July 2021 and HK\$0.075 per Share on 11, 12, 15, 16 and 17 March 2021, respectively.

The Vendor's Undertakings

Immediately after the Share Transfer Completion and as at the Latest Practicable Date, the Vendor held 200,000,000 Shares (the “**Retained Shares**”), representing approximately 13.23% of the issued share capital of the Company.

In accordance with terms of the Share Purchase Agreement, the Vendor has executed a deed of undertaking dated 16 August 2021 in favour of Ace Source, the SFC and the Stock Exchange, pursuant to which the Vendor has irrevocably and unconditionally undertaken that it will:–

- (i) not, and will not attempt to, whether directly or indirectly, sell, transfer or dispose of, charge, grant any option or right over, or otherwise create any encumbrance on or deal in all or any of the Retained Shares until the close of the offer period (as defined in the Takeovers Code) of the Offer; and
- (ii) not accept the Offer in respect of the Retained Shares.

Pursuant to the deed of undertaking, there are no circumstances in which the Vendor's undertakings will cease to be binding.

Save as disclosed above, there are no restrictions on the disposition of the Retained Shares held by the Vendor under the terms of the Share Purchase Agreement after the close of the offer period (as defined in the Takeovers Code) of the Offer nor other arrangement between Ace Source and the Vendor regarding the Retained Shares.

LETTER FROM SOMERLEY

Value of the Offer

As at the Latest Practicable Date, the Company had 1,512,000,000 Shares in issue and the Company did not have any outstanding securities, options, warrants or derivatives which are convertible into or which confer rights to require the issue of Shares. The Company also had no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) other than the Shares as at the Latest Practicable Date.

Based on the offer price of HK\$0.15 per Offer Share and 1,512,000,000 Shares in issue as at the Latest Practicable Date, the entire issued share capital of the Company is valued at approximately HK\$226.80 million. Upon Completion, 200,000,000 Shares have been retained by the Vendor which has undertaken, (i) not to accept the Offer in respect of the Retained Shares; and (ii) that it will not, and will not attempt to, whether directly or indirectly, sell, transfer or dispose of, charge, grant any option or right over, or otherwise create any encumbrance on or deal in all or any of the Retained Shares during the offer period (as defined in the Takeovers Code) of the Offer. The Offer is being made to the Independent Shareholders who in aggregate held 540,000,000 Shares as at the Latest Practicable Date. Based on the offer price of HK\$0.15 per Offer Share, the Offer is valued at HK\$81,000,000 assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to the close of the Offer.

Confirmation of financial resources

Ace Source intends to finance the consideration payable under the Offer by unsecured shareholder's loans from China Wantian. Ace Source does not intend that the payment of interest on, repayment of or security for any liability (contingent or otherwise) in relation to the shareholder's loans from China Wantian will depend to any significant extent on the business of the Group.

Somerley, being the financial adviser to Ace Source, is satisfied that sufficient resources are available to Ace Source to satisfy the total consideration payable by Ace Source in respect of full acceptance of the Offer.

PROCEDURES FOR ACCEPTANCE OF THE OFFER

To accept the Offer, you should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon, which form part of the terms and conditions of the Offer.

The duly completed and signed Form of Acceptance should be lodged, together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), with the Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, marked "Goal Forward Holdings Limited – Offer" on the envelope, in any event not later than 4:00 p.m. on the Closing Date or such later time and/or date as Ace Source may determine and announce with the consent of the Executive and in accordance with the Takeovers Code.

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No acknowledgment of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

Your attention is drawn to “Further Terms and Procedures for Acceptance of the Offer” as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

Effect of accepting the Offer

As at the Latest Practicable Date, the Company has not declared any dividend which remains unpaid, and the Company does not intend to declare, make or pay any dividend or other distributions prior to the close of the Offer.

By accepting the Offer, the Shareholders will sell their Shares free from all Encumbrances and together with all rights attaching to them including the right to receive all dividends and distributions which may be declared, paid or made at any time on or after the date on which the Offer is made, being the date of despatch of this Composite Document.

Acceptance of the Offer by any Shareholder will be deemed to constitute a warranty by such person that all Shares sold by such person under the Offer are free from all Encumbrances whatsoever and together with all rights accruing or attaching thereto, including, without limitation, the right to receive dividends and distributions declared, paid or made, if any, on or after the date on which the Offer is made. Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

Settlement of the Offer

Remittances in respect of the cash consideration for the Offer Shares tendered under the Offer will be despatched to the accepting Shareholder(s) (to the address specified on the relevant Shareholder’s Form of Acceptance) by ordinary post at his/her/its own risk as soon as possible, but in any event within seven (7) Business Days following the date of receipt by the Registrar of all the relevant documents to render the acceptance under the Offer complete and valid.

No fractions of a cent will be payable and the amount of cash consideration payable to a Shareholder (as the case may be) who accepts the Offer will be rounded up to the nearest cent.

Nominee registration

To ensure equality of treatment of all Independent Shareholders, those Independent Shareholders who hold Shares as nominees on behalf of more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order

LETTER FROM SOMERLEY

for beneficial owners of Shares whose investments are registered in the names of nominees, to accept the Offer, it is essential that they provide instructions of their intentions with regard to the Offer to their nominees.

Overseas Shareholders

Ace Source intends to make the Offer available to all Independent Shareholders, including the Overseas Shareholders. As the Offer to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or affected by the laws and regulations of the relevant jurisdictions, the Overseas Shareholders and beneficial owners of the Shares who are citizens, residents or nationals of a jurisdiction outside Hong Kong should obtain information about and observe any relevant applicable legal or regulatory requirements and, where necessary, seek legal advice in respect of the Offer. It is the responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required or the compliance with other necessary formalities or legal and regulatory requirements and the payment of any transfer or other taxes or other required payments due in respect of such jurisdictions).

Ace Source, the parties acting in concert with it, the Company, Somerley, the Independent Financial Adviser, the Registrar, the company secretary of the Company and any of their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offer shall be entitled to be fully indemnified and held harmless by the Overseas Shareholders for any taxes as such persons may be required to pay.

Any acceptance by any Overseas Shareholders and overseas beneficial owners of the Shares will be deemed to constitute a representation and warranty from such Overseas Shareholders or overseas beneficial owners of the Shares, as applicable, to Ace Source that the local laws and requirements have been complied with. Overseas Shareholders and overseas beneficial owners of the Shares should consult their own professional advisers if in doubt.

Hong Kong stamp duty

Seller's Hong Kong ad valorem stamp duty at a rate of 0.13% of the consideration payable in respect of the relevant acceptances of the Offer by the Shareholders or if higher, the market value of the Shares as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong) will be deducted from the amount payable to Shareholders who accept the Offer. Ace Source will arrange for payment of the seller's Hong Kong ad valorem stamp duty on behalf of the relevant Shareholders accepting the Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

LETTER FROM SOMERLEY

Taxation advice

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of Ace Source, parties acting in concert with it, the Company, Somerley, the Independent Financial Adviser, the Registrar, the company secretary of the Company and any of their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

INFORMATION ON ACE SOURCE

Ace Source is an investment holding company incorporated in the BVI with limited liability. As at the Latest Practicable Date, save for entering into of the Share Purchase Agreement and the Subscription Agreement, Ace Source has not engaged in any substantial business activities. As at the Latest Practicable Date, Mr. Hooy, Mr. Zhong and Mr. Lau Yau Chuen Louis were the directors of Ace Source.

As at the Latest Practicable Date, Ace Source was owned by China Wantian, Yap Global and Hooy Investment as to 81%, 12% and 7% equity interest, respectively.

China Wantian is an investment holding company incorporated in Hong Kong with limited liability. As at the Latest Practicable Date, China Wantian was owned by Wise Global Holding Limited and Courage Rise Holdings Limited as to 60% and 40% equity interest, respectively. As at the Latest Practicable Date, Mr. Hooy, Mr. Zhong and Mr. Lau Yau Chuen Louis were the directors of China Wantian.

Each of Wise Global Holding Limited and Courage Rise Holdings Limited is an investment holding company incorporated in the BVI with limited liability. As at the Latest Practicable Date, Mr. Hooy was the sole beneficial owner and sole director of Wise Global Holding Limited, while Mr. Zhong was the sole beneficial owner and sole director of Courage Rise Holdings Limited.

Yap Global is an investment holding company incorporated in the BVI with limited liability. As at the Latest Practicable Date, Yap Global was beneficially owned by each of Ms. Yap Hong Akiw and Ms. Yap Hong Kek as to approximately 16.67% equity interest, and each of Ms. Yap Yuk Kiew, Mr. Yap Fong Kee, Ms. Yap Hong Leng, Mr. Yap Kong Meng, Ms. Yap Siew Chow, Ms. Yap Siew Ngoh, Ms. Yap Su Chai and Mr. Yek Hon Su as to approximately 8.33% equity interest. As at the Latest Practicable Date, Ms. Yap Yuk Kiew and Ms. Yap Su Chai were the directors of Yap Global.

Hooy Investment is an investment holding company incorporated in the BVI with limited liability. As at the Latest Practicable Date, Hooy Investment was beneficially owned by each of Mr. Hooy Say Kai and Mr. Hooy Kwok Pun as to approximately 28.57% equity interest, and each of Mr. Hooy Kok Kuen, Ms. Hooy Siew Kuen and Ms. Leong Kwai Ho as to approximately 14.29% equity interest. As at the Latest Practicable Date, Mr. Hooy Kwok Pun, Mr. Hooy Say Kai and Ms. Hooy Siew Kuen were the directors of Hooy Investment.

LETTER FROM SOMERLEY

Mr. Hooy Say Kai and Ms. Leong Kwai Ho are the parents of Mr. Hooy; each of Mr. Hooy Kwok Pun, Ms. Hooy Siew Kuen and Mr. Hooy Kok Kuen is a sibling of Mr. Hooy; Ms. Yap Yuk Kiew (“**Mrs. Hooy**”) is the spouse of Mr. Hooy; each of Ms. Yap Hong Akiw, Ms. Yap Hong Kek, Mr. Yap Fong Kee, Ms. Yap Hong Leng, Mr. Yap Kong Meng, Ms. Yap Siew Chow, Ms. Yap Siew Ngoh, Ms. Yap Su Chai and Mr. Yek Hon Su is a sibling of Mrs. Hooy and a sibling-in-law of Mr. Hooy.

As at the Latest Practicable Date, Mr. Zhong was not a family member or close relative of any of the ultimate beneficial shareholders of Ace Source.

As disclosed in the Joint Announcement, since Ace Source has expressed its intention to obtain not less than 50.1% of the issued Shares during the negotiations among the parties to the Agreements, there is an understanding between the Vendor and Ace Source to enable Ace Source to consolidate control of the Company. The Vendor and Ace Source are therefore acting in concert.

INFORMATION ON THE GROUP

Your attention is drawn to the sections headed “Information on the Group” in the “Letter from the Board” as set out on pages 21 to 28 of this Composite Document.

INTENTIONS OF ACE SOURCE IN RELATION TO THE GROUP

Ace Source intends to continue the principal business of the Group and has no intention to dispose of the Company’s businesses immediately after completion of the Offer. Following the closing of the Offer, Ace Source will conduct a detailed review of the business operations and financial position of the Group for the purpose of formulating business plans and strategies for the future business development of the Group. Subject to the result of the review and should suitable investment or business opportunities arise, Ace Source may consider diversifying the business of the Group with an objective to broaden its income source. However, as at the Latest Practicable Date, no such investment or business opportunities had been identified nor had Ace Source entered into any agreements, arrangements, understandings, intention or negotiation in relation to injecting any assets or business into the Group. As at the Latest Practicable Date, Ace Source had not entered into any agreement, arrangements, understandings, intention or negotiations in relation to redeployment of the employees, disposal and/or redeployment of the assets of the Group, or termination or scaling-down of any of the Group’s business.

Save for the intentions of Ace Source regarding the Group as set out above, Ace Source has no intention to make material changes to the business of the Group, to discontinue the employment of any employees (save for the proposed changes to the Board as set out below) or to dispose of or re-deploy any fixed assets of the Group other than those in its ordinary course of business.

LETTER FROM SOMERLEY

CHANGES TO THE BOARD COMPOSITION OF THE COMPANY

As at the Latest Practicable Date, the Board was made up of two executive Directors, being Mr. Liu and Ms. Wu Shuk Kwan, a non-executive Director, being Mr. Wong Chung Yeung and three independent non-executive Directors, being Ms. Li On Lei, Mr. Ng Ki Man and Mr. Lo Siu Kit. Save for Mr. Liu who will remain as an executive Director, Ace Source intends for the aforesaid Directors to remain in their office after the close of the Offer until such time suitable candidates are identified for nomination to the Board in their place.

To facilitate the business operation, management and strategy of the Group, Ace Source had nominated (i) Mr. Hooy as an executive Director, the chairman of the Board and the chairman of the nomination committee of the Board; and (ii) Mr. Zhong as an executive Director. The Board had approved such nominations, and the aforesaid appointments of Mr. Hooy and Mr. Zhong shall take effect after the posting of this Composite Document on 19 August 2021. Mr. Liu will be redesignated from the chairman to vice chairman of the Board with effect after the posting of this Composite Document on 19 August 2021. Mr. Liu has given notice to resign as the chairman of the nomination committee of the Board effective after the posting of this Composite Document on 19 August 2021.

The biographical details of Mr. Hooy and Mr. Zhong are as follows:

Mr. Hooy Kok Wai (許國偉), aged 62, is a controlling shareholder and a director of Ace Source, which owned 51.06% of the issued share capital of the Company as at the Latest Practicable Date. Mr. Hooy is a Singaporean Chinese entrepreneur and has extensive experience in investment and company management. He is one of the founders and has served as the vice-chairman of Perfect (China) Co., Ltd* (完美(中國)有限公司) (“**Perfect China**”) since 1995. Perfect China is principally engaged in research, development, manufacturing, and sale of personal care products, cosmetics, health food, and household cleaning necessities through direct sales in the PRC. His role in Perfect China is to oversee the operation and management of the company. Mr. Hooy has also been a director of Yen Lee Holdings Pte Ltd. since April 1980, a corporation based in Singapore which is principally engaged in wholesale and retail of various industrial tools, firefighting, safety, rescue and life-saving equipment in Southeast Asia. Mr. Hooy is the founding president of Guangdong-Hong Kong-Macau Greater Bay Area Industry and Commerce Federation (粵港澳大灣區工商聯合會) and the honorary president of Chung Shan Association (Singapore).

Mr. Hooy has not entered into any service contract with the Company nor has he been appointed for a specified length of service period but will be subject to retirement by rotation and eligible for re-election pursuant to the articles of association of the Company. He is entitled to a director’s fee to be determined by the remuneration committee of the Company with reference to his duties and responsibilities in the Company and the market benchmark.

Mr. Zhong Xueyong (鍾學勇), aged 37, is a shareholder and a director of Ace Source, which owned 51.06% of the issued share capital of the Company as at the Latest Practicable Date. Mr. Zhong is the founder and has served as the chairman of Guangdong Wangu Industrial Development Company Limited* (廣東萬谷實業發展有限公司) (“**Guangdong**

* For identification purposes only

LETTER FROM SOMERLEY

Wangu) since 2014. Guangdong Wangu is principally engaged in property development and investment, hotel and catering operations in the PRC. Mr. Zhong is the co-founding chairman of Guangdong-Hong Kong-Macau Greater Bay Area Industry and Commerce Federation (粵港澳大灣區工商聯合會). In 2020, he was accredited as Outstanding Young Entrepreneur of Zhongshan* (中山市優秀青年企業家).

Mr. Zhong has not entered into any service contract with the Company nor has he been appointed for a specified length of service period but will be subject to retirement by rotation and eligible for re-election pursuant to the articles of association of the Company. He is entitled to a director's fee to be determined by the remuneration committee of the Company with reference to his duties and responsibilities in the Company and the market benchmark.

As at the Latest Practicable Date, (a) Ace Source was owned by China Wantian, Yap Global and Hooy Investment as to 81%, 12% and 7% equity interest, respectively; (b) China Wantian was owned by Wise Global Holding Limited and Courage Rise Holdings Limited as to 60% and 40% equity interest, respectively; (c) Mr. Hooy is the sole beneficial owner and sole director of Wise Global Holding Limited, while Mr. Zhong is the sole beneficial owner and sole director of Courage Rise Holdings Limited; and (d) Mrs. Hooy, being the spouse of Mr. Hooy, holds 8.33% equity interest in Yap Global. Please refer to the paragraph headed "Information on Ace Source" above for further details of the shareholding structure of Ace Source.

Save as disclosed above, each of Mr. Hooy and Mr. Zhong (i) does not hold any other position with the Company or any of its subsidiaries; (ii) has not held any other directorship in public companies the securities of which are listed on any security market in Hong Kong or overseas in the three years prior to the Latest Practicable Date; (iii) does not have any relationship with any Directors, senior management or substantial or controlling shareholders (as defined under the Listing Rules) of the Company; (iv) does not have any interest in the Shares or underlying Shares (within the meaning of Part XV of the SFO). There is no other information in relation to the appointments of Mr. Hooy and Mr. Zhong that is required to be disclosed nor are/were they involved in any of the matters required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules and there is no other matter that needs to be brought to the attention of the Shareholders.

PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) that there are insufficient Shares in public hands to maintain an orderly market; it will consider exercising its discretion to suspend dealings in the Shares.

LETTER FROM SOMERLEY

Ace Source intends the Company to remain listed on the Stock Exchange. The Directors, the new Directors to be appointed to the Board (namely Mr. Hooy and Mr. Zhong), and the directors of Ace Source have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares after the close of the Offer.

COMPULSORY ACQUISITION

Ace Source does not intend to exercise any right which may be available to it to compulsorily acquire any outstanding Offer Shares not acquired pursuant to the Offer after the close of the Offer.

GENERAL

All documents and remittances in respect of cash consideration payable for the Offer Shares tendered under the Offer will be sent to the accepting Shareholders by ordinary post at such Shareholders' own risk. These documents and remittances will be sent to them at their respective addresses as they appear in the register of members of the Company, or in the case of joint Shareholders, to the Shareholder whose name appears first in the said register of members, unless otherwise specified in the accompanying Form of Acceptance completed, returned and received by the Registrar. None of Ace Source, parties acting in concert with it, the Company, Somerley, the Independent Financial Adviser, the Registrar, the company secretary of the Company and any of their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offer will be responsible for any loss in postage or delay in transmission of such documents and remittances or any other liabilities that may arise as a result thereof.

