
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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This Scheme Document appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of Great Success Enterprises Holdings Limited or Bestway Global Holding Inc.

**GREAT SUCCESS ENTERPRISES
HOLDINGS LIMITED**
(Incorporated in the British Virgin Islands with limited liability)

Bestway

Bestway Global Holding Inc.
榮威國際控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 3358)

**(1) PROPOSAL FOR THE PRIVATISATION OF BESTWAY GLOBAL
HOLDING INC. BY THE OFFEROR BY WAY OF A SCHEME OF
ARRANGEMENT UNDER SECTION 86 OF THE COMPANIES ACT**
(2) PROPOSED WITHDRAWAL OF LISTING
(3) SPECIAL DEAL RELATING TO ROLLOVER ARRANGEMENT AND
(4) PROPOSED RE-ELECTION OF A DIRECTOR

Financial Adviser to the Offeror



Independent Financial Adviser to the Independent Board Committee
ALTUS CAPITAL LIMITED

Unless the context otherwise requires, capitalised terms used in this Scheme Document (including this cover page) are defined in the section headed “Definitions” in Part I of this Scheme Document.

A letter from the Board is set out in Part IV of this Scheme Document. A letter from the Independent Board Committee containing its advice to the Disinterested Shareholders in relation to the Proposal is set out in Part V of this Scheme Document.

A letter from Altus Capital Limited, being the Independent Financial Adviser, containing its advice to the Independent Board Committee in relation to the Proposal is set out in Part VI of this Scheme Document. An Explanatory Memorandum regarding the Scheme is set out in Part VII of this Scheme Document.

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

Notices convening the Court Meeting to be held at 10:00 a.m. on Wednesday, 15 September 2021 and the EGM to be held at 11:00 a.m. (or, if later, as soon as practicable after the conclusion or adjournment of the Court Meeting) on Wednesday, 15 September 2021 are set out in Appendix IV and Appendix V to this Scheme Document respectively. Whether or not you are able to attend the Court Meeting and/or the EGM or any adjournment thereof in person, you are strongly urged to complete and sign the enclosed **pink** form of proxy in respect of the Court Meeting and the enclosed **white** form of proxy in respect of the EGM, in accordance with the instructions printed thereon and to lodge them at the office of the Share Registrar at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible but in any event no later than the respective times and dates as stated under Part II – Actions to be taken of this Scheme Document. Completion and return of the forms of proxy for Court Meeting and/or the EGM will not preclude you from attending and voting in person at the relevant meeting or any adjournment thereof, should you so wish. In the event that you attend and vote at the relevant meeting or any adjournment thereof after having lodged your forms of proxy, the returned forms of proxy will be revoked by operation of law.

This Scheme Document is issued jointly by Great Success Enterprises Holdings Limited and Bestway Global Holding Inc.

The English language text of this Scheme Document shall prevail over the Chinese version for the purpose of interpretation.

23 August 2021

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

SPECIAL ARRANGEMENTS FOR THE COURT MEETING AND THE EGM

Taking into account the recent development of the epidemic caused by coronavirus disease (COVID-19), the Company will implement the following prevention and control measures at the Court Meeting and the EGM to protect Shareholders from the risk of infection:

- (a) compulsory body temperature checks will be conducted for every attending Shareholder or proxy at the entrance of the venue. Any person with a body temperature of over 37.3 degrees Celsius may not be admitted to the venue, but will be able to vote by submitting a voting slip to the scrutineer at the entrance of the venue, to the extent permitted by the law;
- (b) every attending Shareholder or proxy is required to wear a surgical mask throughout the Court Meeting and the EGM;
- (c) no refreshments will be served at the Court Meeting and/or the EGM;
- (d) each attendee may be asked whether (a) he/she has travelled outside of Hong Kong within the 14-day period immediately before the Court Meeting and/or the EGM; and (b) he/she is subject to any Hong Kong Government prescribed quarantine. Anyone who responds positively to any of these questions may be denied entry into the venue or be required to leave the venue, but will be able to vote by submitting a voting slip to the scrutineer at the entrance of the venue, to the extent permitted by the law.

The Company strongly urges the Shareholders, particularly those are subject to health quarantine or compulsory testing prescribed by the HKSAR Government in relation to COVID-19, to complete, sign and return the enclosed form of proxy in respect of the Court Meeting and/or the EGM (as the case may be) pursuant to which you may appoint any person or the chairman of the Court Meeting and/or the EGM (as the case may be) as a proxy to vote on the resolution(s). Completion and return of the form of proxy will not preclude a Shareholder from attending and voting in person at the Court Meeting and/or the EGM (as the case may be) or any adjournment thereof. In the event that an eligible Shareholder attends and votes at the Court Meeting and/or the EGM (as the case may be) or any adjournment thereof after having lodged his form of proxy, his form of proxy shall be deemed to be revoked by operation of law.

The Company will closely monitor and ascertain the regulations and measures introduced or to be introduced by the HKSAR government and the PRC government, and if necessary will make further announcement(s) in case of any update regarding the precautionary measures to be implemented at the Court Meeting and/or the EGM.

NOTICE TO US INVESTORS

The Proposal is being made to cancel the securities of a company incorporated in the Cayman Islands by means of a scheme of arrangement provided for under the Companies Act and is subject to Cayman Islands and Hong Kong disclosure requirements, which are different from those of the United States. The financial information included in the relevant documentation, including this Scheme Document, has been prepared in accordance with Hong Kong Financial Reporting Standards and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.

A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules of the US Securities Exchange Act of 1934, as amended. Accordingly, the Proposal is subject to the disclosure requirements and practices applicable in Cayman Islands to schemes of arrangement, which differ from the disclosure requirements of the US tender offer rules.

The receipt of cash pursuant to the Proposal by a US holder of Scheme Shares as consideration for the cancellation of its Scheme Shares pursuant to the Proposal may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other tax laws. Each holder of Scheme Shares is urged to consult their independent professional adviser immediately regarding the tax consequences of the Proposal.

US holders of Scheme Shares may encounter difficulty enforcing their rights and any claims arising out of the US federal securities laws, as the Offeror and the Company are located in a country outside the United States and some or all of their officers and directors may be residents of a country other than the United States. US holders of Scheme Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, US holders of Scheme Shares may encounter difficulty compelling a non-US company and its affiliates to subject themselves to a US court's judgement.

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

“2020 Final Dividend”	a final dividend for the year ended 31 December 2020 approved by the Shareholders at the annual general meeting of the Company held on 28 May 2021 and distributed on 7 July 2021 to Shareholders whose names appear on the register of members of the Company on the 7 June 2021
“acting in concert”	has the meaning ascribed to it in the Takeovers Code and “concert party” shall be construed accordingly
“Announcement”	the announcement dated 25 June 2021 issued jointly by the Offeror and the Company in relation to the Proposal and the Scheme
“Announcement Date”	25 June 2021, being the date of the Announcement
“Applicable Laws”	with respect to any person, any laws, rules, regulations, guidelines, directives, treaties, judgements, decrees, orders or notices of any Authority that is applicable to such person
“Approvals”	licenses, authorisation, approvals, permits, consents, permissions, clearances, waivers, filings, and registrations
“Authority”	any relevant government, administrative, statutory or regulatory body, or court, tribunal, arbitrator or governmental or quasi-governmental agency or authority or department (including any relevant securities exchange) and whether supranational, national, regional or local
“associate”	has the meaning ascribed to it in the Takeovers Code
“Beneficial Owner(s)”	beneficial owner(s) of the Shares registered in the name of a Registered Owner(s)
“Board”	the board of Directors
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“Cancellation Price”	the cancellation price of HK\$4.38 per Scheme Share cancelled and extinguished payable in cash to the Scheme Shareholders pursuant to the Scheme
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC

“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a person admitted to participate in CCASS as a participant, including a CCASS Investor Participant
“CMBI”	CMB International Capital Limited, the financial adviser to the Offeror. CMBI is a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities
“Companies Act”	the Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands
“Company”	Bestway Global Holding Inc., a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Main Board of the Stock Exchange (Stock code: 3358)
“Conditions”	the conditions to the implementation of the Proposal and the Scheme as set out in the section headed “4. Conditions of the Proposal and the Scheme” in Part VII – Explanatory Memorandum of this Scheme Document
“Court Meeting”	a meeting of the Scheme Shareholders convened and to be held at the direction of the Grand Court at 10:00 a.m. on Wednesday, 15 September 2021 at Salon 4-6 of JW Marriott Ballroom, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong, at which the Scheme (with or without modification) will be voted upon, notice of which is set out in Appendix IV to this Scheme Document, or any adjournment thereof
“Director(s)”	the director(s) of the Company
“Disinterested Share(s)”	Shares in issue other than those beneficially owned by the Offeror and the Offeror Concert Parties
“Disinterested Shareholder(s)”	the registered holder(s) of the Disinterested Shares

“Effective Date”	the date on which the Scheme, if approved and sanctioned by the Grand Court, becomes effective in accordance with its terms and the Companies Act, being the date on which a copy of the order of the Grand Court sanctioning the Scheme and confirming the reduction of issued share capital resulting from the cancellation and extinguishment of the Scheme Shares is delivered to the Registrar of Companies in the Cayman Islands for registration pursuant to Section 86(3) of the Companies Act, which is expected to be on Thursday, 7 October 2021 (Cayman Islands time)
“EGM”	the extraordinary general meeting of the Company convened and to be held at 11:00 a.m. (or, if later, as soon as practicable after the conclusion or adjournment of the Court Meeting) on Wednesday, 15 September 2021 at Salon 4-6 of JW Marriott Ballroom, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong, notice of which is set out in Appendix V to this Scheme Document, or any adjournment thereof
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate thereof
“exempt fund managers”	has the meaning ascribed to it in the Takeovers Code
“exempt principal traders”	has the meaning ascribed to it in the Takeovers Code
“Explanatory Memorandum”	the explanatory memorandum set out in Part VII of this Scheme Document
“Grand Court”	the Grand Court of the Cayman Islands
“Great Access”	Great Access Industry Inc., a company incorporated in British Virgin Islands with limited liability and owned as to 92% by Mr. Zhu and 8% by his son, Mr. Zhu Jiachen
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Board Committee”	the independent board committee of the Company established by the Board to make a recommendation to the Disinterested Shareholders in respect of the Proposal, the Scheme and the Rollover Arrangement
“Independent Financial Adviser” or “Altus”	Altus Capital Limited, a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee as to (i) whether the terms of the Proposal and the Scheme are, or are not, fair and reasonable so far as the Disinterested Shareholders are concerned and whether the Disinterested Shareholders should vote in favour of the resolution(s) to approve the Scheme at the Court Meeting and the EGM; and (ii) whether terms of the Rollover Arrangement are, or are not, fair and reasonable so far as the Disinterested Shareholders are concerned and whether the Disinterested Shareholders should vote in favour of resolution(s) to approve the Rollover Arrangement at the EGM
“Last Trading Day”	22 June 2021, being the last trading day of Shares before the suspension of trading in the Shares pending issuance of the Announcement
“Latest Practicable Date”	20 August 2021, being the latest practicable date for ascertaining certain information contained in this Scheme Document
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	29 December 2021 or such later date as the Offeror may determine and, to the extent applicable, as the Grand Court on application of the Offeror and the Company may direct and in all cases, as permitted by the Executive
“Meeting Record Date”	Wednesday, 15 September 2021, or such other date as shall have been announced to the Shareholders, being the record date for the purpose of determining the entitlement of the Scheme Shareholders to attend and vote at the Court Meeting and the entitlement of the Shareholders (or the Disinterested Shareholders in respect of the Rollover Agreement) to attend and vote at the EGM
“MSNKS”	M. S. N. K. S. INVESTMENTS LLC, a limited liability company incorporated in Delaware, which is wholly owned by Mr. Nowak