LETTER FROM SOMERLEY

ADDITIONAL INFORMATION

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

Yours faithfully,
For and on behalf of
Somerley Capital Limited
M. N. Sabine
Chairman

LETTER FROM THE BOARD



Goal Forward Holdings Limited

展程控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1854)

Executive Directors:

Mr. Liu Chi Ching (*Chairman*)

Ms. Wu Shuk Kwan (*Chief Executive Officer*)

Non-executive Director:

Mr. Wong Chung Yeung

Independent non-executive Directors:

Ms. Li On Lei

Mr. Ng Ki Man

Mr. Lo Siu Kit

Registered office in Cayman Islands:

Windward 3, Regatta Office Park

PO Box 1350

Grand Cayman

KY1-1108

Cayman Islands

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

Workshop No. A-B, 1/F

Sunking Factory Building

No. 1-7 Shing Chuen Road

Shatin, New Territories

Hong Kong

19 August 2021

To the Independent Shareholders:

Dear Sir/Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY
SOMERLEY CAPITAL LIMITED FOR AND ON BEHALF OF
ACE SOURCE HOLDINGS LIMITED TO ACQUIRE ALL
THE ISSUED SHARES OF GOAL FORWARD HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED
BY ACE SOURCE HOLDINGS LIMITED AND
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

Reference is made to the Joint Announcement.

The Board has been informed by the Vendor that on 29 June 2021 (after trading hours), the Vendor and Ace Source entered into the Share Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell, and Ace Source (or its nominee) has conditionally agreed to acquire, 520,000,000 Sale Shares (representing approximately 34.39% of the issued share capital of the Company as at the Latest Practicable Date), at a

LETTER FROM THE BOARD

total cash consideration of HK\$78,000,000, being HK\$0.15 per Sale Share. On the same day, being 29 June 2021 (after trading hours), the Company and Ace Source entered into the Subscription Agreement, pursuant to which Ace Source has conditionally agreed to subscribe for, and the Company has agreed to allot and issue to Ace Source, 252,000,000 Subscription Shares (representing approximately 16.67% of the issued share capital of the Company as at the Latest Practicable Date), at a consideration of HK\$37,800,000, being HK\$0.15 per Subscription Share. Completion took place on 16 August 2021.

Immediately prior to Completion, Ace Source and parties acting in concert with it (excluding the Vendor) did not hold any Shares or control any voting rights over Shares. Upon Completion which took place on 16 August 2021 and as at the Latest Practicable Date, Ace Source was interested in 772,000,000 Shares, representing approximately 51.06% of the issued share capital of the Company. Ace Source is therefore required under Rule 26.1 of the Takeovers Code to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned by Ace Source and parties acting in concert with it).

Immediately after Completion, the Vendor held 200,000,000 Shares, representing approximately 13.23% of the issued shares capital of the Company as at the Latest Practicable Date.

The purpose of this Composite Document (of which this letter forms part) is to provide you with, among other things, (i) information relating to the Group, Ace Source and the Offer; (ii) the letter from Somerley containing details of the Offer; (iii) the letter from the Independent Board Committee containing its recommendations to the Independent Shareholders in relation to the Offer; (iv) the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders on whether the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned and on acceptance in respect of the Offer; and (v) the property valuation report prepared by BMI Appraisals Limited in respect of the property interests of the Group.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Under Rule 2.1 of the Takeovers Code, a board which receives an offer or is approached with a view to an offer being made, must, in the interests of shareholders, establish an independent committee of the board to make a recommendation: (i) as to whether the offer is, or is not, fair and reasonable; and (ii) as to acceptance of the offer.

The Independent Board Committee, comprising all non-executive Directors, namely, Mr. Wong Chung Yeung, Ms. Li On Lei, Mr. Ng Ki Man and Mr. Lo Siu Kit has been established for the purpose of making recommendations to the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer.

Opus Capital Limited, with the approval of the Independent Board Committee, has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in respect of the fairness and reasonableness of the Offer and as to the acceptance of the Offer.

LETTER FROM THE BOARD

The full texts of the letter from the Independent Board Committee addressed to the Independent Shareholders and the letter from the Independent Financial Adviser addressed to the Independent Board Committee and the Independent Shareholders are set out in this Composite Document. **You are advised to read both letters and the additional information contained in the appendices to this Composite Document carefully before taking any action in respect of the Offer.**

PRINCIPAL TERMS OF THE OFFER

As disclosed in the “Letter from Somerley”, Somerley is making the Offer for and on behalf of Ace Source pursuant to the Takeovers Code on the following basis:

For each Offer Share held HK\$0.15 in cash

As at the Latest Practicable Date, there were 1,512,000,000 Shares in issue and the Company did not have any outstanding options, warrants or derivatives or securities which are convertible or exchangeable into Shares and had not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares.

Save for the irrevocable undertakings as set out in the paragraph headed “The Vendor’s Undertakings” below, as at the Latest Practicable Date, none of Ace Source or parties acting in concert with it had received any irrevocable commitment to accept or not to accept the Offer. The Offer Shares to be acquired under the Offer shall be fully paid and shall be acquired free from all Encumbrances and together with all rights attaching thereto, including the rights to receive all dividends and distributions declared, made or paid on or after the date on which the Offer is made.

As at the Latest Practicable Date, the Company had not declared any dividend and did not have any intention to make, declare or pay any dividend or other distribution before the close of the offer period (as defined in the Takeovers Code) of the Offer.

The Offer is unconditional in all respects.

Further details of the Offer are set out in the “Letter from Somerley” and the additional information contained in appendices to the Composite Document and the accompanying Form of Acceptance.

The Vendor’s Undertakings

As at the Latest Practicable Date, the Vendor held 200,000,000 Shares (the “**Retained Shares**”), representing approximately 13.23% of the issued share capital of the Company.

In accordance with terms of the Share Purchase Agreement, the Vendor has executed a deed of undertaking dated 16 August 2021 in favour of Ace Source, the SFC and the Stock Exchange, pursuant to which the Vendor has irrevocably and unconditionally undertaken that it will:–

LETTER FROM THE BOARD

- (i) not, and will not attempt to, whether directly or indirectly, sell, transfer or dispose of, charge, grant any option or right over, or otherwise create any encumbrance on or deal in all or any of the Retained Shares until the close of the offer period (as defined in the Takeovers Code) of the Offer; and
- (ii) not accept the Offer in respect of the Retained Shares.

Pursuant to the deed of undertaking, there are no circumstances in which the Vendor's undertakings will cease to be binding.

Save as disclosed above, there are no restrictions on the disposition of the Retained Shares held by the Vendor under the terms of the Share Purchase Agreement after the close of the offer period (as defined in the Takeovers Code) of the Offer nor other arrangement between Ace Source and the Vendor regarding the Retained Shares.

The Offer Price

The offer price of HK\$0.15 per Offer Share represents:

- (i) a discount of approximately 11.76% to the closing price of HK\$0.170 per Share quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 7.14% over the closing price of HK\$0.14 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 4.46% to the average closing price of approximately HK\$0.157 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the Last Trading Day;
- (iv) a discount of approximately 11.76% to the average closing price of approximately HK\$0.170 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to the Last Trading Day;
- (v) a discount of approximately 10.18% to the average closing price of approximately HK\$0.167 per Share as quoted on the Stock Exchange for the last thirty consecutive trading days immediately prior to the Last Trading Day;
- (vi) a premium of approximately 102.70% over the audited consolidated net asset attributable to the owners of the Company of approximately HK\$0.074 per Share as at 31 March 2021 (calculated based on the audited consolidated equity attributable to the Shareholders of approximately HK\$93.28 million as at 31 March 2021 and 1,260,000,000 Shares in issue as at 31 March 2021); and
- (vii) a premium of approximately 50.00% over the adjusted unaudited consolidated net asset value attributable to the owners of the Company of approximately HK\$0.10 per Share as at 31 March 2021. The calculation of the adjusted unaudited

LETTER FROM THE BOARD

consolidated net asset value attributable to the owners of the Company per Share as at 31 March 2021 is set out under the paragraph “Adjusted unaudited net asset value” in Appendix II to this Composite Document.

Highest and lowest trading prices

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK\$0.194 per Share on 20 July 2021 and HK\$0.075 per Share on 11, 12, 15, 16 and 17 March 2021.

Total value of the offer

As at the Latest Practicable Date, there were 1,512,000,000 Shares in issue and the Company did not have any outstanding warrants, derivatives, options or other securities which are convertible or exchangeable into Shares and had not entered into any agreement for the issue of such warrants, derivatives, options or other securities of the Company. On the basis of the offer price of HK\$0.15 per Sale Share, the entire issued share capital of the Company would be valued at HK\$226,800,000. As at the Latest Practicable Date, excluding the Sale Shares and Subscription Shares (i.e. 772,000,000 Shares) acquired by Ace Source pursuant to the Share Purchase Agreement and the Subscription Agreement and the Retained Shares (i.e. 200,000,000 Shares) held by the Vendor, a total of 540,000,000 Shares will be subject to the Offer. Accordingly, the maximum cash consideration payable by Ace Source if the Offer is accepted in full by the Independent Shareholders will be HK\$81,000,000.

Further details of the Offer

Further details of the Offer, including, among other things, its extension to the Overseas Shareholders, information on taxation, the terms and conditions and the procedures for acceptance and settlement and acceptance period can be found in the “Letter from Somerley” and Appendix I “Further Terms and Procedures for Acceptance of the Offer” to this Composite Document and the accompanying Form of Acceptance.

INFORMATION ON THE GROUP

The Company is an exempted company incorporated in the Cayman Islands with limited liability and its issued shares were listed on GEM of the Stock Exchange on 13 October 2016 and were transferred to be listed on the Main Board of the Stock Exchange on 21 March 2019. The Company is an investment holding company and its subsidiaries are principally engaged in the sourcing, processing and supplying of food ingredients in Hong Kong.

Financial and general information in relation to the Group are set out in Appendix II “Financial Information of the Group” and Appendix V “General Information of the Group” and the property valuations of the property interests of the Group are set out in Appendix III “Property Valuation Report” to this Composite Document.

LETTER FROM THE BOARD

SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) immediately prior to Completion; and (ii) immediately after Completion and as at the Latest Practicable Date:

Shareholders	Immediately prior to Completion		Immediately after Completion and as at the Latest Practicable Date	
	Numbers of Shares held	Percentage of approximate shareholding	Numbers of Shares held	Percentage of approximate shareholding
Ace Source (<i>Note 1</i>)	–	–	772,000,000	51.06
Vendor (<i>Note 2</i>)	720,000,000	57.14	200,000,000	13.23
Sub-total for Ace Source and parties acting in concert with it	720,000,000	57.14	972,000,000	64.29
Public Shareholders	540,000,000	42.86	540,000,000	35.71
Total	1,260,000,000	100.00	1,512,000,000	100.00

Note:

- As at the Latest Practicable Date, Ace Source was directly interested in 772,000,000 Shares and was owned by China Wantian, Yap Global and Hooy Investment as to 81%, 12% and 7% equity interest, respectively.

China Wantian is an investment holding company incorporated in Hong Kong with limited liability and as at the Latest Practicable Date, China Wantian was owned by Wise Global Holding Limited and Courage Rise Holdings Limited as to 60% and 40% equity interest, respectively. Each of Wise Global Holding Limited and Courage Rise Holdings Limited is an investment holding company incorporated in the BVI with limited liability. As at the Latest Practicable Date, Mr. Hooy was the sole beneficial owner of Wise Global Holding Limited, while Mr. Zhong was the sole beneficial owner of Courage Rise Holdings Limited.

Yap Global is an investment holding company incorporated in the BVI with limited liability. As at the Latest Practicable Date, Yap Global was beneficially owned by each of Ms. Yap Hong Akiw and Ms. Yap Hong Kek as to approximately 16.67% equity interest, and each of Ms. Yap Yuk Kiew, Mr. Yap Fong Kee, Ms. Yap Hong Leng, Mr. Yap Kong Meng, Ms. Yap Siew Chow, Ms. Yap Siew Nghoh, Ms. Yap Su Chai, and Mr. Yek Hon Su as to approximately 8.33% equity interest.

Hooy Investment is an investment holding company incorporated in the BVI with limited liability. As at the Latest Practicable Date, Hooy Investment was beneficially owned by each of Mr. Hooy Say Kai and Mr. Hooy Kwok Pun as to approximately 28.57% equity interest, and each of Mr. Hooy Kok Kuen, Ms. Hooy Siew Kuen and Ms. Leong Kwai Ho as to approximately 14.29% equity interest.

- The Vendor is beneficially wholly-owned by Mr. Liu.

LETTER FROM THE BOARD

INFORMATION ON ACE SOURCE

Your attention is drawn to the section headed “Information on Ace Source” in the “Letter from Somerley” and Appendix IV “General Information of Ace Source” to the Composite Document.

INTENTIONS OF ACE SOURCE IN RELATION TO THE GROUP AND THE BOARD

Please refer to the sections headed “Intentions of Ace Source in relation to the Group” and “Changes to the Board Composition of the Company” in the “Letter from Somerley” to the Composite Document for detailed information on Ace Source’s intention on the business and management of the Group.

The Board is pleased to note Ace Source intends to (i) continue the existing principal business of the Group and has no intention to dispose of the Company’s businesses immediately following the close of the Offer; and (ii) continue the employment of the employees (save for the proposed changes to the composition of the Board). The Board is willing to render reasonable cooperation to Ace Source to support its intentions regarding the Group if it considers that it is in the interests of the Company and Shareholders as a whole.

PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

As mentioned in the “Letter from Somerley”, Ace Source intends the Company to remain listed on the Stock Exchange. The Directors, the new Directors to be appointed to the Board (namely Mr. Hooy and Mr. Zhong), and the directors of Ace Source have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares after the close of the Offer.

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

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

it will consider exercising its discretion to suspend dealings in the Shares.

RECOMMENDATION

Your attention is drawn to the “Letter from the Independent Board Committee” as set out on pages 29 to 30 of this Composite Document, which contains its advice and recommendations to the Independent Shareholders in respect of the Offer.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this Composite Document. You are also recommended to read carefully Appendix I “Further Terms and Procedures for Acceptance of the Offer” to this Composite Document and the accompanying Form of Acceptance for further details in respect of the procedures for acceptance of the Offer.

In considering what action to take in connection with the Offer, you should consider your own tax positions, if any, and, in case of any doubt, consult your professional advisers.

By order of the Board of
Goal Forward Holdings Limited
Liu Chi Ching
Chairman and executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



Goal Forward Holdings Limited

展程控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1854)

19 August 2021

To the Independent Shareholders:

Dear Sir/Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY
SOMERLEY CAPITAL LIMITED FOR AND ON BEHALF OF
ACE SOURCE HOLDINGS LIMITED TO ACQUIRE ALL
THE ISSUED SHARES OF GOAL FORWARD HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED
BY ACE SOURCE HOLDINGS LIMITED AND
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to the Composite Document dated 19 August 2021 issued jointly by Ace Source and the Company, of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as those defined in the Composite Document.

We have been appointed by the Board to form the Independent Board Committee to consider the terms of the Offer and to make a recommendation to you as to whether, in our opinion, the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned, and as to acceptance thereof.

Opus Capital Limited has been appointed, with our approval, as the Independent Financial Adviser to advise us in respect of the fairness and reasonableness of the Offer and as to the acceptance of the Offer. Your attention is drawn to the “Letter from the Independent Financial Adviser” set out on pages 31 to 56 of the Composite Document which contains the details of its advice and the principal factors and reasons taken into consideration in arriving at its recommendation in respect of the Offer.

We also wish to draw your attention to the “Letter from Somerley” set out on pages 9 to 20 of the Composite Document which contains, inter alia, information about the Offer, the “Letter from the Board” set out on pages 21 to 28 of the Composite Document and the

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

additional information set out in the Composite Document, including the appendices to the Composite Document and the accompanying Form of Acceptance in respect of the terms of the Offer and acceptance and settlement procedures for the Offer.

The full texts of the letter from the Independent Board Committee addressed to the Independent Shareholders and the letter from the Independent Financial Adviser addressed to the Independent Board Committee and the Independent Shareholders are set out in this Composite Document. **You are advised to read both letters and the additional information contained in the appendices to this Composite Document carefully before taking any action in respect of the Offer.**

RECOMMENDATION

Taking into account the terms of the Offer and the independent advice from the Independent Financial Adviser, and the principal factors and reasons taken into account in arriving at its recommendation, we consider that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to accept the Offer.

The Independent Shareholders who wish to realise their investment in the Group are reminded that they should carefully and closely monitor the market price of the Shares during the offer period (as defined in the Takeovers Code) of the Offer and consider selling their Shares in the open market during the offer period (as defined in the Takeovers Code) of the Offer, rather than accepting the Offer, if the net proceeds from the sales of such Shares in the open market would exceed the net amount receivable under the Offer. In any event, the Independent Shareholders should note that there is no certainty that the current trading volume and/or current trading price level of the Shares will be sustainable during or after the offer period (as defined in the Takeovers Code) of the Offer.

Notwithstanding our recommendation, the Independent Shareholders are strongly advised that the decision to realise or to hold their investment is subject to individual circumstances and investment objectives. If in doubt, the Independent Shareholders should consult their own professional advisers for advice. Furthermore, the Independent Shareholders who wish to accept the Offer are recommended to read carefully the terms and procedures for acceptance of the Offer as detailed in the Composite Document and the accompanying Form of Acceptance.

Yours faithfully,

The Independent Board Committee

Goal Forward Holdings Limited

Mr. Wong Chung Yeung

*Non-executive
Director*

Ms. Li On Lei

*Independent
non-executive
Director*

Mr. Ng Ki Man

*Independent
non-executive
Director*

Mr. Lo Siu Kit

*Independent
non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the letter of advice from Opus Capital Limited, the Independent Financial Adviser to the Independent Board Committee in respect of the Offer, which has been prepared for the purpose of inclusion in this Composite Document.