“MSNKS II”	MSNKS Investments II, LLC, a limited liability company incorporated in Delaware, which is wholly owned by Mr. Nowak
“Mr. Fumagalli”	Mr. Patrizio Fumagalli
“Mr. Nowak”	Mr. Bogdan Nowak
“Mr. Zhu”	Mr. Zhu Qiang, the Chairman, the Chief Executive Officer and an executive Director of the Company, and an Offeror Concert Party who controls the Offeror by reason of its shareholding in 92.0% of Great Access, which in turn wholly owns the Offeror
“Offeror”	Great Success Enterprises Holdings Limited, a company incorporated in the British Virgin Islands
“Offeror Concert Parties”	parties acting in concert or presumed to be acting in concert with the Offeror under the definition of “acting in concert” under the Takeovers Code, including Mr. Zhu and the Rollover Shareholders
“offer period”	has the meanings ascribed to it in the Takeovers Code
“Options”	the share option(s) with an exercise price of HK\$4.346 granted under the share option scheme of the Company adopted by the Company on 18 October 2017 (as amended from time to time)
“Outland Enterprise”	Outland Enterprise Company Limited, a company incorporated in the British Virgin Islands
“PRC”	the People’s Republic of China (for the purpose of this Scheme Document, excluding Hong Kong, the Macao Special Administrative Region and Taiwan)
“Proposal”	the proposal for the privatisation of the Company by the Offeror by way of the Scheme, and the withdrawal of the listing of the Shares from the Stock Exchange, on the terms and subject to the conditions set out in this Scheme Document
“Registered Owner(s)”	holder(s) of Shares (including without limitation a nominee, trustee, depositary or any other authorised custodian or third party) whose name is entered in the register of members of the Company as a holder of Shares
“Relevant Period”	the period commencing on the date which is six months prior to the Announcement Date (i.e. 25 December 2020) and ending on the Latest Practicable Date, both days inclusive

“Rollover Agreement”	the rollover agreement entered into between the Offeror and the Rollover Shareholders on 25 June 2021, details of which are set out in the section headed “5. Rollover Arrangement” in Part VII of this Scheme Document
“Rollover Arrangement”	the arrangement between the Offeror and the Rollover Shareholders under the Rollover Agreement as described in the section headed “5. Rollover Arrangement” in Part VII of this Scheme Document
“Rollover Shares”	Shares held by the Rollover Shareholders
“Rollover Shareholders”	Outland Enterprise, Mr. Nowak, MSNKS, MSNKS II and Mr. Fumagalli
“Scheme”	a scheme of arrangement between the Company and the Scheme Shareholders under Section 86 of the Companies Act (subject to the Conditions) involving the cancellation and extinguishment of the Scheme Shares and the simultaneous restoration of the number of issued Shares in the share capital of the Company to the number prior to the cancellation and extinguishment of the Scheme Shares, details of which are set out in Appendix III to this Scheme Document
“Scheme Document”	this composite scheme document, including each of the letters, statements, memorandum, appendices and notices herein
“Scheme Record Date”	Thursday, 7 October 2021, being the Effective Date, or such other date as shall have been announced to the Shareholders, being the record date for the purpose of determining the entitlements of the Scheme Shareholders to the Cancellation Price under the Scheme
“Scheme Share(s)”	Share(s) other than those directly or indirectly held by the Offeror, Mr. Zhu and the Rollover Shareholders
“Scheme Shareholder(s)”	the registered holder(s) of Scheme Shares
“Securities and Futures Commission”	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 share capital of the Company
“Shareholder(s)”	registered holder(s) of the Shares

“Share Registrar”	Computershare Hong Kong Investor Services Limited, the Company’s branch share registrar and transfer office in Hong Kong
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Code on Takeovers and Mergers in Hong Kong
“trading day”	a day on which the Stock Exchange is open for the business of dealings in securities
“US”	United States of America
“US\$”	US dollar(s), the lawful currency of the US

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

ACTIONS TO BE TAKEN BY SHAREHOLDERS

For the purpose of determining the entitlements of Scheme Shareholders to attend and vote at the Court Meeting and the entitlements of the Shareholders (or the Disinterested Shareholders, as the case may be) to attend and vote at the EGM, the register of members of the Company will be closed from Friday, 10 September 2021 to Wednesday, 15 September 2021 (both days inclusive) and during such period, no transfer of Shares will be effected. In order to qualify to attend and vote at the Court Meeting and the EGM, all transfers accompanied by the relevant share certificates must be lodged with the Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Thursday, 9 September 2021.

A **pink** form of proxy for use at the Court Meeting and a **white** form of proxy for use at the EGM are enclosed with this Scheme Document. Subsequent purchasers of Shares will need to obtain the relevant proxy form from the transferor if any such purchaser wishes to attend or vote at the Court Meeting and/or the EGM.

Whether or not you are able to attend the Court Meeting and/or the EGM or any adjournment thereof in person, if you are a Scheme Shareholder, we strongly urge you to complete and sign the enclosed **pink** form of proxy in respect of the Court Meeting, and if you are a Shareholder (or a Disinterested Shareholder, as the case may be), we strongly urge you to complete and sign the enclosed **white** form of proxy in respect of the EGM, in accordance with the instructions printed thereon, and to lodge them at the office of the Share Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. **The pink form of proxy for use at the Court Meeting should be lodged no later than 48 hours before the time appointed for holding the Court Meeting or any adjournment thereof although it may be handed to the chairman of the Court Meeting at the Court Meeting who shall have absolute discretion as to whether or not to accept it. The white form of proxy for use at the EGM must be lodged no later than 48 hours before the time appointed for holding the EGM or any adjournment thereof in order to be accepted.** The completion and return of a form of proxy for the Court Meeting and/or the EGM will not preclude you from attending and voting in person at the relevant meeting or any adjournment thereof. In such event, the returned form of proxy will be revoked by operation of law.

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

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

The Company and the Offeror will make an announcement in relation to the results of the Court Meeting and the EGM by no later than 7:00 p.m. on Wednesday, 15 September 2021. If all the resolutions are passed at those meetings, further announcements will be made in relation to, among other things, the results of the hearing of the petition to sanction the Scheme by the Grand Court and, if the Scheme is

sanctioned, the Scheme Record Date, the Effective Date and the date of withdrawal of the listing of the Shares on the Stock Exchange in accordance with the requirements of the Takeovers Code and the Listing Rules.

ACTIONS TO BE TAKEN BY BENEFICIAL OWNERS WHOSE SHARES ARE HELD THROUGH TRUST OR DEPOSITED IN CCASS

The Company will not recognise any person as holding any Shares through any trust. If you are a Beneficial Owner whose Shares are held upon trust by, and registered in the name of, a Registered Owner (other than HKSCC Nominees), you should contact the Registered Owner and provide the Registered Owner with instructions and/or make arrangements with the Registered Owner in relation to the manner in which the Shares beneficially owned by you should be voted at the Court Meeting and/or the EGM. Such instructions and/or arrangements should be given or made in advance of the latest time for the lodgement of forms of proxy in respect of the Court Meeting and the EGM set by the Registered Owner in order to provide the Registered Owner with sufficient time to accurately complete the Registered Owner's proxy and to submit it by the deadline stated above. To the extent that any Registered Owner requires instructions from or arrangements to be made with any Beneficial Owner at a particular date or time in advance of the aforementioned latest time for the lodgement of forms of proxy in respect of the Court Meeting and the EGM, any such Beneficial Owner should comply with the requirements of the Registered Owner.

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

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

The appointment of a proxy by the Registered Owner at the Court Meeting and/or the EGM shall be in accordance with all relevant provisions in the articles of association of the Company.

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

The completion and return of a form of proxy for the Court Meeting and/or the EGM will not preclude the Registered Owner from attending and voting in person at the relevant meeting or any adjournment thereof. In the event that the Registered Owner attends and votes at the relevant meeting or any adjournment thereof after having lodged his forms of proxy, the returned form of proxy will be revoked by operation of law.

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered under the name of HKSCC Nominees, you must, unless you are a CCASS Investor Participant, contact your broker, custodian, nominee, or other relevant person who is, or has, in turn, deposited such Shares with other

CCASS Participants, regarding voting instructions to be given to such person. If you wish to vote at the Court Meeting and/or at the EGM in respect of the Scheme, you should contact your broker, custodian, nominee or other relevant person in advance of the latest time for the lodgement of forms of proxy in respect of the Court Meeting and the EGM, in order to provide such person with sufficient time to provide HKSCC Nominees with instructions or make arrangements with HKSCC Nominees in relation to the manner in which the Shares of the Beneficial Owner should be voted at the Court Meeting and/or the EGM. The procedure for voting in respect of the Scheme by HKSCC Nominees with respect to the Shares registered under the name of HKSCC Nominees shall be in accordance with the “General Rules of CCASS” and the “CCASS Operational Procedures” in effect from time to time.

In accordance with the direction from the Grand Court, for the purpose of calculating whether or not a majority in number of members of the Company have approved the Scheme at the Court Meeting under section 86 of the Companies Act, HKSCC Nominees shall be permitted to vote once for and once against the Scheme in accordance with the instructions received by it from the Investor Participants and other CCASS Participants. Thus, (i) if HKSCC Nominees receives instructions to vote for the Scheme and instructions to vote against the Scheme, it shall vote once for and once against the Scheme in accordance with such instructions, and be counted as one Shareholder under the votes “for” the Scheme and as one Shareholder under the votes “against” the Scheme; (ii) if HKSCC Nominees only receives instructions to vote for the Scheme, it shall vote once for the Scheme in accordance with such instructions, and be counted as one Shareholder under the votes “for” the Scheme; and (iii) if HKSCC Nominees only receives instructions to vote against the Scheme, it shall vote against the Scheme in accordance with such instructions, and be counted as one Shareholder under the votes “against” the Scheme.

If you are a Beneficial Owner whose Shares are deposited in CCASS, you may also elect to become a Registered Owner, and thereby have the right to attend and vote at the Court Meeting (if you are a Scheme Shareholder) and the EGM (as a Shareholder). You can become a Registered Owner by withdrawing all or any of your Shares from CCASS. For withdrawal of Shares from CCASS and registration thereof, you will be required to pay to CCASS a withdrawal fee per board lot withdrawn, a registration fee for each share certificate issued, stamp duty on each transfer instrument and, if your Shares are held through a financial intermediary, any other relevant fees charged by your financial intermediary. You should contact your broker, custodian, nominee or other relevant person in advance of the latest time for lodging transfers of the Shares to register the Shares into your own name so as to qualify to attend and vote at the Court Meeting and the EGM, in order to provide such broker, custodian, nominee or other relevant person with sufficient time to withdraw the Shares from CCASS and register them in your own name. Beneficial Owners who wish to individually vote or be counted for the purpose of ascertaining whether a “majority in number” of Scheme Shareholders have approved the Scheme should make arrangements to withdraw Scheme Shares (or a board lot) from CCASS and become registered as a member of the Company in their own names prior to the Meeting Record Date.

Only Scheme Shareholders whose Shares are registered in their own names in the register of members of the Company on the Meeting Record Date will be counted as members of the Company for the purpose of calculating whether or not a majority in number of Scheme Shareholders have approved the Scheme at the Court Meeting under Section 86 of the Companies Act. HKSCC Nominees is the Registered Owner in respect of all shares held in CCASS. In accordance with the direction from the Grand Court, for the purpose of calculating whether or not a majority in number of members of the Company have approved the Scheme at the Court Meeting under section 86 of the Companies Act, HKSCC Nominees shall be permitted to vote

once for and once against the Scheme in accordance with the instructions received by it from the Investor Participants and other CCASS Participants. Thus, (i) if HKSCC Nominees receives instructions to vote for the Scheme and instructions to vote against the Scheme, it shall vote once for and once against the Scheme in accordance with such instructions, and be counted as one Shareholder under the votes “for” the Scheme and as one Shareholder under the votes “against” the Scheme; (ii) if HKSCC Nominees only receives instructions to vote for the Scheme, it shall vote once for the Scheme in accordance with such instructions, and be counted as one Shareholder under the votes “for” the Scheme; and (iii) if HKSCC Nominees only receives instructions to vote against the Scheme, it shall vote against the Scheme in accordance with such instructions, and be counted as one Shareholder under the votes “against” the Scheme.

SHAREHOLDERS (INCLUDING ANY BENEFICIAL OWNERS OF SUCH SHARES THAT GAVE VOTING INSTRUCTIONS TO A CUSTODIAN OR CLEARING HOUSE THAT SUBSEQUENTLY VOTED AT THE COURT MEETING) SHOULD NOTE THAT THEY ARE ENTITLED TO APPEAR BEFORE OR BE REPRESENTED AT THE HEARING OF THE PETITION IN THE GRAND COURT WHICH IS EXPECTED TO BE ON THURSDAY, 30 SEPTEMBER 2021 (CAYMAN ISLANDS TIME), AT WHICH THE COMPANY WILL SEEK, AMONG OTHER THINGS, THE SANCTION OF THE SCHEME.

EXERCISE YOUR RIGHT TO VOTE

IF YOU ARE A SHAREHOLDER OR A BENEFICIAL OWNER, THE OFFEROR AND THE COMPANY STRONGLY ENCOURAGE YOU TO EXERCISE YOUR RIGHT TO VOTE OR GIVE INSTRUCTIONS TO THE RELEVANT REGISTERED OWNER TO VOTE IN PERSON OR BY PROXY AT THE COURT MEETING AND AT THE EGM.

IF YOU WISH TO BE COUNTED INDIVIDUALLY IN THE CALCULATION OF THE “MAJORITY IN NUMBER” REQUIREMENT AT THE COURT MEETING, YOU SHOULD MAKE ARRANGEMENTS TO BECOME A REGISTERED OWNER OF SOME OR ALL OF YOUR SHARES. IF YOU KEEP ANY SHARES IN A SHARE LENDING PROGRAM, THE OFFEROR AND THE COMPANY URGE YOU TO RECALL ANY OUTSTANDING SHARES ON LOAN TO AVOID MARKET PARTICIPANTS USING BORROWED STOCK TO VOTE.

IF YOU ARE A BENEFICIAL OWNER WHOSE SHARES ARE DEPOSITED IN CCASS, THE OFFEROR AND THE COMPANY ENCOURAGE YOU TO PROVIDE HKSCC NOMINEES WITH INSTRUCTIONS OR MAKE ARRANGEMENTS WITH HKSCC NOMINEES IN RELATION TO THE MANNER IN WHICH THOSE SHARES SHOULD BE VOTED AT THE COURT MEETING AND/OR AT THE EGM WITHOUT DELAY AND/OR WITHDRAWN FROM CCASS AND TRANSFERRED AND REGISTERED INTO YOUR OWN NAME (AS DETAILED IN THE SECTION “ACTIONS TO BE TAKEN – ACTIONS TO BE TAKEN BY BENEFICIAL OWNERS WHOSE SHARES ARE HELD THROUGH TRUST OR DEPOSITED IN CCASS” ABOVE).

IF YOU ARE A REGISTERED OWNER HOLDING SHARES ON BEHALF OF BENEFICIAL OWNERS, WE SHOULD BE GRATEFUL IF YOU WOULD INFORM THE RELEVANT BENEFICIAL OWNERS ABOUT THE IMPORTANCE OF EXERCISING THEIR RIGHT TO VOTE. YOU SHOULD ALSO REMIND THE RELEVANT BENEFICIAL OWNERS THAT IF THEY WISH TO BE COUNTED INDIVIDUALLY IN THE CALCULATION OF THE “MAJORITY IN

NUMBER” REQUIREMENT AT THE COURT MEETING, THEY SHOULD MAKE ARRANGEMENTS TO BECOME A REGISTERED OWNER OF SOME OR ALL OF THEIR SHARES.

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

Hong Kong Time unless indicated otherwise

Date of despatch of this Scheme Document	Monday, 23 August 2021
Latest time for lodging transfers of Shares in order to become entitled to attend and vote at the Court Meeting and/or the EGM	4:30 p.m. on Thursday, 9 September 2021
Register of members of the Company closed for determination of entitlements of Scheme Shareholders to attend and vote at the Court Meeting and of Shareholders to attend and vote at the EGM (<i>Note 1</i>)	From Friday, 10 September 2021 to Wednesday, 15 September 2021 (both days inclusive)
Latest time for lodging forms of proxy in respect of (<i>Note 2</i>)	
<ul style="list-style-type: none">• Court Meeting	10:00 a.m. on Monday, 13 September 2021
<ul style="list-style-type: none">• EGM	11:00 a.m. on Monday, 13 September 2021
Meeting Record Date	Wednesday, 15 September 2021
Court Meeting (<i>Note 3</i>)	10:00 a.m. on Wednesday, 15 September 2021
EGM (<i>Note 3</i>)	11:00 a.m. on Wednesday, 15 September 2021 (or, if later, as soon as practicable after the conclusion or adjournment of the Court Meeting)
Announcement of the results of the Court Meeting and the EGM posted on the website of the Stock Exchange and the website of the Company	no later than 7:00 p.m. on Wednesday, 15 September 2021
Expected latest time for trading in the Shares on the Stock Exchange	4:10 p.m. on Friday, 17 September 2021
Latest time for lodging transfer of Shares in order to qualify for entitlements under the Scheme	4:30 p.m. on Tuesday, 21 September 2021

Hong Kong Time unless indicated otherwise

Register of members of the Company closed for determining Scheme Shareholders qualified for entitlements to the Cancellation Price under the Scheme (<i>Note 4</i>)	from Thursday, 23 September 2021 onwards
Court hearing of the petition to sanction the Scheme and to confirm the reduction of the issued share capital of the Company involved in the Scheme	Thursday, 30 September 2021 (Cayman Islands time)
Announcement of the results of the court hearing of the petition to sanction the Scheme and to confirm the reduction of the issued share capital of the Company involved in the Scheme, the expected Effective Date and the expected date of withdrawal of listing of Shares on the Stock Exchange	At or before 8:30 a.m. on Monday, 4 October 2021
Scheme Record Date	Thursday, 7 October 2021
Effective Date (<i>Note 5</i>)	Thursday, 7 October 2021 (Cayman Islands time)
Announcement of the Effective Date and the withdrawal of the listing of the Shares on the Stock Exchange	At or before 8:30 a.m. on Friday, 8 October 2021
Expected withdrawal of the listing of Shares on the Stock Exchange becoming effective	9:00 a.m. on Tuesday, 12 October 2021
Cheques for cash payment under the Scheme to be despatched (<i>Note 6</i>)	on or before Tuesday, 19 October 2021

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

Notes:

1. The register of members of the Company will be closed during such period for the purpose of determining entitlements of the Scheme Shareholders to attend and vote at the Court Meeting and of the Shareholders (or the Disinterested Shareholders, as appropriate) to attend and vote at the EGM. For the avoidance of doubt, this period of closure is not for determining entitlements under the Scheme.

2. The **pink** form of proxy in respect of the Court Meeting and the **white** form of proxy in respect of the EGM should be completed and signed in accordance with the instructions respectively printed thereon and should be lodged at the Share Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by the times and dates stated above. The **pink** form of proxy for use at the Court Meeting should be lodged no later than 48 hours before the time appointed for holding the Court Meeting or any adjournment hereof although it may alternatively be handed to the chairman of the Court Meeting at the Court Meeting who shall have absolute discretion as to whether or not to accept it. The **white** form of proxy for use at the EGM must be lodged no later than 48 hours before the time appointed for holding the EGM or any adjournment thereof in order to be accepted. The completion and return of a form of proxy for the Court Meeting and/or the EGM will not preclude a Scheme Shareholder or Shareholder (or Disinterested Shareholders, as the case may be) from attending and voting in person at the relevant meeting or any adjournment thereof if he so wishes. In the event that the Scheme Shareholder or Shareholder (as the case may be) attends and votes at the relevant meeting or any adjournment thereof after having lodged his form of proxy, the returned form of proxy will be revoked by operation of law.
3. For further details relating to the Court Meeting and the EGM, please see the notice of Court Meeting set out in Appendix IV to this Scheme Document and the notice of EGM set out in Appendix V to this Scheme Document. If a tropical cyclone warning signal No. 8 or above is or is expected to be hoisted or a black rainstorm warning signal or "extreme conditions" caused by super typhoons is or is expected to be in force at any time after 7:00 a.m. on the date of the Court Meeting and the EGM, the Court Meeting and the EGM may be adjourned with the consent of the meeting. The Company may post an announcement on the respective websites of the Stock Exchange and the Company to notify the Scheme Shareholders and Shareholders (as the case may be) of the date, time and venue of the reconvened meetings.
4. The register of members of the Company will be closed during such period for the purpose of determining Scheme Shareholders who are qualified for entitlements to the Cancellation Price under the Scheme.
5. The Scheme shall become effective upon all the Conditions set out in the paragraph headed "4. Conditions of the Proposal and the Scheme" in Part VII- Explanatory Memorandum of this Scheme Document having been fulfilled or (to the extent permitted) waived (as the case may be).
6. Cheques for the payment of the Cancellation Price under the Scheme will be sent within seven Business Days of the Effective Date by ordinary post in postage pre-paid envelopes addressed to the persons entitled thereto at their respective registered addresses or, in the case of joint holders, to the registered address of that joint holder whose name stands first in such registers in respect of the joint holding. All such cheques will be posted at the risk of the person(s) entitled thereto and none of the Offeror, the Company, CMBI, the Independent Financial Adviser, the Share Registrar and their respective directors, employees, officers, agents, advisers, associates and affiliates and any other persons involved in the Proposal will be responsible for any loss or delay in despatch.

All references to times and dates in this document are references to Hong Kong times and dates, unless otherwise stated.



Bestway Global Holding Inc.

榮威國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3358)

Chairman and Executive Director:

Mr. Zhu Qiang

Executive Directors:

Mr. Liu Feng

Mr. Tan Guozheng

Mr. Duan Kaifeng

Independent non-executive Directors:

Mr. Dai Guoqiang

Mr. Zhang Zhu

Mr. Lam Yiu Kin

Registered office:

Cricket Square, Hutchins

Drive, P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

Principal Place of Business in Hong Kong:

Suite 713, 7/F

East Wing, Tsim Sha Tsui Centre

66 Mody Road

Tsim Sha Tsui, Kowloon

Hong Kong

23 August 2021

To: the Shareholders

Dear Sir or Madam,

(1) PROPOSAL FOR THE PRIVATISATION OF BESTWAY GLOBAL HOLDING INC. BY THE OFFEROR BY WAY OF A SCHEME OF ARRANGEMENT UNDER SECTION 86 OF THE COMPANIES ACT

(2) PROPOSED WITHDRAWAL OF LISTING

(3) SPECIAL DEAL RELATING TO ROLLOVER ARRANGEMENT AND

(4) PROPOSED RE-ELECTION OF A DIRECTOR

INTRODUCTION

Pursuant to the Announcement dated 25 June 2021, the Offeror and the Company jointly announced that the Offeror formally requested the Board to put forward the Proposal to the Scheme Shareholders for the privatisation of the Company by way of a scheme of arrangement under Section 86 of the Companies Act. Upon completion of the Proposal, the Offeror and the Offeror Concert Parties will, in aggregate, hold the entire issued share capital of the Company and the listing of the Shares will be withdrawn from the Stock Exchange.

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

The purpose of this Scheme Document is to provide you with further information regarding the Proposal, the Scheme, the Rollover Arrangement, the expected timetable and to give you notices of the Court Meeting, and the EGM (together with proxy forms in relation thereto). Your attention is also drawn to the letter from the Independent Board Committee set out in Part V of this Scheme Document, the letter from the Independent Financial Adviser set out in Part VI of this Scheme Document, the Explanatory Memorandum as required under the rules of the Grand Court set out in Part VII of this Scheme Document and the terms of the Scheme set out in Appendix III to this Scheme Document.

THE SCHEME

Introduction

The Proposal will be implemented by way of a scheme of arrangement under Section 86 of the Companies Act involving, among others, the cancellation and extinguishment of the Scheme Shares and, in consideration thereof, the payment to the Scheme Shareholders of the Cancellation Price in cash for each Scheme Share cancelled and extinguished, and the withdrawal of the listing of the Shares on the Stock Exchange.

Assuming that the Scheme becomes effective on Thursday, 7 October 2021 (Cayman Islands time), cheques for cash entitlements under the Scheme will be paid for by the Offeror as soon as possible but in any event within 7 Business Days following the Scheme having become effective and accordingly, the cheques are expected to be despatched on or before Tuesday, 19 October 2021. All such cheques will be sent at the risk of the person(s) entitled thereto and none of the Offeror, the Company, CMBI, the Independent Financial Adviser, the Share Registrar, any of their respective directors, officers, employees, agents, affiliates, or advisers or any other person involved in the Proposal will be responsible for any loss or delay in despatch.