18th Floor, Fung House
19-20 Connaught Road Central
Central, Hong Kong

19 August 2021

To: The Independent Board Committee of Goal Forward Holdings Limited

Dear Sirs and Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY
SOMERLEY CAPITAL LIMITED FOR AND ON BEHALF OF
ACE SOURCE HOLDINGS LIMITED TO ACQUIRE ALL
THE ISSUED SHARES OF GOAL FORWARD HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED
BY ACE SOURCE HOLDINGS LIMITED AND
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to our appointment by the Company to advise the Independent Board Committee in connection with the Offer. Details of the Offer are set out in this Composite Document dated 19 August 2021, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in this Composite Document unless the context requires otherwise.

Reference is made to the Joint Announcement. On 29 June 2021 (after trading hours), the Vendor and Ace Source entered into the Share Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell, and Ace Source (or its nominee) has conditionally agreed to acquire, 520,000,000 Sale Shares (representing approximately 34.39% of the issued share capital of the Company as at the Latest Practicable Date), at a total cash consideration of HK\$78,000,000, being HK\$0.15 per Sale Share. On the same day, being 29 June 2021 (after trading hours), the Company and Ace Source entered into the Subscription Agreement, pursuant to which Ace Source has conditionally agreed to subscribe for, and the Company has agreed to allot and issue to Ace Source, 252,000,000 Subscription Shares (representing approximately 16.67% of the issued share capital of the Company as at the Latest Practicable Date), at a consideration of HK\$37,800,000, being HK\$0.15 per Subscription Share. Completion took place on 16 August 2021.

Immediately prior to Completion, Ace Source and parties acting in concert with it (excluding the Vendor) did not hold any Shares or control any voting rights over Shares. Upon Completion which took place on 16 August 2021 and as at the Latest Practicable Date, Ace Source was interested in 772,000,000 Shares, representing approximately 51.06% of the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

issued share capital of the Company. Ace Source is therefore required under Rule 26.1 of the Takeovers Code to make the Offer for all the issued Shares (other than those already owned by Ace Source and parties acting in concert with it).

Immediately after Completion, the Vendor held 200,000,000 Shares, representing approximately 13.23% of the issued share capital of the Company as at the Latest Practicable Date.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all non-executive Directors, namely Mr. Wong Chung Yeung, Ms. Li On Lei, Mr. Ng Ki Man and Mr. Lo Siu Kit, who have no direct or indirect interest in the Offer, has been established by the Company in accordance with Rules 2.1 and 2.8 of the Takeovers Code to make a recommendation to the Independent Shareholders in respect of the Offer, as to whether the Offer is fair and reasonable and as to the acceptance of the Offer. We have been appointed by the Company to advise the Independent Board Committee in the same regard. Our appointment has been approved by the Independent Board Committee.

OUR INDEPENDENCE

We were appointed as the independent financial adviser to advise the independent board committee and the independent shareholders of the Company on the Subscription (the “**Subscription IFA Appointment**”), details of the Subscription are set out in the circular of the Company dated 28 July 2021. As at the Latest Practicable Date, the Subscription was completed and the Subscription IFA Appointment was ended. During the past two years immediately prior to date of this letter, save for the Subscription Appointment, we have not acted as a financial adviser (including as an independent financial adviser) to each of the Company, Ace Source and the parties acting in concert with it.

As at the Latest Practicable Date, we did not have any connection, financial or otherwise with the Group, Ace Source or any of their respective controlling shareholder, or any party acting, or presumed to be acting in concert with, or have control over any of them, which would create or likely to create the perception of a conflict of interest or reasonably likely to affect the objectivity of our advice. During the past two years, except the normal independent financial advisory fees paid or payable to us in connection with the Subscription IFA Appointment and this appointment regarding the Offer, no arrangements exist whereby we had received or will receive any fees or benefits from the Group, Ace Source or any of their respective controlling shareholder, or any party acting, or presumed to be acting in concert with, or have control over any of them that could reasonably be regarded as relevant to our independence. We therefore consider ourselves suitable to give independent advice to the Independent Board Committee in respect of the Offer pursuant to Rule 2.6 of the Takeovers Code.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR OPINION

In formulating our advice and recommendation to the Independent Board Committee, we have reviewed, amongst other things:

- (i) the Joint Announcement;
- (ii) the annual report of the Company for the year ended 31 March (“FY”) 2021 (the “**2021 Annual Report**”);
- (iii) the annual report of the Company for FY2020 (the “**2020 Annual Report**”);
- (iv) the property valuation report issued by BMI Appraisals Limited (the “**Valuer**”), being the independent property valuer to the Company, to value the property interests owned by the Group as at 31 May 2021 (the “**Valuation Report**”) with its full text enclosed in Appendix III to this Composite Document; and
- (v) other information as set out in this Composite Document.

We have also discussed with and reviewed the information provided to us by the Company, the Directors and the management of the Group (collectively, the “**Management**”) regarding the business and outlook of the Group.

We have relied on the truth, accuracy and completeness of the statements, information, opinions and representations contained or referred to in this Composite Document and the information and representations made to us by the Management. We have assumed that all information and representations contained or referred to in this Composite Document and provided to us by the Management, for which they are solely and wholly responsible, are true, accurate and complete in all respects and not misleading or deceptive at the time when they were provided or made and will continue to be so up to the Latest Practicable Date. Shareholders will be notified of material changes as soon as possible, if any, to the information and representations provided and made to us after the Latest Practicable Date pursuant to Rule 9.1 of the Takeovers Code.

We have also assumed that all statements of belief, opinion, expectation and intention made by the Management in this Composite Document were reasonably made after due enquiries and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any such statement contained in this Composite Document misleading. We have no reason to suspect that any relevant information has been withheld, or to doubt the truth, accuracy and completeness of the information and facts contained in this Composite Document, or the reasonableness of the opinions expressed by the Management, which have been provided to us.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. However, we have not carried out any independent verification of the information provided by the Management, nor have we conducted any independent investigation into the business, financial conditions and affairs of the Group or its future prospects.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Directors jointly and severally accept full responsibility for the accuracy of the information disclosed and confirm, having made all reasonable enquiries that, to the best of their knowledge and belief, there are no other facts not contained in this letter, the omission of which would make any statement herein misleading.

This letter is issued to the Independent Board Committee solely in connection with and for their consideration of the Offer, and except for its inclusion in this Composite Document, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose without our prior written consent.

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

PRINCIPAL TERMS OF THE OFFER

1. The Offer

Somerley is making the Offer for and on behalf of Ace Source pursuant to the Takeovers Code on the following basis:

For each Offer Share heldHK\$0.15 in cash

As at the Latest Practicable Date, there were 1,512,000,000 Shares in issue and the Company did not have any outstanding options, warrants or derivatives or securities which are convertible or exchangeable into Shares and had not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares.

Save for the irrevocable undertakings as set out in the section headed “2. The Vendor’s Undertakings” below, as at the Latest Practicable Date, none of Ace Source or parties acting in concert with it had received any irrevocable commitment to accept or not to accept the Offer. The Offer Shares to be acquired under the Offer shall be fully paid and shall be acquired free from all Encumbrances and together with all rights attaching thereto, including the rights to receive all dividends and distributions declared, made or paid on or after the date on which the Offer is made.

As at the Latest Practicable Date, the Company had not declared any dividend which remains unpaid, and the Company does not intend to declare, make or pay any dividend or other distributions prior to the close of the Offer.

The Offer is unconditional in all respects.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Further details of the Offer are set out in the “Letter from Somerley” and the additional information contained in appendices to this Composite Document and the accompanying Form of Acceptance.

2. The Vendor’s Undertakings

As at the Latest Practicable Date, the Vendor held 200,000,000 Shares (the “**Retained Shares**”), representing approximately 13.23% of the issued share capital of the Company.

In accordance with terms of the Share Purchase Agreement, the Vendor has executed a deed of undertaking dated 16 August 2021 in favour of Ace Source, the SFC and the Stock Exchange, pursuant to which the Vendor has irrevocably and unconditionally undertaken that it will:-

- (i) not, and will not attempt to, whether directly or indirectly, sell, transfer or dispose of, charge, grant any option or right over, or otherwise create any encumbrance on or deal in all or any of the Retained Shares until the close of the offer period (as defined in the Takeovers Code) of the Offer; and
- (ii) not accept the Offer in respect of the Retained Shares.

Pursuant to the deed of undertaking, there are no circumstances in which the Vendor’s undertakings will cease to be binding.

Save as disclosed above, there are no restrictions on the disposition of the Retained Shares held by the Vendor under the terms of the Share Purchase Agreement after the close of the offer period (as defined in the Takeovers Code) of the Offer nor other arrangement between Ace Source and the Vendor regarding the Retained Shares.

3. Value of the Offer

As at the Latest Practicable Date, there were 1,512,000,000 Shares in issue and the Company did not have any outstanding warrants, derivatives, options or other securities which are convertible or exchangeable into Shares and had not entered into any agreement for the issue of such warrants, derivatives, options or other securities of the Company. On the basis of the offer price of HK\$0.15 (the “**Offer Price**”) per Sale Share, the entire issued share capital of the Company would be valued at HK\$226,800,000. As at the Latest Practicable Date, excluding the Sale Shares and Subscription Shares (i.e. 772,000,000 Shares) acquired by Ace Source pursuant to the Share Purchase Agreement and the Subscription Agreement and the Retained Shares (i.e. 200,000,000 Shares) held by the Vendor, a total of 540,000,000 Shares will be subject to the Offer. Accordingly, the maximum cash consideration payable by Ace Source if the Offer is accepted in full by the Independent Shareholders will be HK\$81,000,000.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

1. Information on the Group

Business of the Group

The Company is an exempted company incorporated in the Cayman Islands with limited liability and its issued Shares were listed on GEM of the Stock Exchange by way of placing on 13 October 2016 and have been listed on the Main Board of the Stock Exchange by way of transfer of listing (the “**Transfer of Listing**”) since 21 March 2019. The principal activity of the Company is investment holding. The Group is principally engaged in the sourcing, processing and supplying of food ingredients in Hong Kong. As at 31 March 2021, it supplies food ingredients (i.e. vegetables and fruits) to over 480 customer outlets and offers more than 1,300 types of food ingredients to the customers in Hong Kong. Its customers include gourmet restaurants, cafes, airlines, airport lounges, hotels to major catering groups and chain restaurants operators serving over hundreds of customer outlets.

Financial information of the Group

Set forth below is a summary of the consolidated financial information of the Group for FY2020 and FY2021 as extracted from the 2021 Annual Report. Further details are set out in Appendix II to this Composite Document.

Table 1: Summary of the consolidated financial performance of the Group

	FY2021 <i>(Audited)</i> <i>HK\$'000</i>	FY2020 <i>(Audited)</i> <i>HK\$'000</i>
Revenue	106,706	154,078
Cost of sales	<u>(93,458)</u>	<u>(134,853)</u>
Gross profit	13,248	19,225
Other income and gain – net	4,008	88
Selling and administrative expenses	(18,090)	(21,456)
Impairment of trade receivables	<u>(6,866)</u>	<u>(721)</u>
Operating loss	(7,700)	(2,864)
Finance costs – net	(416)	(562)
Share of loss of a joint venture	<u>(444)</u>	<u>(146)</u>
Loss before income tax	(8,560)	(3,572)

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	FY2021 <i>(Audited)</i> <i>HK\$'000</i>	FY2020 <i>(Audited)</i> <i>HK\$'000</i>
Income tax credit/(expense)	<u>316</u>	<u>(1,174)</u>
Loss for the year	<u>(8,244)</u>	<u>(4,746)</u>
Loss for the year attributable to:		
the Shareholders	(8,240)	(4,739)
non-controlling interests	<u>(4)</u>	<u>(7)</u>
	<u>(8,244)</u>	<u>(4,746)</u>

Source: the 2021 Annual Report

The Group's total revenue was approximately HK\$106.7 million in FY2021, representing a decrease of approximately HK\$47.4 million or approximately 30.8% as compared to the total revenue of approximately HK\$154.1 million in FY2020 which was mainly attributable to: (i) the adversity of the general catering business environment; and (ii) the class suspension and temporary closure of schools due to the outbreak of COVID-19 pandemic (the "**Pandemic**"), resulting in a lower demand for food ingredients from the food service operators. In FY2020 and FY2021, the Group also operated as a single operating segment of sourcing, processing and supplying of food ingredients with a focus on the provision of vegetables and fruits to food service operators in Hong Kong.

Cost of sales of the Group decreased from approximately HK\$134.9 million in FY2020 to approximately HK\$93.5 million in FY2021, representing a decrease of approximately HK\$41.4 million or approximately 30.7% which was in line with the abovementioned fall in revenue during the year.

Owing to the changes in revenue and cost of sales stated above, the Group's gross profit decreased by approximately 31.3% from approximately HK\$19.2 million for FY2020 to approximately HK\$13.2 million for FY2021. However, the gross profit margin for FY2021 was approximately 12.4% which remained relatively stable as compared to approximately 12.5% for FY2020.

Selling and administrative expenses of the Group for FY2021 amounted to approximately HK\$18.1 million, representing a decrease of approximately 15.8% from approximately HK\$21.5 million for FY2020. It was primarily due to the payment of professional fee of approximately HK\$1.2 million in relation to the Transfer of Listing during FY2020 and rearrangements made to staff resources amid the outbreak of the Pandemic during FY2021.

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Impairment on the Group's trade receivables during FY2021 increased substantially from approximately HK\$0.7 million for FY2020 to approximately HK\$6.9 million for FY2021 which was largely due to the adverse effects brought about by the Pandemic to the catering business environment which ultimately impacted on the Group's business.

Owing to the aforesaid factors, operating loss of the Group increased by approximately 165.5% from approximately HK\$2.9 million for FY2020 to approximately HK\$7.7 million for FY2021. Loss attributable to the Shareholders increased by approximately 74.5% from approximately HK\$4.7 million for FY2020 to approximately HK\$8.2 million for FY2021.

Table 2: Summary of the consolidated financial position of the Group

	As at 31 March	
	2021	2020
	<i>(Audited)</i>	<i>(Audited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS		
Non-current assets		
Property, plant and equipment	32,513	33,622
Right-of-use assets	46,985	48,759
Deposits and prepayments	17	5
Interest in a joint venture	275	719
	<u>79,790</u>	<u>83,105</u>
Total non-current assets		
Current assets		
Inventories	553	342
Trade receivables	19,747	31,902
Deposits and prepayments	8,061	9,275
Tax recoverable	–	3,120
Cash and cash equivalents	37,431	32,759
	<u>65,792</u>	<u>77,398</u>
Total current assets		
LIABILITIES		
Non-current liabilities		
Lease liabilities	2	–
Deferred tax liabilities	1,706	2,379
	<u>1,708</u>	<u>2,379</u>
Total non-current liabilities		

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	As at 31 March	
	2021	2020
	<i>(Audited)</i>	<i>(Audited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current liabilities		
Trade payables	3,893	3,425
Accruals and other payables	3,190	4,540
Borrowings	43,395	48,536
Current income tax liabilities	105	105
Lease liabilities	20	3
	<u>50,603</u>	<u>56,609</u>
Equity attributable to the Shareholders		
Share capital	12,600	12,600
Share premium	46,971	46,971
Other reserve	100	100
Retained earnings	33,611	41,851
	<u>93,282</u>	<u>101,522</u>
Non-controlling interest	<u>(11)</u>	<u>(7)</u>
Total equity	<u>93,271</u>	<u>101,515</u>

Source: the 2021 Annual Report

As at 31 March 2021, total assets of the Group were approximately HK\$145.6 million, representing a decrease of approximately HK\$14.9 million or 9.3% as compared to that as at 31 March 2020. The decrease in the total assets was primarily attributable to, among others, the significant decrease in trade receivables of approximately HK\$12.2 million which was mainly attributable to the impairment as mentioned above. Such total assets of the Group as at 31 March 2021 was mainly comprised of: (i) right-of-use assets amounted to approximately HK\$47.0 million; (ii) cash and cash equivalents amounted to approximately HK\$37.4 million; (iii) property, plant and equipment amounted to approximately HK\$32.5 million; and (iv) trade receivables amounted to approximately HK\$19.7 million, which accounted for approximately 32.3%, 25.7%, 22.3% and 13.5% of the total assets of the Group as at 31 March 2021 respectively. As at 31 March 2021, the total liabilities of the Group were approximately HK\$52.3 million, representing a decrease of approximately HK\$6.7 million or 11.4% as compared to that as at 31 March 2020. Such decrease was mainly attributable to, among others, the decrease in borrowings of approximately HK\$5.1 million. As a result of the decrease in borrowings, the gearing ratio of the Group slightly decreased from approximately 47.8% as at 31 March 2020 to approximately 46.5% as at 31 March 2021. As at 31 March 2021, the equity

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attributable to the Shareholders decreased by approximately HK\$8.2 million or 8.1%, from approximately HK\$101.5 million as at 31 March 2020 to approximately HK\$93.3 million as at 31 March 2021.

Valuation on the property interests of the Group

The valuation of the Group's property interests (including but not limited to, interests in land and buildings held by the Group) (collectively, the "**Properties**") as at 31 May 2021 have been conducted by the Valuer. The full text of the Valuation Report (including the certificates of the Properties) are set out in Appendix III to the Composite Document. According to the Valuation Report, the total market value in existing states of the Properties attributable to the Group in Hong Kong was approximately HK\$120.0 million as at 31 May 2021 (the "**Valuation**").

We have reviewed the Valuation Report and discussed with the Valuer the methodology, bases and assumptions adopted in the Valuation and the adjustments made to arrive at the Valuation. We noted that the Valuer has valued those Properties which are located in Hong Kong by using the direct comparison approach. As disclosed in the Valuation Report, such approach is based on the assumption that the Properties will be sold in their existing states and by making reference to recent publicly available market sales transactions of comparable properties in the market (the "**Property Comparables**"). According to the Valuer, recent market sales evidences with features similar to the Properties are generally available.

After our discussion with the Valuer and our review of the Valuation Report, we understand that the information of recent market transactions of sales of comparable properties was derived from the sales of comparable properties located in the same building(s) and/or areas within five to ten minutes' walking distance to the Properties within the past four years. Based on our discussion with the Valuer and our review, we noted that: (i) Property 1 to Property 3, being industrial properties in nature, were valued by making reference to the average price per square feet of four Property Comparables and was then adjusted by, among others, the timing difference between the transaction dates of the Property Comparables and the date of the Valuation, location, floor level, age and size of the Property Comparables; and (ii) Property 4, being several car parks, was valued by making reference to the average unit price of five Property Comparables and was then adjusted by, among others, the location and floor level of the Property Comparables.

The above valuation methodology is, in our opinion, a commonly used and reasonable approach in establishing the respective market values of the Properties.

Further to the above, in compliance with the requirements under note (1)(d) to Rule 13.80 of the Listing Rules, we have assessed the qualifications and experience of the responsible person of the Valuer for its engagement as the independent valuer for the Valuation. We note that Ms. Joannau Chan, the

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responsible person in charge of the Valuation, is a member of the Hong Kong Institute of Surveyors (General Practice), who has over 28 years of experience in the valuations of properties of similar types and nature. After our enquiry, we understand that the Valuer provided valuation services to the Company: (i) for the listing of the Shares in 2016; and (ii) for an acquisition in 2018. Both of the aforementioned valuation services had been completed. We have confirmed with the Valuer that it has no other relationship with the Company which may render the Valuer not independent and we are satisfied that the Valuer is independent from the Company. Furthermore, the Valuer also confirmed that it is an independent third party to Ace Source. In addition, we have also reviewed the Valuer's terms of engagement and noted that the scope of work is appropriate for arriving at the opinion in the Valuation. Nothing has come to our attention that the Company has made any formal or informal representation to the Valuer that contravenes our understanding of the Valuation. The Valuer has also confirmed that the Valuation has been prepared in accordance with The HKIS Valuation Standards (2020 Edition) published by The Hong Kong Institute of Surveyors, The RICS Valuation – Global Standards published by The Royal Institution of Chartered Surveyors and the International Valuation Standards (IVS) published by The International Valuation Standards Council; and are in compliance with the Listing Rules and the Takeovers Code.

Adjusted net asset value

In evaluating the Offer, we have taken into account the adjusted unaudited consolidated net asset value (“NAV”) attributable to the Shareholders (the “Adjusted NAV”), which is provided by the Company and calculated based on the audited consolidated NAV attributable to the Shareholders as at 31 March 2021, adjusted with reference to the Valuation as at 31 May 2021. Details of the adjustment are set out in the table below.

	<i>HK\$</i>
Audited consolidated NAV attributable to the Shareholders as at 31 March 2021	93,282,000
<i>Adjustment:</i>	
Revaluation surplus arising from the Valuation (<i>Note 1</i>)	<u>55,821,807</u>
Adjusted NAV as at 31 May 2021	149,103,807
Adjusted NAV per Share (<i>HK\$</i>) (<i>Note 2</i>)	0.10
Offer Price (<i>HK\$</i>)	0.15
Premium represented by the Offer Price to the Adjusted NAV per Share	50.0%

Notes:

1. Represents the revaluation surplus arising from the excess of the market value of the property interests held by the Group in existing state of approximately HK\$120.0 million as at 31 May 2021, as appraised by the Valuer, over their corresponding book value of approximately HK\$64.1 million as at 31 March 2021.
2. Based on 1,512,000,000 Shares in issue as at the Latest Practicable Date.

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As set out in the above table, the Offer Price of HK\$0.15 per Share represents a premium of approximately 50.0% to the Adjusted NAV per Share of approximately HK\$0.10.

The appreciation in value of the Properties represented by the Valuation as shown above was mainly attributable to the fact that most of the Properties have been stated at cost in the consolidated financial statements of the Group since acquisition in accordance with the accounting policy adopted by the Group. We also note that all of the Properties since their acquisitions have been and are currently occupied by the Group as its own production bases or office.

Shareholding structure of the Company

The details of the shareholding structure of the Company (i) immediately prior to Completion; and (ii) immediately after Completion and as at the Latest Practicable Date were set out under the section headed “Shareholding Structure of the Company” under the Letter from the Board in this Composite Document.

Prospects of the Group

As mentioned in the 2020 Annual Report and the 2021 Annual Report, the uncertainties brought by the outbreak of the Pandemic has been adversely affecting the financial performance of the Group since early 2020. Due to the Pandemic, there has been a severe reduction of visitors to Hong Kong and different kinds of social restriction policies such as the maximum number of people per table for dine-in services at restaurants, the seating capacity limit of restaurants and the operating hour limit of restaurants have been adopted. The catering industry has been adversely affected by the significantly reduced number of visitors to Hong Kong. The aforementioned social restriction policies pose further challenges to the business environment of the catering industry. As such, the demand for food ingredients from food service operators is reduced.

As further stated in the 2020 Annual Report and the 2021 Annual Report, it is expected that such challenges for the catering industry is likely to remain until the worldwide Pandemic situation improves. Although the Group will continue to closely monitor market conditions, explore new sources of vegetables and fruits supplies to lower its cost of sales and to increase gross profit, fine-tune its product mix and implement cost management measures (such as rearrangements of staff resources and rescheduling production plan amidst the Pandemic with an aim to lower its expenses), it is relatively unlikely for the catering industry to be fully recovered within a short period of time. As such, the prospects of the catering industry in the foreseeable future remain uncertain.

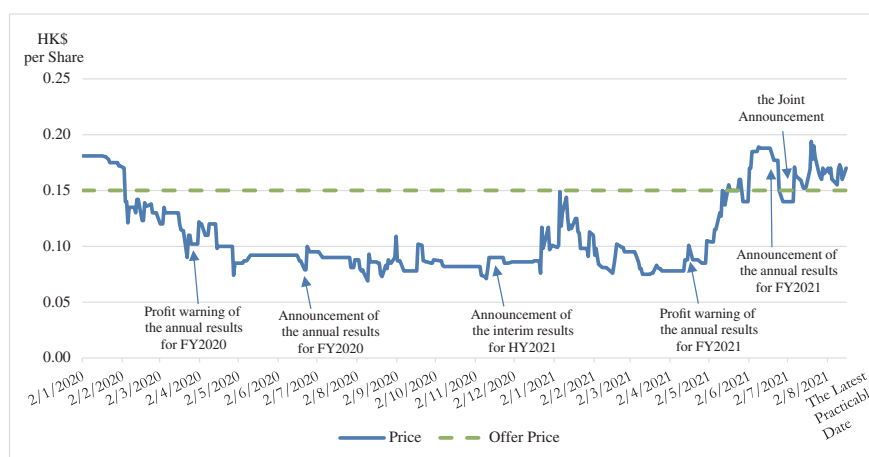
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2. Analysis of the Offer Price

(i) Historical price performance of the Shares

Set out below is the chart showing the daily closing Share prices as quoted on the Stock Exchange during the period commencing from 1 January 2020 up to and including the Latest Practicable Date (the “**Review Period**”). In determining the length of the Review Period, we have considered: (i) if the length is too long such as three to five years prior to the Latest Practicable Date, it may not provide a good reference as it may not reflect the latest market conditions; and (ii) the catering industry in which the Group currently operates has been adversely affected by the Pandemic since early 2020, the Share price performance during such period would better reflect the Company’s current market value. Based on the above, we consider the Review period we adopted to be fair and reasonable.

Chart 1: Closing Share prices during the Review Period



As shown in Chart 1 above, the Shares traded below the Offer Price in most of the times during the Review Period, with an average of around HK\$0.11 per Share traded during the Review Period. Out of the 401 trading days in the Review Period, the Shares traded below the Offer Price in 325 of these trading days.

During the period from 1 January 2020 to 3 February 2020, the closing Share prices were stable and generally traded above the Offer Price at between HK\$0.170 per Share and HK\$0.181 per Share. It then dropped from HK\$0.170 per Share on 3 February 2020 to HK\$0.140 per Share on 4 February 2020. We did not note any notable event which led to such Share price movement.

During the period from 4 February 2020 to 11 May 2021, the closing Share prices generally traded below the Offer Price and between HK\$0.069 per Share and HK\$0.149 per Share. After our review of the Share price movement of the aforementioned period, we noted that following notable events during the aforesaid period:(i) the Company released a profit warning announcement on 31 March 2020 stating that the Group was expected to record a net loss of

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approximately HK\$2.4 million for the eleven months ended 29 February 2020 as compared to a profit of approximately HK\$14.3 million was recorded for the eleven months ended 28 February 2019; and (ii) the Company released a profit warning announcement on 16 April 2021 stating that the Group was expected to record a loss of approximately HK\$3.6 million for the eleven months ended 28 February 2021 as compared to a loss of approximately HK\$1.2 million before professional fees for the Transfer of Listing for the corresponding period in 2020. Save for the above, we did not note any other notable events which could have led to the Share price performance during the aforesaid period.

Regarding the period from 12 May 2021 to 28 June 2021, the closing Share prices generally traded between HK\$0.137 per Share and HK\$0.189 per Share. During this period, one event noted was the release of the Company's annual results announcement for FY2021 on 22 June 2021.

It was further noted that the Share price closed below the Offer Price in most of time from 1 January 2021 up to and including 2 June 2021. Since then, the Share price closed above the Offer Price from 2 June 2021 to 24 June 2021. The Share price closed at HK\$0.14 on the Last Trading Day and surged by approximately 22.1% to HK\$0.171 on 7 July 2021, being the first trading day following the Joint Announcement. From 7 July 2021 to the Latest Practicable Date, the Shares traded between HK\$0.152 and HK\$0.194 with an average Share price of HK\$0.166. The Share price closed at HK\$0.170 as at the Latest Practicable Date. We are of the view that the aforesaid recent surge in the Share prices could have been driven by the Joint Announcement.

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(ii) Liquidity

The following table sets out the average daily trading volume of the Shares for each month or period and the percentages of such average daily trading volume to the total issued Shares and the public float during the Review Period:

Table 3: Trading volume of the Shares

	Total trading volume	No. of trading days	Average daily trading volume	Average daily trading volume to the total number of Shares in issue <i>(Approximate %)^{Note 2}</i>	Average daily trading volume to the number of Shares held by public Shareholders <i>(Approximate %)^{Note 3}</i>
	<i>(No. of Shares)</i>	<i>Note 1</i>	<i>(No. of Shares)</i>		
2020					
January	1,190,000	20	59,500	0.005%	0.011%
February	4,020,000	20	201,000	0.016%	0.037%
March	2,840,000	22	129,091	0.010%	0.024%
April	3,470,000	19	182,632	0.014%	0.034%
May	920,000	20	46,000	0.004%	0.009%
June	940,000	21	44,762	0.004%	0.008%
July	110,000	22	5,000	0.001% ^{Note 4}	0.001%
August	4,180,000	21	199,048	0.016%	0.037%
September	3,230,000	22	146,818	0.012%	0.027%
October	140,000	18	7,778	0.001%	0.001%
November	1,310,000	21	62,381	0.005%	0.012%
December	52,800,000	22	2,400,000	0.190%	0.444%
2020 Average	6,262,500	21	290,334	0.023%	0.054%
2021					
January	41,080,000	20	2,054,000	0.163%	0.380%
February	4,400,000	18	244,444	0.019%	0.045%
March	640,000	23	27,826	0.002%	0.005%
April	840,000	19	44,211	0.004%	0.008%
May	19,010,000	20	950,500	0.075%	0.176%
June	13,380,000	21	669,000	0.053%	0.124%
July	110,750,000	21	6,152,778	0.488%	1.139%
August (up to the Latest Practicable Date)	8,290,000	11	753,636	0.060%	0.140%

Source: website of the Stock Exchange

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Notes:

1. Number of trading days of the Shares represents number of trading days during the month/period which excludes any trading day on which trading of the Shares on the Stock Exchange was suspended for the whole trading day.
2. The calculation is based on the average of the daily trading volume of the Shares divided by the total number of Shares in issue in the relevant period.
3. The calculation is based on the average daily trading volume of the Shares divided by 540,000,000 Shares, being the number of Shares held by the public Shareholders in the relevant period.
4. The average daily trading volume of 5,000 Shares represented approximately 0.0004% of the total number of Shares in issue. For presentation purpose, 0.0004% was rounded up to three decimal places to 0.001%.

As illustrated above, the average daily trading volume of the Shares for the respective month/period during the Review Period ranged from 5,000 Shares to 6,152,778 Shares which represented approximately 0.001% to 0.488% of the total issued Shares and approximately 0.001% to 1.139% of the issued Shares held by the public.

The average daily trading volume for the period from 1 January 2020 to the Last Trading Day was approximately 419,837 Shares, representing approximately 0.078% of the Shares held by the public Shareholders. The highest daily trading volume during this period was recorded on 6 January 2021, the trading volume reached approximately 15.8 million Shares, representing approximately 2.926% of the number of Shares held by the public Shareholders. However, we did not note any notable event which led to such high trading volume.

On the first trading day after the release of the Joint Announcement (i.e. 7 July 2021), the daily trading volume of the Shares increased to approximately 56.7 million Shares from nil Share as recorded on the Last Trading Day, representing approximately 10.500% of the number of Shares held by public Shareholders. Such increase in trading volume of the Shares would have been the initial market reaction to the Joint Announcement. Although the trading volume of the Shares was active on the first trading day after the release of the Joint Announcement (i.e. 7 July 2021), the trading volume reduced to approximately 8.6 million Shares on the next trading day (i.e. 8 July 2021), representing approximately 1.600% of the number of Shares held by public Shareholders. The average daily trading volume in July 2021 was approximately 6,152,778 Shares, representing: (i) approximately 0.488% of the total number of issued Shares; and (ii) approximately 1.139% of the number of Shares held by the public Shareholders.

We consider that the relatively high daily trading volume in July 2021 might have been attributable to the initial market reactions to the Share Transfer, the Subscription and the Offer after the release of the Joint Announcement. The trading of the Shares was generally thin during the Review Period. Given that the generally very thin liquidity of the Shares during the Review Period, it is

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uncertain whether there would be sufficient liquidity in the trading of the Shares for the Independent Shareholders to dispose of a significant number of the Shares in the open market without depressing the Share price. We therefore consider that the Offer provides the Independent Shareholders, particularly those who hold a large number of Shares, with an assured exit to dispose of part or all of their Shares at the Offer Price if they wish to.

(iii) Share price comparisons

The Offer Price of HK\$0.15 per Offer Share represents:

- (i) a discount of approximately 11.76% to the closing price of HK\$0.170 per Share quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 7.14% over the closing price of HK\$0.14 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 4.46% to the average closing price of approximately HK\$0.157 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the Last Trading Day;
- (iv) a discount of approximately 11.76% to the average closing price of approximately HK\$0.170 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to the Last Trading Day;
- (v) a discount of approximately 10.18% to the average closing price of approximately HK\$0.167 per Share as quoted on the Stock Exchange for the last thirty consecutive trading days immediately prior to the Last Trading Day;
- (vi) a premium of approximately 102.70% over the audited consolidated NAV attributable to the Shareholders of approximately HK\$0.074 per Share as at 31 March 2021 (calculated based on the audited consolidated NAV attributable to the Shareholders of approximately HK\$93.28 million as at 31 March 2021 and 1,260,000,000 Shares in issue as at 31 March 2021); and
- (vii) a premium of approximately 50.00% over the Adjusted NAV per Share attributable to the Shareholders of approximately HK\$0.10 as at 31 March 2021. The calculation of the Adjusted NAV is set out in the paragraph headed “Adjusted net asset value” under the section headed “1. Information on the Group” above.

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3. Industry Comparables

As mentioned under the section headed “1. Information on the Group” above, the Group is principally engaged in the sourcing, processing and supplying of food ingredients with a focus on the provision of vegetables and fruits to food service operators in Hong Kong. In assessing the fairness and reasonableness of the Offer Price, we have identified comparable listed companies (the “**Industry Comparables**”) which are principally engaged in similar principal business activities as those of the Group (i.e. sourcing, processing and/or supplying food ingredients which are mainly vegetable and/or fruits) with the following selection criteria:

- (i) listed on the Stock Exchange;
- (ii) with approximately 50% of its latest reported annual revenue generated from sourcing, processing and/or supplying food ingredients which are mainly vegetable (including grains) and/or fruits (the “**Produce Supply Segment**”);
- (iii) with market capitalisation of no more than HK\$1 billion; and
- (iv) the trading of their respective shares has not been suspended for more than three months.

The above selection criteria were adopted after taking into consideration that the Group operated as a single operating segment of sourcing, processing and supplying of food ingredients with a focus on the provision of vegetables and fruits to food service operators. As such, the Industry Comparables’ principal business activities do bear significant resemblance with that of the Group and we consider the Industry Comparables to be a fair and representative sample for our analytical purpose. However, Independent Shareholders should note that only two out of five Industry Comparables, namely Golden Resources (as defined below) and Chaoda (as defined below) (collectively, the “**Geographical Market Comparables**”), operate in the same geographic location as the Group (i.e. Hong Kong) but such group of the Industry Comparables is the closest comparables we have exhaustively identified.

For the selection of the valuation multiples, we have first considered price-to-earnings multiple(s) (“**P/E Multiple(s)**”) and price-to-book multiple(s) (“**P/B Multiple(s)**”). As the Company recorded net losses in both FY2021 and FY2020, P/E Multiple would not be applicable for our comparison. P/B Multiple, on the other hand, is selected given that it is a more stable valuation multiple which can readily quantify the relative value between the businesses’ NAV and their market valuation. We have also supplemented our analysis with price-to-sales multiple (“**P/S Multiple(s)**”) which would provide an indication on the market value that investors have placed on the Industry Comparables’ revenue.