Comparison of value

The Cancellation Price of HK\$4.38 in cash for every Scheme Share cancelled under the Scheme represents:

- a premium of approximately 4.8% over the closing price of HK\$4.18 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- a premium of approximately 27.0% over the closing price of HK\$3.45 per Share as quoted on the Stock Exchange on the Last Trading Day;

- a premium of approximately 32.7% over the average closing price of approximately HK\$3.30 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- a premium of approximately 47.0% over the average closing price of approximately HK\$2.98 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- a premium of approximately 62.8% over the average closing price of approximately HK\$2.69 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- a premium of approximately 71.8% over the average closing price of approximately HK\$2.55 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- a premium of approximately 84.0% over the average closing price of approximately HK\$2.38 per Share based on the daily closing prices as quoted on the Stock Exchange for the 120 trading days up to and including the Last Trading Day;
- a premium of approximately 101.8% over the average closing price of approximately HK\$2.17 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day;
- a premium of approximately 16.5% over the audited net asset value per Share in the Company of approximately US\$0.48 (equivalent to approximately HK\$3.76, based on an exchange rate of US\$1 = HK\$7.7655, being the spot rate quoted at 5:00 p.m. Hong Kong time on the Last Trading Day on Bloomberg) as at 31 December 2020, based on the audited consolidated net asset value of the Group of US\$511,841,594 as at 31 December 2020;
- a premium of approximately 10.9% over the unaudited net asset value per Share in the Company of approximately US\$0.51 (equivalent to approximately HK\$3.95, based on an exchange rate of US\$1 = HK\$7.7646, being the spot rate quote at 5:00 p.m. Hong Kong time on 30 June 2021 on Bloomberg) as at 30 June 2021, based on the unaudited consolidated net asset value of the Group of US\$537,922,324 as at 30 June 2021; and
- approximately the same amount as the adjusted unaudited net asset value per Share of the Company attributable to Shareholders of approximately US\$0.56 (equivalent to approximately HK\$4.38, based on an exchange rate of US\$1 = HK\$7.7646, being the spot rate quoted at 5:00 p.m. Hong Kong time on 30 June 2021 on Bloomberg) as at 30 June 2021, based on the unaudited consolidated net asset value of the Group attributable to Shareholders of US\$526,982,038 as at 30 June 2021 as adjusted by the valuation of its properties as at 31 May 2021 as set out in the valuation report prepared by Cushman & Wakefield as set out in Appendix VI to this Scheme Document.

The Offeror has advised the Company that the Cancellation Price has been determined on a commercial basis after taking into account, among others, the prices of the Shares traded on the Stock Exchange, the trading multiples of comparable companies listed on the Stock Exchange and with reference to other privatisation transactions in Hong Kong in recent years.

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

TOTAL CONSIDERATION AND FINANCIAL RESOURCES CONFIRMATION

On the assumption that no further Shares are issued or repurchased before the Scheme Record Date, the total amount of cash required to implement the Proposal in full would be approximately HK\$1,028,816,010.

The Offeror intends to finance the total amount of cash required to implement the Proposal in full from internal cash resources and/or external debt financing (including a loan facility granted by CMB International Finance Limited which will be secured by, among others, (i) share pledges in respect of all of the certain Shares held by the Offeror and Mr. Zhu and (ii) after the Scheme becoming effective, guarantees and debentures to be granted by the Company and its material subsidiaries).

CMBI, the financial adviser to the Offeror, is satisfied that sufficient financial resources are, and will continue to be, available to the Offeror for discharging its obligations in respect of the full implementation of the Proposal in accordance with its terms.

ROLLOVER AGREEMENT

The Offeror and the Rollover Shareholders have entered into the Rollover Agreement on 25 June 2021 in respect of, among other things, the Shares held by the Rollover Shareholders. Under the Rollover Agreement:

- (a) subject to the conditions as set out in the Rollover Agreement, the Shares held by the Rollover Shareholders (i) will not form part of the Scheme Shares under the Scheme and (ii) will not be cancelled and extinguished when the Scheme becomes effective, and accordingly, the Rollover Shareholders will remain as the holders of the Rollover Shares after the Scheme becomes effective;
- (b) each of the Rollover Shareholders has undertaken that (i) it/he will not, directly or indirectly, take any action which will preclude, prejudice, restrict or delay the successful outcome of the Scheme or the Proposal or the withdrawal of listing of Shares on the Stock Exchange or otherwise conflict with or diminish its/his obligations under the Rollover Agreement and (ii) subject to compliance with relevant laws and regulations, it/he will do all such acts and things and execute all such documents as may be reasonably required by the Offeror to give effect to the undertakings contained in the Rollover Agreement;

- (c) each of the Rollover Shareholders has undertaken that, to the extent permitted under the Takeovers Code, the Listing Rules and applicable laws and regulations, to exercise, or, as the case may be, to procure the exercise of the voting rights in respect of the Shares owned by it/him directly on resolutions in relation to the Scheme in accordance with the Offeror's directions, and in the absence of any such directions, to vote in favour of all resolutions which are necessary to implement the Scheme proposed at a court meeting and/or a general meeting of the Company, and that it/him shall be bound by, and take all actions necessary to implement the Scheme;
- (d) before the Scheme becomes effective, lapses, the Rollover Shareholders shall not (i) directly or indirectly, sell, transfer, charge, encumber, grant any option over or otherwise dispose of any interest in any of the Shares held by it/him in the Company; (ii) accept, or give any undertaking (whether conditional or unconditional) to accept, exercise voting rights attached to the Shares held by it/him to approve or otherwise agree to any offer, scheme of arrangement, merger or other business combination made or proposed to be made in respect of such Shares or disposal of material assets of the Company and its subsidiaries by any person other than pursuant to the Scheme; and (iii) acquire, subscribe for or otherwise deal in the shares, convertible securities, options or other securities of the Company without prior consent of the Offeror; and
- (e) the Rollover Shareholders have consented to, among others, certain guarantee and debentures to be granted by the Company and its material subsidiaries after the Scheme becomes effective.

The Rollover Agreement will be terminated (i) when the Scheme lapses or is withdrawn, terminated or rescinded by the Offeror in accordance with the Takeovers Code or is finally dismissed, finally refused or finally rejected by the Grand Court; or (ii) on a date as the parties thereto otherwise agree in writing (but without prejudice to any accrued liabilities arising prior to such termination).

Your attention is drawn to the section headed "5. Rollover Arrangement" in the Explanatory Memorandum on pages 62 to 65 of this Scheme Document for further information on the Rollover Shareholders.

SPECIAL DEAL AND DISINTERESTED SHAREHOLDERS' APPROVAL

As the Rollover Agreement was only entered into by and between the Offeror and the Rollover Shareholders and the Rollover Arrangement thereunder is not offered to all Shareholders, the Rollover Arrangement constitutes a special deal and requires the consent of the Executive under Rule 25 of the Takeovers Code. The Offeror has made an application for consent from the Executive in relation to the Rollover Arrangement conditional on the (i) Independent Financial Adviser confirming that the Rollover Arrangement is fair and reasonable so far as the Disinterested Shareholders are concerned, and (ii) the passing of an ordinary resolution by the Disinterested Shareholders at the EGM to approve the Rollover Arrangement. Accordingly, the Rollover Arrangement is subject to (i) the receipt of an opinion from the Independent Financial Adviser confirming that the Rollover Arrangement is fair and reasonable so far as the Disinterested Shareholders are concerned, (ii) the passing of an ordinary resolution by the Disinterested Shareholders at the EGM to approve the Rollover Arrangement, and (iii) the grant of consent from the Executive in respect of the Rollover Arrangement.

REASONS FOR AND BENEFITS OF THE PROPOSAL

You are urged to read carefully the section headed “10. Reasons for and Benefits of the Proposal” in the Explanatory Memorandum on pages 68 to 69 of this Scheme Document.

On the basis set out above, the Board considers that the terms of the Proposal and the Scheme are fair and reasonable and in the interests of the Shareholders as a whole.

Among the members of the Board, only Mr. Zhu is considered to have a material interest in the Proposal, and therefore has abstained and will continue to abstain from voting in respect of the Board resolutions of the Company in relation to the Proposal where required under the articles of association of the Company and subject to the compliance with the Takeovers Code.

INDEPENDENT BOARD COMMITTEE

An Independent Board Committee, which comprises all independent non-executive Directors, namely Mr. Dai Guoqiang, Mr. Zhang Zhu and Mr. Lam Yiu Kin, has been established by the Board to make a recommendation to the Disinterested Shareholders as to: (i) whether the terms of the Proposal and the Scheme are, or are not, fair and reasonable so far as the Disinterested Shareholders are concerned and whether the Disinterested Shareholders should vote in favour of the resolution(s) to approve the Scheme at the Court Meeting and the EGM; and (ii) whether terms of the Rollover Arrangement are, or are not, fair and reasonable so far as the Disinterested Shareholders are concerned and whether the Disinterested Shareholders should vote in favour of the resolution(s) to approve the Rollover Arrangement at the EGM.

Pursuant to Rule 2.8 of the Takeovers Code, the Independent Board Committee comprises all non-executive Directors who have no direct or indirect interest in the Proposal.

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

INDEPENDENT FINANCIAL ADVISER

Altus Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee as to (i) whether the terms of the Proposal and the Scheme are, or are not, fair and reasonable so far as the Disinterested Shareholders are concerned and whether the Disinterested Shareholders should vote in favour of the resolution(s) to approve the Scheme at the Court Meeting and the EGM; and (ii) whether terms of the Rollover Arrangement are, or are not, fair and reasonable so far as the Disinterested Shareholders are concerned and whether the Disinterested Shareholders should vote in favour of the resolution(s) to approve the Rollover Arrangement at the EGM. The appointment of Altus Capital Limited as the Independent Financial Adviser has been approved by the Independent Board Committee.

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

INFORMATION ON THE OFFEROR

The Offeror is an investment holding company incorporated in the British Virgin Islands. As at the Latest Practicable Date, the Offeror is wholly owned by Great Access, which in turn is owned as to 92.0% by Mr. Zhu and 8.0% by Mr. Zhu Jiachen, the son of Mr. Zhu.

INFORMATION ON THE GROUP

The Company is a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange with the stock code 3358. The Group is principally engaged in the manufacturing and sales of high quality and innovative PVC sporting and leisure products in Europe, North America, Asia Pacific (including PRC) and other global markets. The Company is ultimately controlled by Mr. Zhu.

Your attention is drawn to the “Financial Information of the Group” set out in Appendix I to this Scheme Document.

INTENTIONS OF THE OFFEROR IN RELATION TO THE GROUP

Your attention is drawn to the section headed “10. Reasons for and Benefits of the Proposal” in Part VII – Explanatory Memorandum of this Scheme Document.

The Board has noted the intentions of the Offeror in respect of the Company and the employees of the Group as disclosed in the above section in the Explanatory Memorandum.

WITHDRAWAL OF LISTING OF THE SHARES

Upon the Scheme becoming effective, all Scheme Shares will be cancelled and extinguished (with the equivalent number of new Shares being issued at par as fully paid to the Offeror) and the share certificates in respect of the Scheme Shares will thereafter cease to have effect as documents or evidence of title.

The Company will apply to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules, with effect immediately following the Effective Date.

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

IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES

Subject to the requirements of the Takeovers Code, the Scheme will lapse if any of the Conditions has not been fulfilled or waived, as applicable, on or before the Long Stop Date. The listing of the Shares on the Stock Exchange will not be withdrawn if the Scheme does not become effective on or before the Long

Stop Date or the Proposal otherwise lapses, in which case the Board expects that the Company will continue to meet the minimum public float requirements under the Listing Rules given that there will be no cancellation of Scheme Shares and assuming there is no change in the shareholding of the Company.

If the Scheme is not approved or the Proposal otherwise lapses, an announcement will be made by the Offeror and the Company.

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under Rule 31.1(a) of the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with either of them in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may, within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses, announce an offer or possible offer for the Company, except with the consent of the Executive.

If the Independent Board Committee or the Independent Financial Adviser does not recommend the Proposal, and the Scheme is not approved, all expenses incurred by the Company in connection therewith shall be borne by the Offeror in accordance with Rule 2.3 of the Takeovers Code. Given that the Proposal is recommended by the Independent Board Committee and is recommended as fair and reasonable by the Independent Financial Adviser, Rule 2.3 of the Takeovers Code is not applicable.

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

COURT MEETING AND EGM

For the purpose of exercising your right to vote at the Court Meeting and the EGM, you are requested to read carefully the section headed “18. Court Meeting and the EGM” in the Explanatory Memorandum set out in Part VII of this Scheme Document, “Part II– Actions to be taken” of this Scheme Document, and the notices of the Court Meeting and the EGM in Appendices IV and V, respectively, of this Scheme Document.

OVERSEAS SHAREHOLDERS

Your attention is drawn to the section headed “16. Overseas Shareholders” in Part VII– Explanatory Memorandum of this Scheme Document.

ACTIONS TO BE TAKEN

Your attention is drawn to “Part II– Actions to be taken” of this Scheme Document and the section headed “19. Actions to be Taken” in Part VII– Explanatory Memorandum of this Scheme Document.

RECOMMENDATION

Your attention is drawn to “Part V – Letter from the Independent Board Committee” of this Scheme Document which sets out the advice from the Independent Board Committee to the Disinterested Shareholders in connection with the Proposal, the Scheme and the Rollover Arrangement and “Part VI – Letter from the Independent Financial Adviser” of this Scheme Document which sets out the advice from the Independent Financial Adviser to the Independent Board Committee in connection with the Proposal, the Scheme and the Rollover Arrangement, and the principal factors taken into consideration in arriving at its recommendations.

The Independent Financial Adviser has advised the Independent Board Committee that it considers that, as far as the Disinterested Shareholders are concerned, the terms of the Proposal, the Scheme and the Rollover Arrangement are fair and reasonable, and accordingly, it advises the Independent Board Committee to recommend the Disinterested Shareholders to vote in favour of the relevant resolutions to be proposed at the Court Meeting and the EGM to approve and implement the Proposal, the Scheme and the Rollover Arrangement.

The Independent Board Committee, having been so advised, considers that, as far as the Disinterested Shareholders are concerned, the terms of the Proposal, the Scheme and the Rollover Arrangement are fair and reasonable. Accordingly, the Independent Board Committee recommends the Disinterested Shareholders to vote in favour of the relevant resolutions to be proposed at the Court Meeting and the EGM to approve the Proposal, the Scheme and the Rollover Arrangement.

REGISTRATION AND PAYMENT

Your attention is drawn to the section headed “15. Registration and Payment” in Part VII– Explanatory Memorandum of this Scheme Document.

TAXATION AND INDEPENDENT ADVICE

Your attention is drawn to the section headed “17. Taxation” in Part VII– Explanatory Memorandum of this Scheme Document.

It is emphasised that none of the Offeror, the Company, CMBI and their agents or any of their respective directors, officers or associates or any other person involved in the Scheme and the Proposal accepts responsibility or has any liability for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Scheme. All Scheme Shareholders are recommended to consult their professional advisers if in any doubt as to the taxation implications of the Proposal and they shall be solely responsible for their liabilities (including tax liabilities) in relation to the Scheme.

PROPOSED RE-ELECTION OF MR. ZHANG ZHU

As at the date of this Scheme Document, the Board of the Company comprises Mr. Zhu Qiang, Mr. Liu Feng, Mr. Tan Guozheng and Mr. Duan Kaifeng as Executive Directors; and Mr. Dai Guoqiang, Mr. Lam Yiu Kin and Mr. Zhang Zhu (“**Mr. Zhang**”) as independent non-executive Directors.

In accordance with Article 16.2 of the articles of association of the Company, any Director appointed by the Board to fill a casual vacancy or as an addition to the Board shall hold office until the first general meeting of Shareholders after his appointment and be subject to re-election at such meeting. As such, Mr. Zhang shall be subject to re-election at the EGM. Mr. Zhang, being eligible, will offer himself for re-election at the EGM.

Mr. Zhang has confirmed his independence with reference to the factors set out in Rule 3.13 of the Listing Rules.

The Nomination Committee has reviewed the structure and composition of the Board, the confirmations and disclosures given by Mr. Zhang, the qualifications, skills and experience, time commitment and contribution of Mr. Zhang with reference to the nomination principles and criteria set out in the Company's Board Diversity Policy and Nomination Policy and the Company's corporate strategy, and the independence of all independent non-executive Directors; therefore has recommended to the Board of the appointment of Mr. Zhang as a Director subject to re-election.

Details of Mr. Zhang are set out below.

Position and Experience

Mr. Zhang, aged 65, is the independent non-executive Director of the Company and was appointed as an independent non-executive Director on 22 June 2021. He is the chairman of the remuneration committee, member of the audit committee and member of the nomination committee of the Company. Mr. Zhang holds a professional certificate in English issued by the Shanghai Foreign Language Institute (上海外國語學院, currently known as the Shanghai International Studies University). Mr. Zhang served as a secretarial assistant of Shanghai Light Industrial Products Import & Export Corporation Ltd. (上海輕工業品進出口公司) from January 1978 to December 1982. Mr. Zhang was employed as an officer of the personnel department and the deputy director of the general manager office at Shanghai Stationery & Sporting Goods Import & Export Corporation (上海文教體育用品進出口公司) from January 1983 to December 1985. From January 1986 to May 2004, Mr. Zhang held various positions at DLG Exhibitions & Events Corporation Limited* (上海蘭生股份有限公司) (a company listed on the Shanghai Stock Exchange with the stock code 600826), including serving as the head of the general manager's office, the deputy general manager, the secretary to the board and the director. From May 2004 to September 2018, he has served as the chief officer of the sales department, the chief safety officer, the general counsel, and a member of the risk management committee of the Company. Mr. Zhang received a practising certificate of economist (經濟師任職證書) issued by the Shanghai Municipal Foreign Economic Relations and Trade Commission (上海市對外經濟貿易委員會) in September 1988 and was awarded the title of international business engineer (國際商務師) in February 1995. Furthermore, he received a certificate of Expert Panel Members of Technical Standards Working Committee of China Toy Association (中國玩具協會技術標準工作委員會專家組成員證書) issued by the China Toy Association (中國玩具協會) in June 2008.

* *For identification purpose only*

Length of service

Mr. Zhang was appointed as an independent non-executive Director of the Company on 22 June 2021. Mr. Zhang has a letter of appointment with the Company for a term of three years commencing from 22 June 2021. Mr. Zhang is eligible to reelection in accordance with the articles of association of the Company.

Relationships

Mr. Zhang does not have any relationships with any Directors, senior management, substantial shareholders (as defined in the Listing Rules), or controlling shareholders (as defined in the Listing Rules) of the Company.

Interests in Shares

As at the Latest Practicable Date, Mr. Zhang does not hold any interest in the Shares or underlying Shares pursuant to Part XV of the SFO.

Director's emoluments

Pursuant to the letter of appointment with the Company, the annual director's fee payable to Mr. Zhang shall be RMB230,000. Mr. Zhang's emolument was determined and subject to the review by the remuneration committee of the Company with reference to his contribution in terms of time, effort and his expertise on an annual basis.

Information that needs to be disclosed and matters that need to be brought to the attention of the Shareholders

There is no information which is discloseable nor is Mr. Zhang involved in any of the matters required to be disclosed pursuant to any of the requirements under Rule 13.51(2)(h) to (v) of the Listing Rules and there are no other matters concerning Mr. Zhang that need to be brought to the attention of the Shareholders.

FURTHER INFORMATION

You are urged to read carefully the letters from the Independent Board Committee and from the Independent Financial Adviser, as set out in Parts V and VI of this Scheme Document, respectively, the Explanatory Memorandum as set out in Part VII of this Scheme Document, the Appendices to this Scheme Document, the Scheme as set out in Appendix III to this Scheme Document, the notice of Court Meeting as

set out in Appendix IV to this Scheme Document and the notice of EGM as set out in Appendix V to this Scheme Document. In addition, a **pink** form of proxy for the Court Meeting and a **white** form of proxy for the EGM are enclosed with copies of this Scheme Document.

Yours faithfully
For and on behalf of
Bestway Global Holding Inc.
Liu Feng
Director



Bestway Global Holding Inc.

榮威國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3358)

To: the Disinterested Shareholders

23 August 2021

Dear Sir or Madam,

(1) PROPOSAL FOR THE PRIVATISATION OF BESTWAY GLOBAL HOLDING INC. BY THE OFFEROR BY WAY OF A SCHEME OF ARRANGEMENT UNDER SECTION 86 OF THE COMPANIES ACT
(2) PROPOSED WITHDRAWAL OF LISTING
(3) SPECIAL DEAL RELATING TO ROLLOVER ARRANGEMENT AND
(4) PROPOSED RE-ELECTION OF A DIRECTOR

We refer to the document dated 23 August 2021 jointly issued by the Offeror and the Company in relation to the Proposal (the “Scheme Document”), 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 Scheme Document.

We have been appointed by the Board as the Independent Board Committee to make a recommendation to the Disinterested Shareholders in respect of the Proposal, the Scheme and the Rollover Arrangement, respectively, details of which are set out in “Part IV – Letter from the Board” and “Part VII – Explanatory Memorandum” of the Scheme Document.

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

In the letter from the Independent Financial Adviser set out in Part VI of the Scheme Document, the Independent Financial Adviser states that it considers that the terms of each of the Proposal, the Scheme and the Rollover Arrangement are fair and reasonable as far as the Disinterested Shareholders are concerned, and advises the Independent Board Committee to recommend the Disinterested Shareholders to vote in favour of the relevant resolutions to be proposed (i) at the Court Meeting and the EGM to approve and implement the Scheme; and (ii) at the EGM to approve the Rollover Arrangement.

The Independent Board Committee, having considered the terms of the Proposal, the Scheme and the Rollover Arrangement, and having taken into account the opinion of the Independent Financial Adviser, and in particular the factors, reasons and recommendations set out in its letter in Part VI of the Scheme Document, considers that, as far as the Disinterested Shareholders are concerned, the terms of each of the Proposal, the Scheme and the Rollover Arrangement are fair and reasonable.

Accordingly, the Independent Board Committee recommends:

- (a) at the Court Meeting, the Disinterested Shareholders to vote in favour of the Scheme; and
- (b) at the EGM, the Shareholders to vote in favour of: (i) the special resolution to approve and give effect to the reduction of the issued share capital of the Company by cancelling the Scheme Shares; (ii) the ordinary resolution to immediately thereafter increase the issued share capital of the Company to the amount prior to the cancellation of the Scheme Shares and apply the reserve created as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par such number of Shares as is equal to the number of Scheme Shares cancelled as a result of the Scheme for issue to the Offeror; and the Disinterested Shareholders to vote in favour of (iii) the ordinary resolution to approve the Rollover Arrangement.

The Independent Board Committee draws the attention of the Disinterested Shareholders to (i) the letter from the Board set out in Part IV of the Scheme Document; (ii) the letter from the Independent Financial Adviser, which sets out the factors and reasons taken into account in arriving at its recommendation to the Independent Board Committee, set out in Part VI of the Scheme Document; and (iii) the Explanatory Memorandum set out in Part VII of the Scheme Document.

Yours faithfully,

Independent Board Committee

Dai Guoqiang Zhang Zhu Lam Yiu Kin

Independent Non-executive Directors

Set out below is the text of a letter received from Altus Capital Limited, the independent financial adviser to the Independent Board Committee in respect of the Proposal, the Scheme and the Rollover Arrangement for the purpose of inclusion in the Scheme Document.

ALTUS.

Altus Capital Limited

21 Wing Wo Street
Central
Hong Kong

23 August 2021

To the Independent Board Committee

Bestway Global Holding Inc.

Suite 713, 7/F
East Wing, Tsim Sha Tsui Centre
66 Mody Road
Tsim Sha Tsui
Kowloon
Hong Kong

Dear Sir or Madam,

**(1) PROPOSAL FOR THE PRIVATISATION OF BESTWAY GLOBAL
HOLDING INC. BY THE OFFEROR BY WAY OF A SCHEME OF
ARRANGEMENT UNDER SECTION 86 OF THE COMPANIES ACT**

(2) PROPOSED WITHDRAWAL OF LISTING

(3) SPECIAL DEAL RELATING TO ROLLOVER ARRANGEMENT AND

(4) PROPOSED RE-ELECTION OF A DIRECTOR

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee in respect of the Proposal, the Scheme and the Rollover Arrangement. Our appointment as the independent financial adviser has been approved by the Independent Board Committee as set out in the Announcement. Details of the Proposal, the Scheme and the Rollover Arrangement are set out in the “Letter from the Board” contained in the Scheme Document dated 23 August 2021, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Scheme Document unless the context requires otherwise.