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Set out below are five Industry Comparables together with the relevant market capitalisation, P/S Multiples and P/B Multiples:

Table 4: List of Industry Comparables

No.	Company (stock code)	Company descriptions	Main geographical market(s)	Market capitalisation (HK\$' million) (Note 1)	P/S Multiple (times) (Note 2)	P/B Multiple (times) (Note 3)
1	Golden Resources Development International Limited ("Golden Resources") (677) (Note 4)	The company sources, imports, wholesales, processes, packages, markets, and distributes rice. The company also engages in the operation of convenience stores and restaurants, property investment and development and securities investment.	Hong Kong and Vietnam	1,018.4	0.63	0.87
2	Asian Citrus Holdings Limited (73) ("Asian Citrus")	The company is principally engaged in the planting, cultivation and sales of orange, and other agricultural products and distribution of oranges, and other fruit.	The PRC	699.9	1.29	4.49
3	Chaoda Modern Agriculture (Holdings) Limited (682) ("Chaoda")	The company is principally engaged in the growing and sales of crops. Its agricultural products include fruits and vegetables, individually quick frozen products, livestock, rice and mushrooms.	Hong Kong	171.4	1.97	0.55
4	S&P International Holding Limited (1695)	The company is principally engaged in manufacturing and trading of coconut cream powder, low fat desiccated coconut and other related products.	West Indies	113.4	0.70	0.53
5	China Green Holdings Limited (904) (Note 5)	The company is principally engaged in the processing and sales of agriculture produce which includes sweet corns, lotus roots, radishes and watermelons, and processed products.	The PRC	87.2	0.16	0.20
		Maximum			1.97	4.49
		Minimum			0.16	0.20
		Average			0.95	1.33
		Median			0.70	0.55
	The Offer			226.8 (Note 6)	2.13 (Note 7)	2.43 (Note 8) 1.50 (Note 9)

Notes:

- The market capitalisation on the Latest Practicable Date.

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2. P/S Multiples of the Industry Comparables are calculated by dividing the respective market capitalisation of the Industry Comparable as at the Latest Practicable Date by the revenue of the Industry Comparables as disclosed in the respective annual report for the latest financial year. For the above calculations, the figures of the revenue reported in: (i) RMB were converted into HK\$ at the exchange rate of HK\$1.2027 to RMB1, which was published by the State Administration of Foreign Exchange on its website as at the Latest Practicable Date; (ii) Malaysian Ringgit (“MYR”) were converted into HK\$ at the exchange rate of HK\$1.8344 to MYR1, which was extracted from Bloomberg as at the Latest Practicable Date; and (iii) Singapore dollar (“SGD”) were converted into HK\$ at the exchange rate of HK\$5.7393 to SGD1, which was extracted from Bloomberg as at the Latest Practicable Date.
3. P/B Multiples of the Industry Comparables are calculated by dividing the respective market capitalisation of the Industry Comparable as at the Latest Practicable Date by the equity attributable to the shareholders of the Industry Comparables as disclosed in the respective annual report for the latest financial year. For the above calculations, the figures of the equity attributable to the shareholders reported in: (i) RMB were converted into HK\$ at the exchange rate of HK\$1.2027 to RMB1, which was the middle rate published by the People’s Bank of China on its website as at the Latest Practicable Date; (ii) MYR were converted into HK\$ at the exchange rate of HK\$1.8344 to MYR1, which was extracted from Bloomberg as at the Latest Practicable Date; and (iii) SGD were converted into HK\$ at the exchange rate of HK\$5.7393 to SGD1, which was extracted from Bloomberg as at the Latest Practicable Date.
4. Based on the annual report of Golden Resources for FY2021, the amount of revenue generated from rice operation accounted for approximately 48.4% of its annual revenue which is very close (i.e. within 2%) to our second selection criteria of requiring at least 50% of the relevant company’s latest reported annual revenue be generated from the Fresh Produce Supply Segment. We prefer to be inclusive and have included Golden Resource.
5. The trading of shares was suspended since 2 August 2021.
6. The implied market capitalisation of the Company (the “**Implied Market Value**”) under the Offer of approximately HK\$226.8 million is calculated by multiplying the Offer Price of HK\$0.15 per Offer Share and the number of issued Shares of 1,512,000,000 Shares as at the Latest Practicable Date.
7. The implied P/S Multiple of the Company under the Offer (the “**Implied P/S Multiple**”) of approximately 2.13 times is calculated by dividing the aforesaid Implied Market Value of approximately HK\$226.8 million by the Group’s revenue of approximately HK\$106.7 million for FY2021.
8. The implied P/B Multiple of the Company under the Offer (the “**Implied P/B Multiple**”) of approximately 2.43 times is calculated by dividing the aforesaid Implied Market Value of approximately HK\$226.8 million by the equity attributable to the Shareholders of approximately HK\$93.3 million as at 31 March 2021.
9. The implied price-to-Adjusted NAV multiple of the Company under the Offer (the “**Adjusted Implied P/B Multiple**”) of approximately 1.50 times is calculated by dividing the Offer Price of HK\$0.15 by the Adjusted NAV per Share of HK\$0.10.

As shown in the table above, the P/S Multiples of the Industry Comparables ranged from approximately 0.16 time to approximately 1.97 times, with an average P/S Multiple of approximately 0.95 times and a median P/S Multiple of approximately 0.70 time. We note that the Implied P/S Multiple of approximately 2.13 times is significantly above both the average and median P/S Multiples of the Industry Comparables.

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As shown in the table above, the P/B Multiples of the Industry Comparables ranged from approximately 0.20 time to approximately 4.49 times, with an average P/B Multiple of approximately 1.33 times and a median P/B Multiple of approximately 0.55 time. We note that: (i) the Implied P/B Multiple of approximately 2.43 times is significantly higher than both the average and median P/B Multiples of the Industry Comparables and the Implied P/B Multiple is only behind that of Asian Citrus, being the highest P/B Multiple of the Industry Comparables of 4.49 times; and (ii) the Adjusted Implied P/B Multiple of approximately 1.50 times is higher than both the average and median P/B Multiples of the Industry Comparables.

As shown in the table and mentioned above, the Geographical Market Comparables operate in the same geographic location as the Group (i.e. Hong Kong). It was noted that the P/S Multiples of Golden Resources and Chaoda of approximately 0.63 time and 1.97 times are lower than the Implied P/S Multiple of approximately 2.13 times while the P/B Multiples of Golden Resources and Chaoda of approximately 0.87 time and 0.55 time are significantly lower than both the Implied P/B Multiple of approximately 2.43 times and the Adjusted Implied P/B Multiple of approximately 1.50 times.

Taking into account, among others, (i) the Implied P/S Multiple of approximately 2.13 times is significantly above both the average and median P/S Multiples of the Industry Comparables; (ii) the Implied P/B Multiple of approximately 2.43 times is significantly higher than both the average and median P/B Multiples of the Industry Comparables; (iii) the Adjusted Implied P/B Multiple of approximately 1.50 times is higher than both the average and median P/B Multiples of the Industry Comparables; and (iv) the Implied P/S Multiple, the Implied P/B Multiple and the Adjusted Implied P/B Multiple also compare favourably against those of the Geographical Market Comparables, we consider the Offer Price to be fair and reasonable.

4. Information on Ace Source and the intention of Ace Source on the Group

(i) Information on Ace Source

As stated in the “Letter from Somerley”, Ace Source is an investment holding company incorporated in the BVI with limited liability. As at the Latest Practicable Date, save for entering into of the Share Purchase Agreement and the Subscription Agreement, Ace Source has not engaged in any substantial business activities. As at the Latest Practicable Date, Mr. Hooy, Mr. Zhong and Mr. Lau Yau Chuen Louis were the directors of Ace Source.

As at the Latest Practicable Date, Ace Source was owned by China Wantian, Yap Global and Hooy Investment as to 81%, 12% and 7% equity interest, respectively.

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China Wantian is an investment holding company incorporated in Hong Kong with limited liability. As at the Latest Practicable Date, China Wantian was owned by Wise Global Holding Limited and Courage Rise Holdings Limited as to 60% and 40% equity interest, respectively. As at the Latest Practicable Date, Mr. Hooy, Mr. Zhong and Mr. Lau Yau Chuen Louis were the directors of China Wantian.

Each of Wise Global Holding Limited and Courage Rise Holdings Limited is an investment holding company incorporated in the BVI with limited liability. As at the Latest Practicable Date, Mr. Hooy was the sole beneficial owner and sole director of Wise Global Holding Limited, while Mr. Zhong was the sole beneficial owner and sole director of Courage Rise Holdings Limited.

Yap Global is an investment holding company incorporated in the BVI with limited liability. As at the Latest Practicable Date, Yap Global was beneficially owned by each of Ms. Yap Hong Akiw and Ms. Yap Hong Kek as to approximately 16.67% equity interest, and each of Ms. Yap Yuk Kiew, Mr. Yap Fong Kee, Ms. Yap Hong Leng, Mr. Yap Kong Meng, Ms. Yap Siew Chow, Ms. Yap Siew Ngoh, Ms. Yap Su Chai and Mr. Yek Hon Su as to approximately 8.33% equity interest. As at the Latest Practicable Date, Ms. Yap Yuk Kiew and Ms. Yap Su Chai were the directors of Yap Global.

Hooy Investment is an investment holding company incorporated in the BVI with limited liability. As at the Latest Practicable Date, Hooy Investment was beneficially owned by each of Mr. Hooy Say Kai and Mr. Hooy Kwok Pun as to approximately 28.57% equity interest, and each of Mr. Hooy Kok Kuen, Ms. Hooy Siew Kuen and Ms. Leong Kwai Ho as to approximately 14.29% equity interest. As at the Latest Practicable Date, Mr. Hooy Kwok Pun, Mr. Hooy Say Kai and Ms. Hooy Siew Kuen were the directors of Hooy Investment.

Mr. Hooy Say Kai and Ms. Leong Kwai Ho are the parents of Mr. Hooy; each of Mr. Hooy Kwok Pun, Ms. Hooy Siew Kuen and Mr. Hooy Kok Kuen is a sibling of Mr. Hooy; Ms. Yap Yuk Kiew (“**Mrs. Hooy**”) is the spouse of Mr. Hooy; each of Ms. Yap Hong Akiw, Ms. Yap Hong Kek, Mr. Yap Fong Kee, Ms. Yap Hong Leng, Mr. Yap Kong Meng, Ms. Yap Siew Chow, Ms. Yap Siew Ngoh, Ms. Yap Su Chai and Mr. Yek Hon Su is a sibling of Mrs. Hooy and a sibling-in-law of Mr. Hooy.

As at the Latest Practicable Date, Mr. Zhong was not a family member or close relative of any of the ultimate beneficial shareholders of Ace Source.

As disclosed in the Joint Announcement, since Ace Source has expressed its intention to obtain not less than 50.1% of the issued Shares during the negotiations among the parties to the Agreements, there is an understanding between the Vendor and Ace Source to enable Ace Source to consolidate control of the Company. The Vendor and Ace Source are therefore acting in concert.

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(ii) Intention of Ace Source in relation to the Group

As set out in the “Letter from Somerley”, Ace Source intends to continue the principal business of the Group and has no intention to dispose of the Company’s businesses immediately after completion of the Offer. Following the closing of the Offer, Ace Source will conduct a detailed review of the business operations and financial position of the Group for the purpose of formulating business plans and strategies for the future business development of the Group. Subject to the result of the review and should suitable investment or business opportunities arise, Ace Source may consider diversifying the business of the Group with an objective to broaden its income source. However, as at the Latest Practicable Date, no such investment or business opportunities had been identified nor had Ace Source entered into any agreements, arrangements, understandings, intention or negotiation in relation to injecting any assets or business into the Group. As at the Latest Practicable Date, Ace Source had not entered into any agreement, arrangements, understandings, intention or negotiations in relation to redeployment of the employees, disposal and/or redeployment of the assets of the Group, or termination or scaling-down of any of the Group’s business.

Save for the intentions of Ace Source regarding the Group as set out above, Ace Source has no intention to make material changes to the business of the Group, to discontinue the employment of any employees (save for the proposed changes to the Board as set out below) or to dispose of or re-deploy any fixed assets of the Group other than those in its ordinary course of business.

(iii) Changes to the Board composition of the Company

As at the Latest Practicable Date, the Board was made up of two executive Directors, being Mr. Liu and Ms. Wu Shuk Kwan, a non-executive Director, being Mr. Wong Chung Yeung and three independent non-executive Directors, being Ms. Li On Lei, Mr. Ng Ki Man and Mr. Lo Siu Kit. Save for Mr. Liu who will remain as an executive Director, Ace Source intends for the aforesaid Directors to remain in their office after the close of the Offer until such time suitable candidates are identified for nomination to the Board in their place.

To facilitate the business operation, management and strategy of the Group, Ace Source had nominated (i) Mr. Hooy as an executive Director, the chairman of the Board and the chairman of the nomination committee of the Board; and (ii) Mr. Zhong as an executive Director. The Board had approved such nominations, and the aforesaid appointments of Mr. Hooy and Mr. Zhong shall take effect after the posting of this Composite Document on 19 August 2021. The biographies of the proposed Directors are set out in the section headed “Changes to the Board Composition of the Company” under the Letter from Somerley in this Composite Document. Mr. Liu will be redesignated from the chairman to vice chairman of the Board with effect after the posting of this Composite Document on 19 August 2021. Mr. Liu has given notice to resign as the chairman of the nomination committee of the Board effective after the posting of this Composite Document on 19 August 2021.

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Given that (i) Mr. Hooy, being one of the beneficial owners of Ace Source and the proposed Directors, has experience in the health food industry in the PRC but not experience in sourcing, processing and supplying of food ingredients in Hong Kong; (ii) Mr. Zhong, being one of the beneficial owners of Ace Source and the proposed Directors, has catering industry experience in the PRC but not experience in sourcing, processing and supplying of food ingredients in Hong Kong; (iii) Ace Source will consider diversifying the business of the Group to broaden its income source, however, as at the Latest Practicable Date, Ace Source had not identified such investment or business opportunities for the Group; and (iv) the challenging environment posed by the Pandemic for the catering industry, we are of the view that the future prospects of the Group would remain uncertain.

(iv) Public float and maintaining the listing status of the Company

As mentioned in the “Letter from Somerley”, Ace Source intends the Company to remain listed on the Stock Exchange. The Directors, the new Directors to be appointed to the Board (namely Mr. Hooy and Mr. Zhong), and the directors of Ace Source have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares after the close of the Offer.

Pursuant to the Listing Rules, if, after the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, is held by the public, or if the Stock Exchange believes that:

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

the Stock Exchange will consider exercising its discretion to suspend trading in the Shares.

(v) Compulsory acquisition

Ace Source does not intend to exercise any right which may be available to it to compulsorily acquire any outstanding Offer Shares not acquired pursuant to the Offer after the close of the Offer.

OPINION AND RECOMMENDATION

In view of the above and having considered in particular that:

- (i) the Group incurred net loss attributable to Shareholders in the recent two financial years and such net loss increased significantly from approximately HK\$4.7 million in FY2020 to approximately HK\$8.2 million in FY2021, which was largely attributable to the substantial increase in the impairment on the Group’s trade receivables;

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- (ii) the fact that it is relatively unlikely for the catering industry to be fully recovered from the Pandemic within a short period of time. As such, the prospect of the catering industry as stated in the paragraph headed “Prospects of the Group” under the section headed “1. Information of the Group” above would cast uncertainty on the future prospects of the Group;
- (iii) the fact that the closing Share price traded below the Offer Price of HK\$0.15 per Offer Share in most of the time during the Review Period (i.e. with an average of around HK\$0.11 per Share traded during the Review Period);
- (iv) the liquidity of the Shares was generally thin as discussed in the paragraph headed “(ii) Liquidity” under the section headed “2. Analysis of the Offer Price” above. The disposal of the Shares in the open market may exert downward pressure on the market price of the Shares. The Offer therefore represents a good opportunity for the Independent Shareholders to dispose of their holding in the Shares at a fixed cash price without disturbing the market price; and
- (v) the Implied P/S Multiple, the Implied P/B Multiple and Adjusted Implied P/B Multiple compare favourably against those of the Industry Comparables and the Geographical Market Comparables,

we consider the terms of the Offer to be fair and reasonable so far as the Independent Shareholders are concerned. We, therefore, recommend the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to accept the Offer.

However, as the market price of the Shares has exceeded the Offer Price since the Joint Announcement, closing at HK\$0.17 as at the Latest Practicable Date, it is advisable for the Independent Shareholders to consider selling their Shares in the open market if the market price of the Shares exceeds the Offer Price during the period when the Offer are open and the sales proceeds, net of transaction costs, from disposal of the Shares exceed the amount receivable under the Offer. The Independent Shareholders should also monitor the overall trading volume of the Shares, as they may or may not be able to dispose of their Shares in the market at prices higher than the Offer Price.

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However, those Independent Shareholders who are attracted by or confident in the future prospects of the Group with Ace Source becoming the new controlling shareholder of the Company may consider to retain their Shares in full or in part.

Yours faithfully,
For and on behalf of
Opus Capital Limited
Cheung On Kit Andrew
Executive Director

Mr. Cheung On Kit Andrew is an Executive Director of Opus Capital Limited and is licensed under the SFO as a Responsible Officer to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. Mr. Cheung has over 13 years of corporate finance experience in Asia Pacific and has participated in and completed various financial advisory and independent financial advisory transactions.

* *For identification purpose only*

1. PROCEDURES FOR ACCEPTANCE

If you accept the Offer, you should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon, which form part of the terms and conditions of the Offer.

- (a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Offer in respect of your Shares, the duly completed and signed Form of Acceptance should be lodged, together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), with the Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, marked "Goal Forward Holdings Limited – Offer" on the envelope, in any event not later than 4:00 p.m., on the Closing Date or such later time and/or date as Ace Source may determine and announce with the consent of the Executive and in accordance with the Takeovers Code.
- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer in respect of your Shares in full or in part, you must either:
 - (i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Offer on your behalf and requesting it to deliver in an envelope marked "Goal Forward Holdings Limited – Offer" the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the number of Shares in respect of which you intend to accept the Offer to the Registrar; or
 - (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver in an envelope marked "Goal Forward Holdings Limited – Offer" the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), to the Registrar; or
 - (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC to accept the Offer on your behalf on or before

the deadline set out by HKSCC. In order to meet the deadline set by HKSCC, you should check your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or

- (iv) if your Shares have been lodged with your investor participant stock account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set out by HKSCC Nominees Limited (which is normally one Business Day before the Closing Date on which acceptances of the Offer must be received by the Registrar).
- (c) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete and sign the Form of Acceptance and deliver it in an envelope marked “Goal Forward Holdings Limited – Offer” to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will constitute an authority to Ace Source and/or Somerley or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Registrar as if it was/they were delivered to the Registrar with the Form of Acceptance.
- (d) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title in respect of your Shares is/are not readily available or is/are lost, as the case may be, and you wish to accept the Offer in respect of your Shares, you should nevertheless complete and sign the Form of Acceptance and deliver it in an envelope marked “Goal Forward Holdings Limited – Offer” to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title in respect of your Shares or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title, you should also write to the Registrar requesting a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar. Ace Source has absolute discretion to decide whether any Shares in respect of which the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title is/are not readily available and/or is/are lost will be taken up by Ace Source.