The Proposal

Pursuant to the Announcement dated 25 June 2021, the Offeror and the Company jointly announced that the Offeror formally requested the Board to put forward the Proposal to the Scheme Shareholders for the privatisation of the Company by way of the Scheme involving, among others, the cancellation and extinguishment of the Scheme Shares and, in consideration thereof, the payment to the Scheme Shareholders of the Cancellation Price in cash for each Scheme Share, and the withdrawal of the listing of the Shares on the Stock Exchange.

The Rollover Arrangement

On 25 June 2021, the Offeror and the Rollover Shareholders entered into the Rollover Agreement pursuant to which the parties agreed that the Rollover Shareholders, who are Offeror Concert Parties, shall retain their respective shareholdings in the Company and remain as Shareholders after the Scheme becomes effective.

As the Rollover Agreement was only entered into by and between the Offeror and the Rollover Shareholders and the Rollover Arrangement thereunder is not offered to all Shareholders, the Rollover Arrangement constitutes a special deal under Rule 25 of the Takeovers Code and is conditional on (i) the receipt of an opinion from the Independent Financial Adviser confirming the Rollover Arrangement is fair and reasonable so far as the Disinterested Shareholders are concerned; (ii) the passing of an ordinary resolution by the Disinterested Shareholders at the EGM to approve the Rollover Arrangement; and (iii) the grant of consent from the Executive pursuant to Rule 25 of the Takeovers Code.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, which comprises all independent non-executive Directors, namely Mr. Dai Guoqiang, Mr. Zhang Zhu and Mr. Lam Yiu Kin, has been established by the Board to make recommendation to the Disinterested Shareholders as to (i) whether the terms of the Proposal and the Scheme are, or are not, fair and reasonable so far as the Disinterested Shareholders are concerned and whether the Disinterested Shareholders should vote in favour of the resolution(s) to approve the Scheme at the Court Meeting and the EGM; and (ii) whether terms of the Rollover Arrangement are, or are not, fair and reasonable so far as the Disinterested Shareholders are concerned and whether the Disinterested Shareholders should vote in favour of the resolution(s) to approve the Rollover Arrangement at the EGM.

THE INDEPENDENT FINANCIAL ADVISER

As the Independent Financial Adviser with respect to the Proposal, the Scheme and Rollover Arrangement, our role is to provide the Independent Board Committee with an independent opinion and recommendation as to (i) whether the terms of the Proposal and the Scheme are, or are not, fair and reasonable so far as the Disinterested Shareholders are concerned and whether the Disinterested Shareholders should vote in favour of the resolution(s) to approve the Scheme at the Court Meeting and the EGM; and (ii) whether terms of the Rollover Arrangement are, or are not, fair and reasonable so far as the Disinterested Shareholders are concerned and whether the Disinterested Shareholders should vote in favour of the resolution(s) to approve the Rollover Arrangement at the EGM.

We (i) are not associated or connected, financial or otherwise, with the Company or the Offeror, their respective controlling shareholders or any parties acting, or presumed to be acting, in concert with any of them; and (ii) have not acted as the financial adviser or independent financial adviser in relation to any transaction of the Company or the Offeror, their respective controlling shareholders or any parties acting in concert with any of them in the last two years prior to the date of the Scheme Document. Pursuant to Rule 13.84 of the Listing Rules and Rule 2 of the Takeovers Code, and given that (i) remuneration for our engagement to opine on the Proposal, the Scheme and the Rollover Arrangement is at market level and not conditional upon the outcome of the Proposal, the Scheme and the Rollover Arrangement; (ii) no arrangement exists whereby we shall receive any fees or benefits from the Company (other than our said remuneration) or the Offeror, their respective controlling shareholders or any parties acting in concert with any of them; and (iii) our engagement is on normal commercial terms and approved by the Independent Board Committee, we are independent of the Company or the Offeror, their respective controlling shareholders or any parties acting in concert with any of them and can act as the independent financial adviser to the Independent Board Committee in respect of the Proposal, the Scheme and the Rollover Arrangement.

BASIS OF OUR ADVICE

In formulating our opinion, we have reviewed, amongst others (i) the Announcement; (ii) the Rollover Agreement; (iii) the annual report of the Company for the year ended 31 December 2019 (the “**2019 Annual Report**”), the annual report of the Company for the year ended 31 December 2020 (the “**2020 Annual Report**”) and the interim results announcement dated 17 August 2021 of the Company for the six months ended 30 June 2021 (the “**2021 Interim Results Announcement**”); (iv) the prospectus of the Company dated 6 November 2017 (the “**Prospectus**”); (v) other announcements made by the Company during the year ended 31 December 2020 and up to the Latest Practicable Date; and (vi) other information as set out in the Scheme Document.

We have relied on the statements, information, opinions and representations contained or referred to in the Scheme Document and/or provided to us by the Company, the Directors and the management of the Company (collectively the “**Management**”). We have assumed that all statements, information, opinions and representations contained or referred to in the Scheme Document and/or provided to us were true, accurate and complete in all material aspects at the time they were made and continued to be so as at the Latest Practicable Date. The Company will notify the Scheme Shareholders of any material changes to information contained or referred to in the Scheme Document as soon as practicable in accordance with Rule 9.1 of the Takeovers Code. The Scheme Shareholders will also be informed as soon as practicable when there are any material changes to the information contained or referred to herein as well as changes to our opinion, if any, after the Latest Practicable Date, and before the despatch of the Scheme Document.

We have no reason to believe that any statements, information, opinions or representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material fact the omission of which would render the statements, information, opinions or representations provided to us untrue, inaccurate or misleading. We have assumed that all the statements, information, opinions and representations for matters relating to the Company contained or referred to in the Scheme Document, and information relating to the Company provided to us by the Company and the Management have been reasonably made after due and careful enquiry. We have relied on such statements, information, opinions and representations and consider that we have been provided with and have reviewed sufficient information

to reach an informed view and to provide a reasonable basis for our opinion. Saved as disclosed under the paragraph headed “1.3 Outlook of the Group” of the section headed “Principal factors and reasons considered for the Proposal” in this letter, we have not conducted any independent investigation into the business, financial conditions and affairs or the future prospects of the Group.

We have not considered the taxation implications on the Scheme Shareholders arising from acceptance or non-acceptance of the Proposal and the Scheme, if any, and therefore we will not accept responsibility for any tax effect or liability that may potentially be incurred by the Scheme Shareholders as a result of the Proposal and the Scheme. In particular, the Scheme Shareholders who are subject to Hong Kong or overseas taxation on dealings in securities are urged to seek their own professional adviser on tax matters.

PRINCIPAL FACTORS AND REASONS CONSIDERED FOR THE PROPOSAL

1. Background information of the Company

1.1 Principal activities

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and its Shares are listed on the Main Board of the Stock Exchange. The Group is principally engaged in the manufacturing and sale of PVC sporting and leisure products in Europe, North America, Asia Pacific (including PRC) and other global markets.

1.2 Financial information

Set out below is a summary of the audited consolidated financial information of the Group for the years ended 31 December, 2018, 2019 and 2020 as extracted from the 2019 Annual Report and the 2020 Annual Report, as well as the unaudited consolidated financial information of the Group for the six months ended 30 June 2020 and 2021 as extracted from the interim results announcement of the Company for the six months ended 30 June 2021.

	For the six months		For the year		
	ended 30 June		ended 31 December		
	2021	2020	2020	2019	2018
	US\$	US\$	US\$	US\$	US\$
Revenue from contracts with customers	956,140,069	572,356,066	991,821,455	934,626,618	865,281,075
<i>Above-ground Pools and Portable Spas</i>	<i>606,223,898</i>	<i>317,090,786</i>	<i>550,932,228</i>	<i>449,551,889</i>	<i>372,973,563</i>
<i>Recreation Products</i>	<i>128,919,854</i>	<i>105,266,568</i>	<i>170,098,651</i>	<i>189,630,615</i>	<i>187,474,819</i>
<i>Camping Products</i>	<i>116,633,540</i>	<i>88,383,567</i>	<i>172,612,056</i>	<i>176,139,829</i>	<i>185,517,360</i>
<i>Sporting Products</i>	<i>104,362,777</i>	<i>61,615,145</i>	<i>98,178,520</i>	<i>119,304,285</i>	<i>119,315,333</i>
Cost of sales	(745,853,259)	(413,759,620)	(729,175,733)	(686,627,056)	(634,712,787)
Gross profit	210,286,810	158,596,446	262,645,722	247,999,562	230,568,288

	For the six months ended 30 June		For the year ended 31 December		
	2021	2020	2020	2019	2018
	US\$	US\$	US\$	US\$	US\$
Gross profit margin	22%	27.7%	26.5%	26.5%	26.6%
Profit for the year/period	35,448,012	35,750,291	49,943,504	47,575,906	43,547,833
Net profit margin	3.7%	6.2%	5.0%	5.1%	5.0%
Earnings per share	2.93 cents	3.11 cents	4.45 cents	4.22 cents	4.07 cents
Dividend per Share	N/A	N/A	1.34 cents	0.84 cents	1.23 cents
	As at 30 June 2021	As at 31 December 2020	As at 31 December 2019	As at 31 December 2018	
	US\$	US\$	US\$	US\$	
Non-current assets	452,886,242	399,469,171	362,225,368	347,408,865	
Current assets	1,044,325,120	761,729,059	605,308,898	644,248,062	
Total assets	1,497,211,362	1,161,198,230	967,534,266	991,656,927	
Non-current liabilities	60,722,757	73,152,601	123,501,658	44,989,203	
Current liabilities	898,566,281	576,204,035	408,514,487	537,759,007	
Total liabilities	959,289,038	649,356,636	532,016,145	582,748,210	
Total equity (net asset)	537,922,324	511,841,594	435,518,121	408,908,717	
<i>Total equity attributable to shareholders of the Company</i>	526,982,038	505,888,269	433,173,503	409,330,173	
Net asset value per Share (US\$) (Note 1)	0.50	0.48	0.41	0.39	
Net asset value per Share (HK\$) (Notes 1 and 2)	3.87	3.71	3.18	3.00	

Notes:

- The calculation of the net asset value per Share as at the respective period-end date is based on the Group's total equity attributable to shareholders of the Company as at the respective period-end date and on the number of Shares in issue as at the same period-end date. The Company has declared a final dividend US\$0.0134 per Share (equivalent to approximately HK\$0.1041 per Share) for FY2020. Excluding the amount of final dividend for FY2020, the net asset value per Share as at 31 December 2020 was approximately US\$0.47 per Share (equivalent to approximately HK\$3.65 per Share).
- The exchange rate of US\$1 = HK\$7.7646 was the spot rate quoted at 5:00 p.m. Hong Kong time on 30 June 2021 on Bloomberg.

Year ended 31 December 2020 (“FY2020”) compared to year ended 31 December 2019 (“FY2019”)

Revenue from contracts with customers increased from approximately US\$934.6 million for FY2019 to approximately US\$991.8 million for FY2020, representing an increase of approximately 6.1%. Such increase was mainly attributable to the increase in revenue from above-ground pools and portable spas product group despite a decrease in revenue from the other three product groups, namely recreation products, sporting products and camping products. According to the 2020 Annual Report, the increase in revenue from above-ground pools & portable spas was mainly due to the outbreak of COVID-19 pandemic, under which home office policies have been widely adopted, whereby individuals stayed at home more often rather than appearing in social activities and gatherings, leading to an increase in demand for such products. During the same year, revenue from the sale of recreation products, camping products and sporting products decreased due to lock down policies, whereby lesser participation of outdoor activities is permitted under the COVID-19 pandemic.

The Group’s gross profit margin and net profit margin had been steady during FY2019 and FY2020. Earnings per Share increased slightly from US\$0.0422 for FY2019 to US\$0.0445 for FY2020. The increase was mainly attributable to the Group’s capability to maintain stable profitability and the high demand for the Group’s products, especially for the above-ground pools and portable spas, driving the increase in sales and profitability of the Group.

As at 31 December 2020, net asset of the Group increased to approximately US\$511.8 million from approximately US\$435.5 million as at 31 December 2019, which was mainly attributable to the operating results of the Group. Net asset value per Share increased from approximately US\$0.41 per Share as at 31 December 2019 (equivalent to approximately HK\$3.18 per Share) to approximately US\$0.48 per Share as at 31 December 2020 (equivalent to approximately HK\$3.71 per Share).