- (e) Acceptance of the Offer will be treated as valid only if the duly completed and signed Form of Acceptance is received by the Registrar by no later than 4:00 p.m. on the Closing Date (or such later time and/or date as Ace Source may determine and announce with the consent of the Executive and in accordance with the Takeovers Code), and the Registrar has recorded that the Form of Acceptance and any relevant documents as required under this paragraph have been so received and is:
- (i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in favour of the acceptor executed by the registered holder) in order to establish your right to become the registered holder of the relevant Offer Shares; or
 - (ii) from a registered Shareholder or his/her/its personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Offer Shares which are not taken into account under another sub-paragraph of this paragraph (e)); or
 - (iii) certified by the Registrar or the Stock Exchange.
- (f) If the Form of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority to the satisfaction of the Registrar must be produced.
- (g) seller's Hong Kong ad valorem stamp duty for transfer of Offer Shares arising in connection with acceptances of the Offer will be payable by the accepting Independent Shareholders at a rate of 0.13% of (i) the market value of the Offer Shares; or (ii) the consideration payable by Ace Source in respect of the relevant acceptances of the Offer, whichever is higher. An amount equivalent to the aforesaid stamp duty will be deducted from the cash amount payable by Ace Source to such Independent Shareholder who accepts the Offer. Ace Source will arrange for payment of the seller's Hong Kong ad valorem stamp duty on behalf of the relevant Independent Shareholders accepting the Offer and will pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptances of the Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).
- (h) No acknowledgement of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

- (i) References to the Offer in this Composite Document and in the Form of Acceptance shall include any extension and/or revision thereof.
- (j) In making their decision, Independent Shareholders must rely on their own examination of the Group and the terms of the Offer, respectively, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Form of Acceptance, shall not be construed as any legal or business advice on the part of any of Ace Source, the Company, Somerley, the Independent Financial Adviser or their respective professional advisers. Shareholders should consult their own professional advisers for professional advice.

2. ACCEPTANCE PERIOD AND REVISION

- (a) Unless the Offer has previously been revised or extended with the consent of the Executive and in accordance with the Takeovers Code, to be valid, the Form of Acceptance must be received by the Registrar by 4:00 p.m. on the Closing Date in accordance with the instructions printed on the relevant Form of Acceptance and the Offer will close on the Closing Date. The Offer is unconditional.
- (b) Ace Source and the Company will jointly issue an announcement in accordance with the Takeovers Code and the Listing Rules through the website of the Stock Exchange no later than 7:00 p.m. on the Closing Date stating the results of the Offer and whether the Offer has been extended or revised or has expired.
- (c) If the Offer is extended, the announcement of such extension will state the next Closing Date or a statement that the Offer will remain open until further notice. In the latter case, at least 14 days' notice in writing must be given to the Independent Shareholders before the Offer is closed to those Independent Shareholders who have not accepted the Offer.
- (d) If, in the course of the Offer, Ace Source revises the terms of the Offer, all Independent Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms. The revised Offer must be kept open for at least 14 days following the date on which the revised offer document(s) are posted and shall not close earlier than the Closing Date. The execution by or on behalf of any Independent Shareholder who has previously accepted the Offer shall be deemed to constitute acceptance of the revised Offer unless such holder becomes entitled to withdraw his/her/its acceptance and duly does so.
- (e) If the Closing Date is extended, any references in this Composite Document and the Form of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the subsequent closing date.

3. ANNOUNCEMENT

- (a) By 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), Ace Source must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension or expiry of the Offer. Ace Source must publish an announcement on the Stock Exchange's website in accordance with the requirements of the Takeovers Code and the Listing Rules by 7:00 p.m. on the Closing Date stating, amongst other information required under Rule 19.1 of the Takeovers Code, whether the Offer has been revised or extended or has expired.

Such announcement must state the following:

- (i) the total number of Shares and rights over Shares for which acceptances of the Offer have been received;
 - (ii) the total number of Shares and rights over Shares held, controlled or directed by Ace Source or the parties acting in concert with it before the offer period (as defined under the Takeovers Code);
 - (iii) the total number of Shares and rights over Shares acquired or agreed to be acquired by Ace Source or the parties acting in concert with it during the offer period (as defined under the Takeovers Code);
 - (iv) details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which Ace Source or any party acting in concert with it has borrowed or lent, save for any borrowed Shares which have been either on-lent or sold; and
 - (v) the percentages of the relevant classes of share capital of the Company and the percentages of voting rights of the Company represented by these numbers of Shares.
- (b) In computing the total number of Shares represented by acceptances, acceptances may only be included where they fulfil the acceptance conditions under paragraph (1) of this Appendix.
- (c) As required under the Takeovers Code and the Listing Rules, any announcement in relation to the Offer will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cyfood.com.hk).

4. RIGHT OF WITHDRAWAL

- (a) Acceptance of the Offer tendered by the Independent Shareholders, shall be irrevocable and cannot be withdrawn, except in the circumstances set out in sub-paragraph (b) below.
- (b) If Ace Source is unable to comply with any of the requirements set out in the paragraph headed “3. Announcement” above, the Executive may, pursuant to Rule 19.2 of the Takeovers Code, require that the Independent Shareholders who have tendered acceptance to the Offer be granted a right of withdrawal, on terms acceptable to the Executive, until the requirements under Rule 19 of the Takeovers Code can be met.

In such case, when the Independent Shareholder(s) withdraw their acceptance(s), Ace Source shall, as soon as possible but in any event within 10 days thereof, return by ordinary post and at his/her/its own risk, the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Form of Acceptance to the relevant Independent Shareholder(s).

5. SETTLEMENT

- (a) If you accept the Offer, provided that the accompanying Form of Acceptance, together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are valid, complete and in good order in all respects and have been received by the Registrar by no later than 4:00 p.m. on the Closing Date, settlement of the consideration, less the seller’s Hong Kong ad valorem stamp duty, will be made by cheque as soon as possible, but in any event within seven (7) Business Days following the date of receipt by the Registrar of all relevant documents which render such acceptance complete and valid. Each cheque will be despatched by ordinary post to the address specified on the relevant Shareholder’s Form of Acceptance at his/her/its own risk.
- (b) Settlement of the consideration to which any accepting Independent Shareholders is entitled under the Offer will be implemented by Ace Source in full in accordance with the terms of the Offer (save with respect to the payment of the seller’s Hong Kong ad valorem stamp duty) set out in this Composite Document (including this Appendix) and the accompanying Form of Acceptance without regard to any lien, right of set-off, counterclaim or other analogous right to which Ace Source may otherwise be, or claim to be, entitled against such Independent Shareholders.
- (c) No fractions of a cent will be payable and the amount of cash consideration payable to a Shareholder who accepts the Offer will be rounded up to the nearest cent.

- (d) Cheque(s) not presented for payment within six months from the date of issue of the relevant cheque(s) will not be honoured and will be of no further effect, and in such circumstances cheque holders should contact Ace Source for payment.

6. OVERSEAS SHAREHOLDERS

Ace Source intends to make the Offer available to all Independent Shareholders, including the Overseas Shareholders. As the Offer to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or affected by the laws and regulations of the relevant jurisdictions, Overseas Shareholders and beneficial owners of the Shares who are citizens, residents or nationals of a jurisdiction outside Hong Kong should obtain information about and observe any relevant applicable legal or regulatory requirements and, where necessary, seek legal advice in respect of the Offer.

It is the responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required or the compliance with other necessary formalities or legal and regulatory requirements and the payment of any transfer or other taxes or other required payments due in respect of such jurisdictions.

Ace Source, the parties acting in concert with it, the Company, Somerley, the Independent Financial Adviser, the Registrar, the company secretary of the Company and any of their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offer shall be entitled to be fully indemnified and held harmless by the Overseas Shareholders for any taxes as such persons may be required to pay.

Acceptance of the Offer by any Overseas Shareholders will be deemed to constitute a warranty by such person that such person is permitted under all applicable laws and regulations to receive and accept the Offer, and any revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws and regulations. Any such person is recommended to seek professional advice on deciding whether or not to accept the Offer.

7. NOMINEE REGISTRATION

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

8. STAMP DUTY AND TAX IMPLICATIONS

The seller's Hong Kong ad valorem stamp duty at the rate of 0.13% of (i) the consideration in respect of the acceptances of the Offer or (ii) if higher, the market value of the Offer Shares as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong) will be payable by the Shareholders who accept the Offer insofar as their Offer Shares are registered on the Hong Kong branch share register of the Company. The relevant amount of stamp duty payable by the relevant Shareholders will be deducted from the consideration payable to such Shareholders under the Offer. Ace Source will arrange for payment of the seller's Hong Kong ad valorem stamp duty on behalf of the accepting Shareholders in connection with the acceptance of the Offer and the transfer of the Offer Shares.

None of Ace Source, the parties acting in concert with it, the Company, Somerley, the Independent Financial Adviser, the Registrar, the company secretary of the Company and any of their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offer is in a position to advise the Independent Shareholders on their individual tax implications. Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. It is emphasised that none of Ace Source, the parties acting in concert with it, the Company, Somerley, the Independent Financial Adviser, the Registrar, the company secretary of the Company and any of their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any person or persons as a result of their acceptance or rejection of the Offer.

9. GENERAL

- (a) All communications, notices, the Form of Acceptance, share certificates, transfer receipts, any other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to be delivered by or sent to or from the Independent Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of Ace Source, the parties acting in concert with it, the Company, Somerley, the Independent Financial Adviser, the Registrar, the company secretary of the Company and any of their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offer accepts any liability for any loss in postage or delay in transmission or such other liabilities whatsoever which may arise as a result thereof.
- (b) If no number of Shares is specified in the Form of Acceptance or the number of Shares specified by the acceptor in the Form of Acceptance is greater than or smaller than the number of Shares represented by the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities in respect thereof) that are forwarded by the acceptor to the Registrar, the Form of Acceptance will be returned to the acceptor for correction and re-submission. Any corrected Form of Acceptance must be

re-submitted and received by the Registrar on or before the latest time of acceptance of the Offer in order for it to be counted towards fulfilling the acceptance condition.

- (c) Acceptance of the Offer by any person or persons will be deemed to constitute a warranty by such person or persons to Ace Source, Somerley, the Independent Financial Adviser and the Company that the Shares acquired under the Offer are sold by such person or persons free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, the record date of which is on or after the posting of this Composite Document.
- (d) Acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to Ace Source that the number of Shares it has indicated in the Form of Acceptance is the aggregate number of Shares for which such nominee has received authorisations from the beneficial owners to accept the Offer on their behalf.
- (e) The provisions set out in the Form of Acceptance form part of the terms of the Offer.
- (f) The accidental omission to despatch this Composite Document and/or the Form of Acceptance or any of them to any person to whom the Offer is made will not invalidate the Offer in any way.
- (g) The Offer is, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong. Execution of a Form of Acceptance by or on behalf of an Independent Shareholder will constitute such Independent Shareholder's agreement that the courts of Hong Kong shall have exclusive jurisdiction to settle any dispute which may arise in connection with the Offer.
- (h) Due execution of the Form of Acceptance will constitute an irrevocable authority to Ace Source and/or Somerley (or such person or persons as Ace Source and/or Somerley may direct) to complete and execute any document on behalf of the person accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in either Ace Source or such person or persons as it may direct the Shares in respect of which such person has accepted the Offer.
- (i) The Offer is made in accordance with the Takeovers Code.
- (j) References to the Offer in this Composite Document and in the Form of Acceptance shall include any extension and/or revision thereof.

- (k) In making their decision, Independent Shareholders must rely on their own examination of the Group and the terms of the Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Form of Acceptance, shall not be construed as any legal or business advice on the part of any of Ace Source, the Company, Somerley, the Independent Financial Adviser or their respective professional advisers. Shareholders should consult their own professional advisers for professional advice.

- (l) The English text of this Composite Document and of the accompanying Form of Acceptance shall prevail over the Chinese text for the purpose of interpretation.

1. FINANCIAL SUMMARY

The following is a summary of the consolidated financial results of the Group for each of the years ended 31 March 2019 (“FY2019”), 31 March 2020 (“FY2020”) and 31 March 2021 (“FY2021”) as extracted from the audited consolidated financial statements of the Company as set out in the annual reports of the Company for each of FY2019, FY2020 and FY2021, respectively.

Summary of the Audited Consolidated Statement of Profit or Loss and Other Comprehensive Income

	FY2019 <i>HK\$'000</i>	FY2020 <i>HK\$'000</i>	FY2021 <i>HK\$'000</i>
Revenue	185,939	154,078	106,706
Cost of sales	(141,984)	(134,853)	(93,458)
Gross profit	43,955	19,225	13,248
Other income and gains – net	492	88	4,008
Selling and administrative expenses	(23,489)	(21,456)	(18,090)
Impairment of trade receivables	(95)	(721)	(6,866)
Finance costs – net	(508)	(562)	(416)
Share of loss of a joint venture	(2)	(146)	(444)
(Loss)/Profit before tax	20,353	(3,572)	(8,560)
Income tax credit/(expense)	(4,294)	(1,174)	316
(Loss)/Profit and total comprehensive (loss)/ income for the year			
Owners of the Company	16,059	(4,739)	(8,240)
Non-controlling interests	–	(7)	(4)
	16,059	(4,746)	(8,244)
(Loss)/Earnings per share			
– Basic and diluted (HK cents)	1.25	(0.37)	(0.65)

Adjusted unaudited net asset value

The following sets out the adjusted unaudited consolidated net asset value attributable to the owners of the Company as at 31 March 2021 (“**Adjusted Unaudited NAV**”), taking into account the effect of revaluation arising from the valuation of the property interest held by to the Group as at 31 May 2021:

	<i>HK\$</i>
Audited consolidated net asset value attributable to the owners of the Company as at 31 March 2021	93,282,000
<i>Adjustment:</i>	
Revaluation surplus arising from the valuation (<i>Note 1</i>)	55,821,807
Adjusted Unaudited NAV	149,103,807
Adjusted Unaudited NAV per Share (<i>Note 2</i>)	0.10

Notes:

1. Represents the revaluation surplus arising from the excess of the market value of the property interests held by the Group in existing state of approximately HK\$120.0 million as at 31 May 2021, as appraised by BMI Appraisal Limited, over their corresponding net book value of approximately HK\$64.1 million as at 31 March 2021. Full text of the property valuation report issued by BMI Appraisals Limited, being the independent property valuer to the Company, in respect of the valuation of the property interests held by the Group as at 31 May 2021 is set out in Appendix III to this Composite Document.
2. Based on 1,512,000,000 Shares in issue as at the Latest Practicable Date.

Dividend per share

The auditors’ reports issued by Pricewaterhousecoopers in respect of the consolidated financial statements of the Group for each of FY2019, FY2020 and FY2021 did not contain any modified opinion, emphasis of matter or material uncertainty related to going concern.

Save as disclosed above, there are no other items of income or expense which are material for each of FY2019, FY2020 and FY2021.

2. FINANCIAL STATEMENTS OF THE GROUP

The Company is required to set out or refer to in this Composite Document the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in (i) the audited consolidated financial statements of the Group for FY2019 (the “**2019 Financial Statements**”); (ii) the audited consolidated financial statements of the Group for FY2020 (the “**2020 Financial Statements**”); and (iii) the audited consolidated financial statements of the Group for FY2021 (the “**2021 Financial Statements**”), together with the notes to the relevant published financial statements which are of major relevance to the appreciation of the above financial information.

The 2019 Financial Statements are set out on pages 59 to 120 of the annual report of the Company for FY2019 (“**2019 Annual Report**”), which was published on 22 July 2019. The 2019 Annual Report is posted on the Company’s website at <http://www.cyfood.com.hk>.

Please also see below a direct link to the 2019 Annual Report:

http://www.cyfood.com.hk/uploads/images/tk_1563787730.pdf

The 2020 Financial Statements are set out on pages 62 to 122 of the annual report of the Company for FY2020 (“**2020 Annual Report**”), which was published on 16 July 2020. The 2020 Annual Report is posted on the Company’s website at <http://www.cyfood.com.hk>.

Please also see below a direct link to the 2020 Annual Report:

http://www.cyfood.com.hk/uploads/images/tk_1594890816.pdf

The 2021 Financial Statements are set out on pages 75 to 128 of the annual report of the Company for FY2021 (“**2021 Annual Report**”), which was published on 29 July 2021. The 2021 Annual Report is posted on the Company’s website at <http://www.cyfood.com.hk>.

Please also see below a direct link to the 2021 Annual Report:

http://www.cyfood.com.hk/uploads/images/tk_1627548546.pdf

The 2019 Financial Statements, the 2020 Financial Statement and the 2021 Financial Statements (but not any other part of the 2019 Annual Report, 2020 Annual Report and the 2021 Annual Report in which they respectively appear) are incorporated by reference into this Composite Document and form part of this Composite Document.

3. MATERIAL CHANGE

Save for the Subscription, which would enhance the Group’s financial position with new equity capital to repay its banking borrowings, establish new retail outlets and replenish working capital, the Directors confirm that there had been no material change in the financial or trading position or outlook of the Group since 31 March 2021, being the date to which the latest published audited consolidated financial statements of the Company were made up, and up to the Latest Practicable Date.

4. INDEBTEDNESS

As at the close of business on 31 May 2021, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, the indebtedness of the Group was as follows:

	<i>HK\$'000</i>
Non-current	
Lease liabilities	–
Current	
Borrowings	42,510
Lease liabilities	18
Total	42,528
Borrowings	

As at 31 May 2021, the Group had secured bank loans of approximately HK\$42,510,000. Such bank loans were secured by a pledge of its leasehold land under right-of-use assets and buildings of the Group and the corporate guarantees given by the Company.

Lease liabilities

As at 31 May 2021, the Group had lease liabilities of approximately HK\$18,000 which was related to present value of lease payments that are not yet paid.

Save as aforesaid and apart from intra-group liabilities, intra-group guarantees, and normal trade payables, the Group did not, as at 31 May 2021, have any material outstanding (i) debt securities, whether issued and outstanding, authorised or otherwise created but unissued, or term loans, whether guaranteed, unguaranteed, secured (whether the security is provided by the Group or by third parties) or unsecured; (ii) other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments, whether guaranteed, unguaranteed, secured or unsecured; (iii) mortgage or charges; or (iv) guarantees or other contingent liabilities.

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this Composite Document received from BMI Appraisals Limited, an independent valuer, in connection with its valuations as at 31 May 2021 of the real properties located in Hong Kong.

BMI APPRAISALS

BMI Appraisals Limited 中和邦盟評估有限公司

Suite 01-08, 27th Floor, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong
香港灣仔港灣道6-8號瑞安中心27樓2701-2708室
Tel 電話 : (852) 2593 9678 Fax 傳真 : (852) 2802 0863
Email 電郵 : enquiry@bmintelligence.com Website 網址 : www.bmi-appraisals.com

19 August 2021

Goal Forward Holdings Limited

Workshop Nos. A-B, 1st Floor
Sunking Factory Building
Nos. 1-7 Shing Chuen Road
Shatin, New Territories
Hong Kong

Dear Sirs,

INSTRUCTIONS

We refer to the instructions from Goal Forward Holdings Limited (the “Company”) for us to value the real properties held by the Company and / or its subsidiaries (together referred to as the “Group”) located in Hong Kong. We confirm that we have conducted inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the real properties as at 31 May 2021 (the “valuation date”).

BASIS OF VALUATION

Our valuations of the real properties have been based on the Market Value, which is defined by The Hong Kong Institute of Surveyors 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”. The Market Value is also understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

VALUATION METHODOLOGY

We have valued the real properties on market basis by the Comparison Approach assuming sale in their existing states with the benefit of vacant possession and by making reference to comparable sales evidence as available in the relevant market. Appropriate adjustments have then been made to account for the differences between the real properties and the comparables in terms of time, location, age, floor level, size and other relevant factors.

TITLE INVESTIGATION

We have caused land searches to be made at the Land Registry. We have also been provided with extracts of title documents and have been advised by the Group that no further relevant documents have been produced. However, we have not examined the original documents to verify ownership or to ascertain the existence of any amendment documents, which may not appear on the extracts handed to us. Therefore, in the course of our valuations, we have relied on the advice and information given by the Group regarding the title of the real properties. All documents have been used for reference only.

VALUATION ASSUMPTIONS

Our valuations have been made on the assumption that the real properties are sold in the market without the benefit of deferred terms contract, leaseback, joint venture, management agreement or any other similar arrangement which would serve to affect the values of the real properties. In addition, no account has been taken of any option or right of pre-emption concerning or effecting the sale of the real properties and no forced sale situation in any manner is assumed in our valuations.

In valuing the real properties, we have relied on the advice given by the Group that the Group has valid and enforceable title to the real properties which are freely transferable, and have free and uninterrupted right to use the same, for the whole of the unexpired term granted subject to the payment of annual government rent / land use fees and all requisite land premium / purchase consideration payable have been fully settled.

VALUATION CONSIDERATIONS

The real properties were inspected by Mr. Andy Lee (MHKIS, MRICS) and Mr. Edmund Cheng (MHKIS, MRICS) in August 2021. We have inspected the real properties externally and where possible, the interior of the real properties. In the course of our inspections, we did not note any serious defects. However, no structural surveys have been made. We are, therefore, unable to report whether the real properties are free from rot, infestation or any other structural defects. No tests were carried out on any of the services.

In the course of our valuations, we have relied to a considerable extent on the information provided by the Group and have accepted advice on such matters as planning approvals, statutory notices, easements, tenures, particulars of occupancy, floor areas, identification of the real properties and all other relevant matters.

We have not carried out detailed on-site measurements to verify the correctness of the floor areas in respect of the real properties but have assumed that the floor areas shown on the documents handed to us are correct. Except otherwise stated, all dimensions, measurements and areas included in the valuation certificates are based on information contained in the documents provided to us by the Company and are therefore only approximations.

We have no reason to doubt the truth and accuracy of the information provided to us by the Group and we have relied on your advice that no material facts have been omitted from the information for us to reach an informed view, and we have no reason to suspect that any material information has been withheld.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the real properties or for any expenses or taxation, which may be incurred in effecting a sale or purchase.

Unless otherwise stated, it is assumed that the real properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

For the purpose of compliance with Rule 11.3 of The Code on Takeovers and Mergers and as advised by the Company, the potential tax liabilities which may arise from the sale of the real properties include:

- Profits tax at 8.25% on assessable profits up to HK\$2,000,000; and 16.5% on any part of assessable profits over HK\$2,000,000; and
- Stamp duty (of which both the seller and the buyer are jointly and severally liable) for the real properties in Hong Kong; is as follows:

Amount or value of the consideration or value of the property (whichever is the higher)		
Exceeds	Does not exceed	Rates
	\$2,000,000	\$100
\$2,000,000	\$2,351,760	\$100 + 10% of excess over \$2,000,000
\$2,351,760	\$3,000,000	1.5%
\$3,000,000	\$3,290,320	\$45,000 + 10% of excess over \$3,000,000
\$3,290,320	\$4,000,000	2.25%
\$4,000,000	\$4,428,570	\$90,000 + 10% of excess over \$4,000,000
\$4,428,570	\$6,000,000	3%
\$6,000,000	\$6,720,000	\$180,000 + 10% of excess over \$6,000,000
\$6,720,000	\$20,000,000	3.75%
\$20,000,000	\$21,739,120	\$750,000 + 10% of excess over \$20,000,000
\$21,739,120		4.25%

As advised by the Company, the likelihood of any potential tax liabilities for the real properties being crystallized is remote as the Group has no intention to sell these real properties.

Our valuations have been prepared in accordance with Rule 11 of the Code on Takeovers and Mergers issued by The Securities and Futures Commission, The HKIS Valuation Standards (2020 Edition) published by The Hong Kong Institute of Surveyors, The RICS Valuation – Global Standards published by The Royal Institution of Chartered Surveyors (“RICS”) and the International Valuation Standards (“IVS”) published by The International Valuation Standards Council.

The outbreak of the Novel Coronavirus (“COVID-19”), declared by the World Health Organization as a “Global Pandemic” on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinion of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

Our valuations are therefore reported on the basis of “material valuation uncertainty” as per RICS Valuation Technical and Performance Standard (“VPS”) 3 and RICS Valuation Practice Guidance – Application (“VPGA”) 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuations than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuations of the real properties under frequent review.

Our valuations have been prepared under the generally accepted valuation procedures and are in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and The Codes on Takeovers and Mergers and Share Buy-backs issued by The Securities and Futures Commission.

REMARKS

Unless otherwise stated, all money amounts stated herein are in Hong Kong Dollars (HK\$) and no allowances have been made for any exchange transfers.

Our Summary of Values and the Valuation Certificates are attached herewith.

Yours faithfully,
For and on behalf of
BMI APPRAISALS LIMITED
Joannau W. F. Chan
BSc., MSc., MRICS, MHKIS, RPS(GP)
Senior Director

Note:

Ms. Joannau W.F. Chan is a member of the Hong Kong Institute of Surveyors (General Practice) who has over 28 years' experience in valuations of real properties in Hong Kong.

SUMMARY OF VALUES

Real properties held by the Group for owner-occupation in Hong Kong

No.	Real property	Market Value in existing state as at 31 May 2021 HK\$
1.	Workshops A and B on 1st Floor, Sunking Factory Building, Nos. 1-7 Shing Chuen Road, Shatin, New Territories, Hong Kong	67,200,000
2.	Workshops A, E, F and J on 3rd Floor of Block 1, Kwai Tak Industrial Centre, Nos. 15-33 Kwai Tak Street, Kwai Chung, New Territories, Hong Kong	37,900,000
3.	Workshop D (including Flat-roof appurtenant thereto) on 4th Floor of Block 1, Kwai Tak Industrial Centre, Nos. 15-33 Kwai Tak Street, Kwai Chung, New Territories, Hong Kong	8,700,000
4.	Car Park Nos. 78, 79 and 80 on Ground Floor, Kwai Tak Industrial Centre, Nos. 15-33 Kwai Tak Street, Kwai Chung, New Territories, Hong Kong	6,150,000
	Total:	<hr/> <u>119,950,000</u>

VALUATION CERTIFICATE

Real properties held by the Group for owner-occupation in Hong Kong

No.	Real Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 May 2021 HK\$
1.	Workshops A and B on 1st Floor, Sunking Factory Building, Nos. 1-7 Shing Chuen Road, Shatin, New Territories, Hong Kong A total of 64/850th equal and undivided shares of and in Sha Tin Town Lot No. 26	The real property comprises two workshop units on the first floor of a 9-storey industrial building completed in 1981. The total gross floor area of the real property is approximately 17,716 sq.ft. The real property is held under New Grant No. 11228 for a term of 99 years less the last 3 days commencing on 1 July 1898 which has been statutorily extended to 30 June 2047.	The real property is occupied by the Company for industrial and ancillary office uses.	67,200,000

Notes:

1. The real property is situated in the industrial area of Shatin in New Territories.
2. The registered owner of the real property is Healthy Cheer International Limited vide Memorial No. 10122900300342 (Remarks: Workshop A) and vide Memorial No. 10122800270080 (Remarks: Workshop B) both dated 10 December 2010.
3. The real property is subject to the following material encumbrances:
 - a. Permit No. NT 50/81 vide Memorial No. ST200832 dated 20 March 1981;
 - b. Deed of Mutual Covenant vide Memorial No. ST200836 dated 19 June 1981;
 - c. Mortgage to secure all moneys in respect of general banking facilities (PT.) in favor of China Construction Bank (Asia) Corporation Limited vide Memorial No. 16051601320032 dated 28 April 2016; and
 - d. Assignment of Rentals in favor of China Construction Bank (Asia) Corporation Limited vide Memorial No. 16051601320047 dated 28 April 2016.
4. Healthy Cheer International Limited is a wholly-owned subsidiary of the Company.

VALUATION CERTIFICATE

No.	Real Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 May 2021 HK\$
2.	Workshops A, E, F and J on 3rd Floor of Block 1, Kwai Tak Industrial Centre, Nos. 15-33 Kwai Tak Street, Kwai Chung, New Territories, Hong Kong A total 138/7,912th equal and undivided shares of and in Kwai Chung Town Lot Nos. 322, 323 and 324	The real property comprises four workshop units on the third floor within a 12-storey industrial building completed in 1979. The total gross floor area of the real property is approximately 13,621 sq.ft. The real property is held under New Grant Nos. 5413, 5414 and 5415 for a common term of 99 years less the last 3 days commencing on 1 July 1898 which has been statutorily extended to 30 June 2047.	The real property is occupied by the Company for industrial and ancillary office uses.	37,900,000

Notes:

1. The real property is situated in the industrial area of Kwai Chung in New Territories.
2. The registered owner of the real property is Jade Royal Limited vide Memorial No. 18012301480218 (Remarks: Workshop A & J) and vide Memorial No. 18012301480190 (Remarks: Workshops E & F) both dated 9 January 2018.
3. The real property is subject to the following material encumbrances:
 - a. Deed of Mutual Covenant vide Memorial No. TW190219 dated 3 March 1980; and
 - b. Legal Charge in favour of OCBC Wing Hang Bank Limited vide Memorial No. 18100501770250 (Remarks: Workshop A), Memorial No. 18100501770241 (Remarks: Workshop E), Memorial No. 18100501770232 (Remarks: Workshop F), Memorial No. 18100501770227 (Remarks: Workshop J) all dated 2 October 2018.
4. Jade Royal Limited is a wholly-owned subsidiary of the Company.

VALUATION CERTIFICATE

No.	Real Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 May 2021 HK\$
3.	Workshop D (including Flat-roof appurtenant thereto) on 4th Floor of Block 1, Kwai Tak Industrial Centre, Nos. 15-33 Kwai Tak Street, Kwai Chung, New Territories, Hong Kong 31/7,912th equal and undivided shares of and in Kwai Chung Town Lot Nos. 322, 323 and 324	The real property comprises a workshop unit on the fourth floor within a 12-storey industrial building completed in 1979. The gross floor area of the real property is approximately 2,955 sq.ft. plus a flat roof area of about 350 sq.ft. The real property is held under New Grant Nos. 5413, 5414 and 5415 for a common term of 99 years less the last 3 days commencing on 1 July 1898 which has been statutorily extended to 30 June 2047.	The real property is occupied by the Company for industrial and ancillary office uses.	8,700,000

Notes:

1. The real property is situated in the industrial area of Kwai Chung in New Territories.
2. The registered owner of the real property is Wise Sino Limited vide Memorial No. 18012301480221 dated 9 January 2018.
3. The real property is subject to the following material encumbrances:
 - a. Deed of Mutual Covenant vide Memorial No. TW190219 dated 3 March 1980; and
 - b. Legal Charge in favour of OCBC Wing Hang Bank Limited vide Memorial No. 19101500870028 dated 11 October 2019.
4. Wise Sino Limited is a wholly-owned subsidiary of the Company.

VALUATION CERTIFICATE

No.	Real Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 May 2021 HK\$
4.	Car Park Nos. 78, 79 and 80 on Ground Floor, Kwai Tak Industrial Centre, Nos. 15-33 Kwai Tak Street, Kwai Chung, New Territories, Hong Kong A total of 6/7,912 th equal and undivided shares of and in Kwai Chung Town Lot Nos. 322, 323 and 324	The real property comprises three lorry parking spaces on the ground floor within a 12-storey industrial building completed in 1979. The real property is held under New Grant Nos. 5413, 5414 and 5415 for a common term of 99 years less the last 3 days commencing on 1 July 1898 which has been statutorily extended to 30 June 2047.	The real property is occupied by the Company for car parking uses.	6,150,000

Notes:

1. The real property is situated in the industrial area of Kwai Chung in New Territories.
2. The registered owner of the real property is Wise Sino Limited vide Memorial No. 18012301480232 (Remarks: Car Park No. 78), Memorial No. 18012301480200 (Remarks: Car Park No. 79) and Memorial No. 18012301480246 (Remarks: Car Park No. 80) all dated 9 January 2018.
3. The real property is subject to the following material encumbrances:
 - a. Deed of Mutual Covenant vide Memorial No. TW190219 dated 3 March 1980; and
 - b. Legal Charge in favour of OCBC Wing Hang Bank Limited vide Memorial No. 19101500870028 dated 11 October 2019.
4. Wise Sino Limited is a wholly-owned subsidiary of the Company.

1. RESPONSIBILITY STATEMENT

The directors of Ace Source jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Company, the Group, the Vendor, their respective associates and parties acting in concert with each of the Company and the Vendor (which, for the avoidance of doubt, do not include Ace Source)) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than the opinions expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statements in this Composite Document misleading.

2. DISCLOSURE OF INTERESTS AND DEALINGS AS REQUIRED BY THE TAKEOVERS CODE

Ace Source confirms that, as at the Latest Practicable Date:

- (i) save as disclosed below, none of Ace Source, its directors or parties acting in concert with any of them owned, controlled or was interested in any Shares or convertible securities, warrants, options or derivatives in respect of any Shares:

Shareholder	Number of Shares	Approximate percentage of the total issued Shares
Ace Source (<i>Note 1</i>)	772,000,000	51.06
Vendor (<i>Note 2</i>)	200,000,000	13.23

Note:

1. As at the Latest Practicable Date, Ace Source was directly interested in 772,000,000 Shares and was owned by China Wantian, Yap Global and Hooy Investment as to 81%, 12% and 7% equity interest, respectively.

China Wantian is an investment holding company incorporated in Hong Kong with limited liability. As at the Latest Practicable Date, China Wantian was owned by Wise Global Holding Limited and Courage Rise Holdings Limited as to 60% and 40% equity interest, respectively. Each of Wise Global Holding Limited and Courage Rise Holdings Limited is an investment holding company incorporated in the BVI with limited liability. As at the Latest Practicable Date, Mr. Hooy was the sole beneficial owner of Wise Global Holding Limited, while Mr. Zhong was the sole beneficial owner of Courage Rise Holdings Limited.

Yap Global is an investment holding company incorporated in the BVI with limited liability. As at the Latest Practicable Date, Yap Global was beneficially owned by each of Ms. Yap Hong Akiw and Ms. Yap Hong Kek as to approximately 16.67% equity interest, and each of Ms. Yap Yuk Kiew, Mr. Yap Fong Kee, Ms. Yap Hong Leng, Mr. Yap Kong Meng, Ms. Yap Siew Chow, Ms. Yap Siew Ngoh, Ms. Yap Su Chai, and Mr. Yek Hon Su as to approximately 8.33% equity interest.

Hooy Investment is an investment holding company incorporated in the BVI with limited liability. As at the Latest Practicable Date, Hooy Investment was beneficially owned by each of Mr. Hooy Say Kai and Mr. Hooy Kwok Pun as to approximately 28.57% equity interest, and each of Mr. Hooy Kok Kuen, Ms. Hooy Siew Kuen and Ms. Leong Kwai Ho as to approximately 14.29% equity interest.

2. The Vendor is beneficially wholly-owned by Mr. Liu.
 - (ii) save for the Sales Shares transferred from the Vendor to Ace Source under the Share Transfer and the Subscription Shares acquired by Ace Source under the Subscription, neither Ace Source nor parties acting in concert with Ace Source had dealt for value in any Shares, share options, warrants or other securities convertible into the Shares during the Relevant Period;
 - (iii) save for the Share Purchase Agreement, the Subscription Agreement and the irrevocable and unconditional undertaking given by the Vendor as detailed in the paragraph headed “The Vendor’s Undertakings” in the “Letter from Somerley”, there was 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 between Ace Source or parties acting in concert with it and any other persons, and save as disclosed in the sub-paragraph (i) above, none of the parties to the Share Purchase Agreement, the Subscription Agreement and the aforesaid irrevocable and unconditional undertaking given by the Vendor had any interests in or owned or controlled any Shares or other securities of the Company carrying voting rights or convertible securities, warrants, options or derivatives of the Company;
 - (iv) none of Ace Source or parties acting in concert with it had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
 - (v) save for the sale and purchase of the Sales Shares pursuant to the Share Purchase Agreement and the subscription of the Subscription Shares pursuant to the Subscription Agreement, none of Ace Source, the directors of Ace Source or parties acting in concert with Ace Source had dealt for value in any Shares, convertible securities, warrants, or options of the Company or any derivative in respect of such securities in the Relevant Period; and
 - (vi) save for the irrevocable and unconditional undertaking given by the Vendor as detailed in the paragraph headed “The Vendor’s Undertakings” in the “Letter from Somerley”, Ace Source had not received any other irrevocable commitment to accept or reject the Offer.