FY2019 compared to year ended 31 December 2018 (“FY2018”)

Revenue from contracts with customers increased from approximately US\$865.3 million for FY2018 to approximately US\$934.6 million for FY2019, representing an increase of approximately 8.0%. Such increase was mainly attributable to the increase in revenue from above-ground pools and portable spas product group despite a decrease in revenue from the camping products. According to the 2019 Annual Report, the increase in revenue from above-ground pools & portable spas was mainly due to the successful product promotion in Europe and the strong demand in European market. During the same year, revenue from the sale of camping products decreased due to the uncertain demand in the market brought by the trade dispute between the PRC and the US, which led to a decrease in orders from customers.

The Group’s gross profit margin and net profit margin had been steady during FY2018 and FY2019. Earnings per Share slightly increased from US\$0.0407 for FY2018 to US\$0.0422 for FY2019. The increase was due to the strong demand for the Group’s products, in particular Above-ground Pools & Portable Spas and Recreation Products, driving the increase in sales volume and the Group’s ability in maintaining a stable profitability.

As at 31 December 2019, net asset of the Group increased to approximately US\$435.5 million from approximately US\$408.9 million as at 31 December 2018, which was attributable to the operating results of the Group. Net asset value per Share increased from approximately US\$0.39 per Share as at 31 December 2018 (equivalent to approximately HK\$3.00 per Share) to approximately US\$0.41 per Share as at 31 December 2019 (equivalent to approximately HK\$3.20 per Share).

Six months ended 30 June 2021 (“1H 2021”) compared to six months ended 30 June 2020 (“1H 2020”)

Revenue from contracts with customers increased from approximately US\$572.4 million for 1H 2020 to approximately US\$956.1 million for 1H 2021, representing an increase of approximately 67.1%. Such increase was mainly attributable to the increase in market demand for the Group’s four core product groups as a result of the COVID-19 pandemic being under control, in particular the Group’s Above-ground Pools and Portable Spas. The Group’s gross profit margin and net profit margin decreased to approximately 22.0% and 3.7% during 1H 2021 as compared to approximately 27.7% and 6.2% during 1H 2020 respectively. Such decrease was mainly due to the increase in cost of raw materials, the negative effect from the appreciation of RMB against US\$, the flat sales prices of the Group’s products as compared to the same period last year and the significant increase in export shipping cost due to a significant increase in ocean freight price caused by the COVID-19 pandemic.

As at 30 June 2021, net asset of the Group increased to approximately US\$537.9 million from approximately US\$511.8 million as at 31 December 2020, which was attributable to the operating results of the Group during the six months ended 30 June 2021. Net asset value per Share increased from approximately US\$0.48 per Share as at 31 December 2020 (equivalent to approximately HK\$3.71 per Share) to approximately US\$0.50 per Share as at 30 June 2021 (equivalent to approximately HK\$3.87 per Share).

1.3 Outlook of the Group

According to the 2020 Annual Report, the outbreak of COVID-19 pandemic had different impact on the Group’s product groups. During FY2020, we noted (i) an increase in revenue from above-ground pools and portable spas, which are domestic and backyard leisure products; and (ii) a decrease in revenue from other three product groups, namely recreation products, sporting products and camping products, which are mainly for outdoor activities purpose. Despite the significant impact of the outbreak of COVID-19 pandemic, the Group recorded an increase in total revenue in 1H 2021 as compared to 1H 2020 with lower gross profit margin and net profit margin. In FY2018, FY2019, FY2020, and 1H 2021 approximately 76.2%, 79.2%, 79.9% and 91.0% of the Group’s total revenue was generated from Europe and North America. Hence, the performance of the Group had been enhanced by the sales performance in these regions, where COVID-19 pandemic had been and still is lingering and affecting the overall economy there.

The economies in the Group’s major markets, namely Europe and the US are expected to gradually recover from the impact due to COVID-19 pandemic. In particular, the European Commission expects 4.2% economy growth in the European Union¹ and the International Monetary

¹ https://ec.europa.eu/commission/presscorner/detail/en/ip_21_2351

Fund expects 6.4% economy growth in the US² in 2021. Going forward, with the recovery of the economy of the Group's major markets, it is expected to provide support to the ongoing demand for inflatable sports leisure products industry in general.

Considering that (i) the Group had maintained a steady growth in revenue and profit from FY2018 to FY2020; (ii) the Group achieved a slight growth in revenue and steady profit margin during FY2020 and a significant growth in revenue during 1H 2021 when the outbreak of COVID-19 pandemic negatively affected the global economy; (iii) COVID-19 vaccination programmes have been launched in Europe and North America (the Group's major markets) and the PRC (the Group's production base); and (iv) the Management's plan on further driving and meeting consumer demands as stated in the 2021 Interim Results Announcement, based on the Group's sales and confirmed orders on hand up to the publication of the 2020 Annual Report as compared with the same period of the previous year, we are not aware of any major events or incidents which may materially adversely affect the Group's performance going forward.

Further to the above, notwithstanding the recovery of the economy of the Group's major markets and the outlook of the Group, taking into consideration of (i) the Cancellation Price represents a premium over (a) the Share price during the Review Period; and (b) the NAV per Share as at the end of respective financial reporting periods during the Review Period; and is approximately the same amount as the unaudited reassessed NAV per Share attributable to Shareholders as at 30 June 2021; (ii) the thin liquidity and low trading volume of the Shares during the Review Period; and (iii) the Cancellation Price is fair and reasonable from a comparable analysis perspective, we are of the view that the Proposal and the Scheme is fair and reasonable. For further details, please refer to the paragraphs headed "4. The Cancellation Price", "5. Net asset value comparison", "6. Historical trading liquidity of the Shares" and "7. Market comparables".

2. Background information of the Offeror

2.1 The Offeror

The Offeror was interested in 574,706,132 Shares of the Company, representing approximately 54.3% of the total number of issued Shares of the Company. The Offeror is an investment holding company incorporated in the British Virgin Islands. As at the Latest Practicable Date, the Offeror is wholly owned by Great Access, which in turn is owned as to 92.0% by Mr. Zhu and 8.0% by Mr. Zhu Jiachen, the son of Mr. Zhu. Mr. Zhu, being the ultimate controlling shareholder of the Offeror, is the Chairman, the Chief Executive Officer and an executive Director of the Company.

2.2 The Offeror's intention in relation to the Company

As disclosed in the paragraph headed "Offeror's intention regarding the Company" in the "Explanatory Memorandum" of the Scheme Document, it is the intention of the Offeror that the Group will continue to carry on its current business, and the Offeror does not have specific plans to make any major changes to the business of the Group (including any redeployment of fixed assets of the Group) upon the successful delisting of the Company. The Offeror also does not intend to make any significant changes to the continued employment of the employees of the Group.

² <https://www.imf.org/en/Countries/USA>

3. Reasons for and benefits of the Proposal

For the details of the terms and conditions of the Proposal and the Scheme, please refer to the paragraphs headed “2. Terms of the Proposal” and “4. Conditions of the Proposal and the Scheme” under the section headed “Part VII Explanatory memorandum” in the Scheme Document.

3.1 From perspective of the Company

The listing platform of the Company has not been utilised for any material equity fund raising since the listing of the Company in 2017. Coupled with the ongoing costs of compliance required of a listed company on the Stock Exchange, we are of the view that the usefulness of a listed platform for the Company is limited. We concurred with the Offeror that the Proposal, if successful, will provide the Offeror with more flexibility in supporting the long-term business development of the Company, without being concerned about the fluctuation of its short-term share performance, regulatory restrictions and compliance obligations arising from its listing status, and would allow the Offeror to streamline the Company’s governance structure.

3.2 From perspective of Disinterested Shareholders

From the point of view of the Disinterested Shareholders, based on their own investment time horizon, certain Disinterested Shareholders may from time to time realise their investments in the Group. However, the liquidity of the Shares has been low based on thin trading volume. Any disposal of a significant number of Shares on-market may result in downward pressure on the market price of the Shares. As such, the Disinterested Shareholders may experience difficulties in realising their shareholder interests in the Company without a discount on the spot market price. For details, please refer to the paragraph headed “6. Historical trading liquidity of the Shares” in this letter below.

Despite we are not aware of any major events or incidents which may materially adversely affect the Group’s performance going forward, the Proposal provided an assured exit alternative for the Disinterested Shareholders to realise their investments in the Shares at a premium over the prevailing market prices and net asset value of the Company without suffering the aforementioned risk in market price volatility. For details, please refer to the paragraph headed “4. The Cancellation Price” and “5. Net asset value comparison” in this letter below.

4. The Cancellation Price**4.1 Cancellation Price comparison**

The Proposal will be implemented by way of the Scheme. The Scheme will provide that, if the Scheme becomes effective, the Scheme Shares will be cancelled and extinguished in exchange for the payment to each Scheme Shareholder at the Cancellation Price of **HK\$4.38** in cash for each Scheme Share cancelled and extinguished.

The Cancellation Price represents:

- a premium of approximately 27.0% over the closing price of HK\$3.45 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 32.7% over the average closing price of approximately HK\$3.30 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- a premium of approximately 47.0% over the average closing price of approximately HK\$2.98 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- a premium of approximately 62.8% over the average closing price of approximately HK\$2.69 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- a premium of approximately 71.8% over the average closing price of approximately HK\$2.55 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- a premium of approximately 84.0% over the average closing price of approximately HK\$2.38 per Share based on the daily closing prices as quoted on the Stock Exchange for the 120 trading days up to and including the Last Trading Day;
- a premium of approximately 101.8% over the average closing price of approximately HK\$2.17 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day;
- a premium of approximately 4.8% over the closing price of approximately HK\$4.18 per Share on the Latest Practicable Date;
- a premium of approximately 16.5% over the audited net asset value per Share in the Company of approximately US\$0.48 (equivalent to approximately HK\$3.76, based on an exchange rate of US\$1 = HK\$7.7655, being the spot rate quoted at 5:00 p.m. Hong Kong time on the Last Trading Day on Bloomberg) as at 31 December 2020, based on the audited consolidated net asset value of the Group of US\$511,841,594 as at 31 December 2020;
- a premium of approximately 10.9% over the unaudited net asset value per Share in the Company of approximately US\$0.51 (equivalent to approximately HK\$3.95, based on an exchange rate of US\$1 = HK\$7.7646, being the spot rate quote at 5:00p.m. Hong Kong time on 30 June 2021 on Bloomberg) as at 30 June 2021, based on the unaudited consolidated net asset value of the Group of US\$537,922,324 as at 30 June 2021; and

- approximately the same amount as the unaudited reassessed net asset value per Share of the Company attributable to Shareholders of approximately US\$0.56 (equivalent to approximately HK\$4.38, based on an exchange rate of US\$1 = HK\$7.7646, being the spot rate quoted at 5:00 p.m. Hong Kong time on 30 June 2021 on Bloomberg) as at 30 June 2021, based on the unaudited consolidated net asset value of the Group attributable to Shareholder of US\$526,982,038 as at 30 June 2021 as adjusted by the valuation of the Group's properties as at 31 May 2021 as set out in the valuation report prepared by Cushman & Wakefield as set out in Appendix VI to this Scheme Document. For detailed calculation of the unaudited reassessed net asset value per Share of the Company, please refer to the paragraph headed "5.2 Unaudited reassessed NAV" in this letter below.