3. OTHER DISCLOSURES AS REQUIRED BY THE TAKEOVERS CODE

As at the Latest Practicable Date,

- (i) Ace Source had no intention to enter into, nor had it entered into any agreement, arrangement or understanding, to transfer, charge or pledge the Shares acquired in pursuance of the Offer to any other persons unless otherwise required by the Listing Rules or the Stock Exchange with regard to the minimum public float requirements;
- (ii) no benefit had been or would be given to any Director as compensation for loss of office or otherwise in connection with the Offer;
- (iii) save for the Share Purchase Agreement, the Subscription Agreement and the irrevocable and unconditional undertaking given by the Vendor as detailed in paragraph headed “The Vendor’s Undertakings” in the “Letter from Somerley”, there was no agreement, arrangement or understanding (including any compensation arrangement) between Ace Source or parties acting in concert with it and any Director, recent Director, Shareholder or recent Shareholder which had any connection or was dependent upon the Offer;
- (iv) there was no agreement or arrangement to which Ace Source was a party which related to circumstances in which Ace Source may or may not invoke or seek to invoke a condition to the Offer;
- (v) save for the Share Purchase Agreement, the Subscription Agreement, the irrevocable and unconditional undertaking given by the Vendor as detailed in paragraph headed “The Vendor’s Undertakings” in the “Letter from Somerley”. there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code existed between Ace Source and parties acting in concert with it and any other person, in relation to the shares of Ace Source or the Shares;
- (vi) other than the consideration of HK\$78,000,000 paid to the Vendor under the Share Purchase Agreement, there was no other consideration, compensation or benefits in whatever form provided or to be provided by Ace Source, its ultimate beneficial owners or parties acting in concert with any of them (excluding the Vendor) to any of the Vendor or parties acting in concert with it (excluding Ace Source) in connection with the Share Transfer and the Offer;
- (vii) there was no understanding, arrangement or agreement which constitutes a special deal (as defined under Rule 25 of the Takeovers Code) between (i) Ace Source, its ultimate beneficial owners or parties acting in concert with any of them (excluding the Vendor) on one hand; and (ii) the Vendor and parties acting in concert with it (which, for the avoidance of doubt, do not include Ace Source) on the other hand; and

- (viii) there was no understanding, arrangement or agreement which constitutes a special deal (as defined under Rule 25 of the Takeovers Code) between (i) any Shareholder on the one hand; and (ii)(a) Ace Source, its ultimate beneficial owners or parties acting in concert with any of them; or (ii)(b) the Company, its subsidiaries or associated companies on the other hand.

4. MISCELLANEOUS

- (i) As at the Latest Practicable Date, Mr. Hooy, Mr. Zhong and Mr. Lau Yau Chuen Louis were the directors of Ace Source. The registered office of Ace Source is situated at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, BVI. The correspondence address of Ace Source is Suite 2106A, 21st Floor, Exchange Tower, 33 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong.

As at the Latest Practicable Date, Mr. Hooy, Mr. Zhong and Mr. Lau Yau Chuen Louis were the directors of China Wantian. The registered office of China Wantian is situated at Suite 2106A, 21st Floor, Exchange Tower, 33 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong.

As at the Latest Practicable Date, Ms. Yap Yuk Kiew and Ms. Yap Su Chai were the directors of Yap Global. The registered office of Yap Global is situated at CCS Trustees Limited, Mandar House, 3rd Floor, P.O. Box 2196, Johnson's Ghut, Tortola, BVI.

As at the Latest Practicable Date, Mr. Hooy Kwok Pun, Mr. Hooy Say Kai and Ms. Hooy Siew Kuen were the directors of Hooy Investment. The registered office of Hooy Investment is situated at CCS Trustees Limited, Mandar House, 3rd Floor, P.O. Box 2196, Johnson's Ghut, Tortola, BVI.

- (ii) As at the Latest Practicable Date, Mr. Liu is the sole director of the Vendor. The registered office of the Vendor is situated at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, BVI and its correspondence address in Hong Kong is Workshop A & B, 1/F., Sunking Factory Building, 1-7 Shing Chuen Road, Tai Wai, Shatin, New Territories, Hong Kong.
- (iii) The registered office of Somerley is situated at 20/F, China Building, 29 Queen's Road Central, Hong Kong.

1. RESPONSIBILITY STATEMENT

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

2. SHARE CAPITAL

As at the Latest Practicable Date:

	Number of Shares	Amount
Authorised share capital:		
Ordinary Shares of HK\$0.01 each	2,000,000,000	HK\$20,000,000
Issued and fully paid:		
Ordinary Shares of HK\$0.01 each	1,512,000,000	HK\$15,120,000

All of the Shares currently in issue are fully paid up or credited as fully paid and rank *pari passu* in all respects with each other, including all rights in respect of dividends, voting rights and capital. The Shares are listed on the Stock Exchange and none of the securities of the Company is listed or dealt in on any other stock exchange and no such listing or permission to deal is being or is proposed to be sought.

The number of Shares in issue as at 31 March 2021, being the date to which the latest audited financial statements of the Company were made up, was 1,260,000,000. Save for the Subscription Shares (i.e. a total of 252,000,000 Shares) issued by the Company to Ace Source at the subscription price of HK\$0.15 per Subscription Share pursuant to the Subscription Agreement, no other new Shares have been issued by the Company since 31 March 2021 and up to the Latest Practicable Date.

As at the Latest Practicable Date, the Company had no outstanding warrants, derivatives, options or other securities which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares and the Company had not entered into any agreement of the issue of any Shares or warrants, derivatives, options or other securities which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares.

3. DISCLOSURE OF INTERESTS

(a) Directors and chief executives' interests in securities

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executive of the Company in the Shares, underlying shares, debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests which the Director or chief executive of the Company was taken or deemed to have under such provisions of the SFO); (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Takeovers Code, to be disclosed in this Composite Document, were as follows:

Name of Director	Capacity/Nature of interest	Number of underlying Shares	Approximate percentage of shareholding
Mr. Liu (<i>Note 1</i>)	Interest of a controlled corporation	200,000,000	13.23%
Ms. Wu (<i>Note 2</i>)	Interest of spouse	200,000,000	13.23%

Notes:

- Mr. Liu beneficially owns the entire issued share capital of the Vendor. Therefore, Mr. Liu is deemed, or taken to be, interested in all the Shares held by the Vendor for the purpose of the SFO. Mr. Liu is the sole director of Vendor.
- Ms. Wu is the spouse of Mr. Liu. Therefore, Ms. Wu is deemed to be, or taken to be, interested in the same number of Shares in which Mr. Liu is interested for the purpose of the SFO.

The Vendor has given an irrevocable undertaking not to accept the Offer in respect of the Retained Shares. The irrevocable undertaking given by the Vendor is disclosed in the section headed “The Vendor’s Undertakings” in the “Letter from the Board” of this Composite Document. Save as disclosed above, none of the Directors held any beneficial shareholding in the Company which would otherwise entitle them to accept or reject the Offer.

(b) Substantial shareholders

As at the Latest Practicable Date, the interests and short positions of Shareholders (not being Directors or the chief executives of the Company) in the Shares and underlying Shares which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or required to be entered in the register maintained by the Company pursuant to section 336 of the SFO or required to be disclosed under the Takeovers Code were as follows:

Name of Shareholder	Capacity/Nature of interest	Number of underlying Shares	Approximate percentage of shareholding
Vendor	Beneficial owner	200,000,000	13.23%
Ace Source	Beneficial owner	772,000,000	51.06%
China Wantian (<i>Note</i>)	Member of concert party group	772,000,000	51.06%
Wise Global Holding Limited (“ Wise Global ”) (<i>Note</i>)	Member of concert party group	772,000,000	51.06%
Courage Rise Holdings Limited (“ Courage Rise ”) (<i>Note</i>)	Member of concert party group	772,000,000	51.06%
Mr. Hooy (<i>Note</i>)	Member of concert party group	772,000,000	51.06%
Ms. Yap Yuk Kiew (“ Mrs. Hooy ”) (<i>Note</i>)	Member of concert party group	772,000,000	51.06%
Mr. Zhong (<i>Note</i>)	Member of concert party group	772,000,000	51.06%
Yap Global Investment Limited (“ Yap Global ”) (<i>Note</i>)	Member of concert party group	772,000,000	51.06%
Hooy Investment Limited (“ Hooy Investment ”) (<i>Note</i>)	Member of concert party group	772,000,000	51.06%
Ms. Yap Hong Akiw (<i>Note</i>)	Member of concert party group	772,000,000	51.06%
Ms. Yap Hong Kek (<i>Note</i>)	Member of concert party group	772,000,000	51.06%

Name of Shareholder	Capacity/Nature of interest	Number of underlying Shares	Approximate percentage of shareholding
Mr. Yap Fong Kee (<i>Note</i>)	Member of concert party group	772,000,000	51.06%
Ms. Yap Hong Leng (<i>Note</i>)	Member of concert party group	772,000,000	51.06%
Mr. Yap Kong Meng (<i>Note</i>)	Member of concert party group	772,000,000	51.06%
Ms. Yap Siew Chow (<i>Note</i>)	Member of concert party group	772,000,000	51.06%
Ms. Yap Siew Ngoh (<i>Note</i>)	Member of concert party group	772,000,000	51.06%
Ms. Yap Su Chai (<i>Note</i>)	Member of concert party group	772,000,000	51.06%
Mr. Yek Hon Su (<i>Note</i>)	Member of concert party group	772,000,000	51.06%
Mr. Hooy Kwok Pun (<i>Note</i>)	Member of concert party group	772,000,000	51.06%
Mr. Hooy Say Kai (<i>Note</i>)	Member of concert party group	772,000,000	51.06%
Mr. Hooy Kok Kuen (<i>Note</i>)	Member of concert party group	772,000,000	51.06%
Ms. Hooy Siew Kuen (<i>Note</i>)	Member of concert party group	772,000,000	51.06%
Ms. Leong Kwai Ho (<i>Note</i>)	Member of concert party group	772,000,000	51.06%

Note: As China Wantian, Yap Global, Hooy Investment, Wise Global, Courage Rise, Mr. Hooy, Mrs. Hooy, Mr. Zhong, Ms. Yap Hong Akiw, Ms. Yap Hong Kek, Mr. Yap Fong Kee, Ms. Yap Hong Leng, Mr. Yap Kong Meng, Ms. Yap Siew Chow, Ms. Yap Siew Ngoh, Ms. Yap Su Chai, Mr. Yek Hon Su, Mr. Hooy Kwok Pun, Mr. Hooy Say Kai, Mr. Hooy Kok Kuen, Ms. Hooy Siew Kuen and Ms. Leong Kwai Ho are parties acting in concert with Ace Source, each of them is deemed to be interested in the same number of Shares in which Ace Source is interested for the purpose of the SFO.

Save as disclosed above, the Directors and the chief executive of the Company are not aware of any person who, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying Shares which were notified to the Company and Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or required to be entered in the register maintained by the Company pursuant to section 336 of the SFO or required to be disclosed under the Takeovers Code.

(c) Interests in Ace Source

As at the Latest Practicable Date, none of the Company nor any of its Directors had any interest in the shares, convertible securities, warrants, options or derivatives in respect of the shares of Ace Source.

(d) Additional disclosure of interests in the Company and arrangements in connection with the Offer

As at the Latest Practicable Date,

- (i) save for the Share Purchase Agreement entered into between the Vendor and Ace Source, none of the Directors have dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares during the Relevant Period;
- (ii) none of the Directors and the Company have dealt for value in any shares of Ace Source or any convertible securities, warrants, options or derivatives in respect of the shares of Ace Source during the Relevant Period;
- (iii) save for the interests as disclosed in paragraphs 3(a) to (b) above, the Directors did not have any interest in the Shares, derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into the Shares;
- (iv) save for the irrevocable undertaking given by the Vendor as disclosed in the section headed “The Vendor’s Undertakings” in the “Letter from the Board” in respect of the Retained Shares held by the Vendor (a company wholly-owned by Mr. Liu), the Directors did not have any beneficial shareholdings in the Company which would entitle them to accept or reject the Offer;
- (v) none of the subsidiaries of the Company, the pension fund of the Company or of its subsidiaries, or the person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of acting in concert under the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of associate under the Takeovers Code but excluding exempt principal traders and exempt fund managers, owned or controlled any Shares or any other convertible securities, warrants, options

or derivatives in respect of Shares and none of them had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company during the Relevant Period;

- (vi) save for the Share Purchase Agreement, the Subscription Agreement and the irrevocable undertaking given by the Vendor as disclosed in the section headed “The Vendor’s Undertakings” in the “Letter from the Board”, there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code between any person and the Company or any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of acting in concert or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of associate under the Takeovers Code and none of them had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company during the Relevant Period; and save as disclosed in paragraph 3(b) above, none of the parties to the Share Purchase Agreement, the Subscription Agreement and the aforesaid irrevocable undertaking given by the Vendor had any interest in or owned or controlled any Shares or other securities of the Company carrying voting rights or convertible securities, warrants, options or derivatives of the Company;
- (vii) no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company were managed on a discretionary basis by fund managers connected with Company and none of them had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company during the Relevant Period;
- (viii) none of the Company or any Directors had borrowed or lent any Shares or any other convertible securities, warrants, options or derivatives in respect of the Shares; and
- (ix) there was no understanding, arrangement, agreement which would constitute a special deal (as defined under Rule 25 of the Takeovers Code) between any Shareholder on one hand and the Company, its subsidiaries or associate companies on the other hand.

4. MARKET PRICE

The table below shows the closing price of the Shares quoted on the Stock Exchange on: (i) the Latest Practicable Date; (ii) the last Business Day immediately preceding the date of the Joint Announcement (i.e. the Last Trading Day); and (iii) the last day on which trading took place in each of the calendar months during the Relevant Period:

Date	Closing price per Share (HK\$)
29 January 2021	0.113
26 February 2021	0.095
31 March 2021	0.078
30 April 2021	0.105
31 May 2021	0.140
29 June 2021 (the Last Trading Day)	0.140
30 July 2021	0.165
16 August 2021 (the Latest Practicable Date)	0.170

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK\$0.194 per Share on 20 July 2021 and HK\$0.075 per Share on 11, 12, 15, 16 and 17 March 2021, respectively.

5. LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was pending or threatened against either any members of the Group.

6. MATERIAL CONTRACTS

Save for the Subscription Agreement, there was no material contract (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by any member of the Group) entered into by any member of the Group within the two years prior to the commencement of the offer period (as defined in the Takovers Code) and ending on the Latest Practicable Date.

7. QUALIFICATIONS OF EXPERTS

The following are the qualifications of the experts who have given opinions or advice, which are contained in this Composite Document:

Somerley Capital Limited	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Opus Capital Limited	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
BMI Appraisals Limited	an independent property valuer

8. DIRECTORS' SERVICE AGREEMENTS

As at the Latest Practicable Date, (i) 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) have been entered into or amended with during the Relevant Period; (b) were continuous contracts with a notice period of 12 months or more; or (c) were fixed term contracts with more than 12 months to run irrespective of the notice period; and (ii) none of the Directors had any existing or proposed service contract with any member of the Group or any associated companies of the Company which does not expire or is not determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

9. CONSENT

Each of the experts named in the paragraph headed "7. Qualifications of Experts" above has given and has not withdrawn its written consent to the issue of the Composite Document with the inclusion therein of the opinions, reports, advice, recommendations, and/or letters and/or the references to its name and/or opinions, reports, advice, recommendations, and/or letters in the form and context in which they respectively appear.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at (a) the Company's principal place of business in Hong Kong at Workshop No.A-B, 1/F, Sunking Factory Building, No. 1-7 Shing Chuen Road, Shatin, New Territories, Hong Kong from 9:30 a.m. to 5:30 p.m., Monday to Friday (except public holidays); (b) on the website of the Company (<http://www.cyfood.com.hk>); and (c) on the website of the SFC (<http://www.sfc.hk>) from the date of this Composite Document up to and including the Closing Date:

- (i) the amended and restated memorandum of association and articles of association of the Company;
- (ii) the annual reports of the Group for the three years ended 31 March 2019, 2020 and 2021;
- (iii) the "Letter from Somerley", the text of which is set out on pages 9 to 20 of the Composite Document;
- (iv) the "Letter from the Board", the text of which is set out on pages 21 to 28 of the Composite Document;
- (v) the "Letter from the Independent Board Committee", the text of which is set out on pages 29 to 30 of the Composite Document;
- (vi) the "Letter from the Independent Financial Adviser", the text of which is set out on pages 31 to 56 of the Composite Document;

- (vii) the property valuation report of the Group (including the valuation certificate) prepared by BMI Appraisals Limited, the full text of which is set out in Appendix III to the Composite Document;
- (viii) the written consents from each of the parties referred to in the paragraph headed “7. Qualifications of Experts” in this appendix;
- (ix) the memorandum of association and articles of association of Ace Source;
- (x) the Share Purchase Agreement;
- (xi) the Subscription Agreement;
- (xii) the deed of undertaking referred to in the paragraphs headed “The Vendor’s Undertakings” in the “Letter from Somerley” and the “Letter from the Board” of this Composite Document; and
- (xiii) this Composite Document.

11. MISCELLANEOUS

- (i) As at the Latest Practicable Date, none of the Directors had been or would be given any benefit as compensation for loss of office or otherwise in connection with the Offer;
- (ii) 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 Offer or otherwise connected with the Offer; and
- (iii) As at the Latest Practicable Date, there was no material contracts entered into by Ace Source in which any Director has a material personal interest.