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

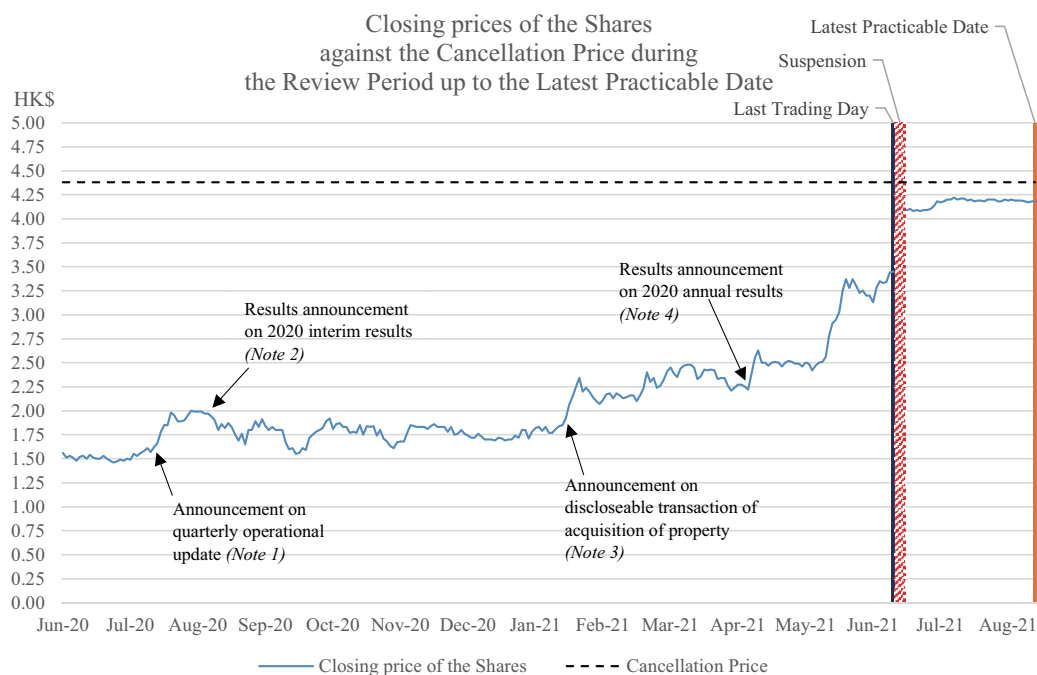
4.2 Analysis of historical Share price movement

4.2.1 Share price analysis and Cancellation Price comparison

In assessing the reasonableness of the Proposal and the Cancellation Price, we have considered the historical movement of the price of the Shares, as well as the comparison between price of the Shares and the Cancellation Price.

Set out below is a chart showing the movement of the closing prices of the Shares against the Cancellation Price during the period from 22 June 2020, being one year before the Last Trading Day, to the Last Trading Day (the "**Review Period**"), and up to the Latest

Practicable Date. We are of the view that the price performance of the Shares during the Review Period can sufficiently and fairly reflect the market perception on the Company's performance and outlook.



Source: The Stock Exchange website (www.hkex.com.hk)

Notes:

Details of the key announcements are set out below:

Date of announcement	Details
1. 3 August 2020	According to the quarterly operational update, during the period from 1 May 2020 to 31 July 2020, the Group's total sales order (in terms of the sales value) increased by approximately 5% compared to the corresponding period in 2019.
2. 20 August 2020	According to the interim results announcement for the six months ended 30 June 2020, the revenue from contracts with customers for the six months ended 30 June 2020 decreased by approximately 4.9% compared to the corresponding period in 2019, and net profit for the six months ended 30 June 2020 decreased by approximately 21.4% compared to the corresponding period in 2019.

Date of announcement	Details
3. 6 January 2021	According to the announcement regarding the discloseable transaction of acquisition of property, and the supplemental announcement regarding the same transaction published on 7 January 2021, the purchaser, an indirect non-wholly owned subsidiary of the Company agreed to purchase a property in Arizona US at a consideration of approximately US\$14.7 million, for the purpose of increasing the Group's storage capacity in the US.
4. 30 March 2021	According to the annual results announcement for the year ended 31 December 2020, the revenue from contracts with customers for the year ended 31 December 2020 increased by approximately 6.1% compared to the corresponding period in 2019, and net profit for the year ended 31 December 2020 increased by approximately 5.0% compared to the corresponding period in 2019.

Set out below are the historical dividend pay-outs and their respective record dates after the Company's listing on the Main Board of the Stock Exchange on 16 November 2017.

	For the year ended 31 December			
	2017	2018	2019	2020
Dividend declared (HK\$ per Share)	0.1060	0.0964	0.0650	0.1040
Record date for entitlement to the dividend	15 May 2018	30 May 2019	25 May 2020	2 June 2021

As shown in the chart on closing prices of the Shares above, the Shares were traded consistently at around HK\$1.50 in June and July of 2020. On 3 August 2020, the Group announced its quarterly operational update, which saw a 5% increase in its total sales order from 1 May 2020 to 31 July 2020, as compared to the corresponding period in the previous year. The closing price of the Shares increased to almost HK\$2.00 per Share in early August 2020 after such announcement.

The closing price of the Shares subsequently dropped after the publication of the Group's interim results for the period ended 30 June 2020 on 20 August 2020, which reported an approximately 4.9% decrease in revenue from contracts with customers and an approximately 11.3% decrease in net profit for the six months ended 30 June 2020, as compared to the corresponding period in the previous year. The Shares were traded between HK\$1.55 and HK\$1.92 per Share from September 2020 up to 6 January 2021.

On 6 January 2021, the Group announced a discloseable transaction regarding an acquisition of a property in the US for the Group's storage capacity, at a consideration of approximately US\$14.7 million. The price of the Shares shot up to over HK\$2.00 per Share, and were traded between HK\$1.71 and HK\$2.48 per Share from 6 January to the end of March 2021.

On 30 March 2021, the Group announced its annual results for the year ended 31 December 2020. It was reported that the revenue from contracts with customers had increased by approximately 6.1%, and the net profit had increased by approximately 5.0% for the year ended 31 December 2020, as compared to the corresponding year in 2019. The price of the Shares further increased to around HK\$2.50 per Share after the announcement of the Group's annual results for the year ended 31 December 2020 and was traded between HK\$2.21 and HK\$2.63 per Share throughout April 2021.

From the end of May 2021 and up to the Last Trading Day, the price of the Shares has been on an upward trend and climbed above HK\$3.00 per Share. We are not aware, and the Management also confirmed that they are not aware, of any reason that had affected the performance of the Shares since end of May 2021 up to the Last Trading Day. The closing price of the Shares on the Last Trading Day was HK\$3.45 per Share.

Subsequent to the Last Trading Day and after the publication of the Announcement on 25 June 2021 regarding the Proposal, the closing price of the Shares shot up to HK\$4.09 per Share on 28 June 2021, and remained between HK\$4.08 and HK\$4.22 per Share up to the Latest Practicable Date.

Save for the published announcements of the Company, we are not aware of any other possible reasons which may have affected the price of the Shares during the Review Period and up to the Latest Practicable Date

In summary, the Shares had been traded consistently below the Cancellation Price throughout the Review Period and up to the Latest Practicable Date. The average closing price of the Shares during the Review Period was approximately HK\$2.05 per Share, and the Shares were traded below HK\$2.00 per Share during most of the Review Period. Despite various encouraging announcements regarding the Group's operations and financials during the Review Period, the price of the Shares though positively affected, had never approached a level that is close to the Cancellation Price.

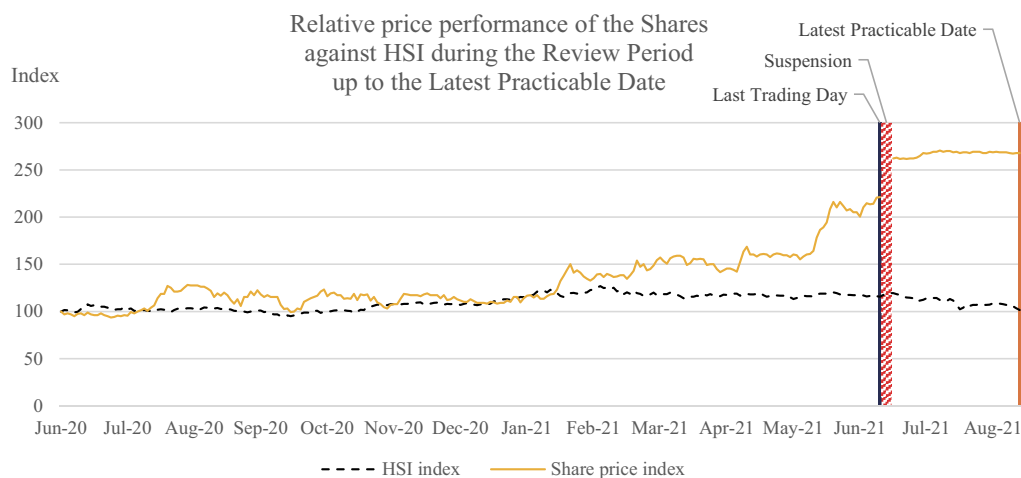
It is worth to note that the Cancellation Price of HK\$4.38 per Share represents a premium of approximately 27.0% over the highest closing price of the Shares recorded during the Review Period of HK\$3.45 per Share, which was recorded on the Last Trading Day.

Therefore, from the perspective of the historical price performance of the Shares, we are of the view that the Cancellation Price is fair and reasonable, and presents an attractive opportunity for Disinterested Shareholders to realise their investments.

4.2.2 Relative price performance of the Shares against HSI (as defined below)

In assessing the reasonableness of the Proposal and the Cancellation Price, we have also considered the relative performance of the Shares.

Set out below a chart showing the relative movement of the closing prices of the Shares against the Hang Seng Index (“**HSI**”) during Review Period and up to the Latest Practicable Date to illustrate the general trend and level of movement of the closing prices of the Shares.



Source: The Stock Exchange website (www.hkex.com.hk)

Note: The closing price of the Shares and the HSI have been rebased to 100 as at 22 June 2020, being the beginning of the Review Period.

As shown in chart above, the price of the Shares was generally in line with the HSI during 2020, exhibiting a gentle upward trend. After the Group’s announcement on a discloseable transaction in January 2021 regarding an acquisition of a property in the US for the Group’s storage capacity, the price of the Shares had notably outperformed the HSI. Such upward trend was amplified further following the publication of the positive annual results announcement of the Group for the year ended 31 December 2020 in March 2021. The performance gap between the price of the Shares and HSI further widened since May 2021, up to the Last Trading Day. During 2021, while the price of the Shares exhibited an upward trend partly supported by its financial results, the HSI had remained relatively stable.

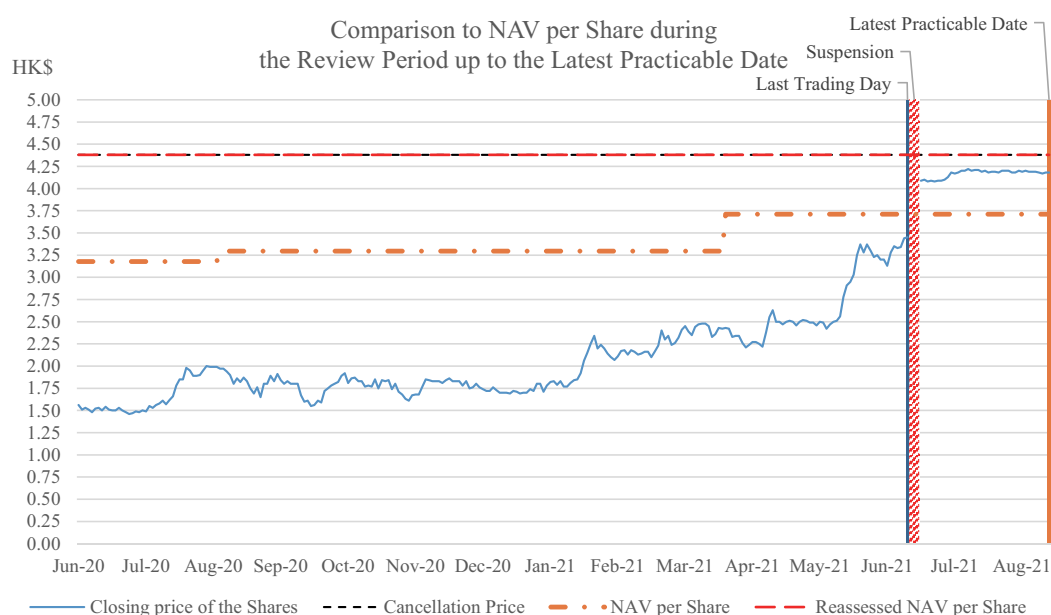
In summary, the positive performance of the price of the Shares during 2021 was partially sustained by the Group’s financial and operational performance, instead of following the general market trend. Such surge in the price of the Shares may or may not be sustainable without such positive financial and operational performance of the Group going forward.

As such, the Proposal can be considered as an attractive opportunity for Disinterested Shareholders to realise their investments immediately.

5. Net asset value comparison

5.1 Discount of the Share price to the NAV (as defined below) per Share

The Cancellation Price represents a premium of approximately 18.0% and 13.3% over the audited net asset value (“NAV”) per Share of the Company of approximately HK\$3.71 as at 31 December 2020, based on the audited consolidated net asset value of the Group attributable to shareholders of the Company of US\$505,888,269 as at 31 December 2020, and the unaudited NAV per Share of the Company of approximately HK\$3.87 as at 30 June 2021, based on the unaudited consolidated NAV of the Group attributable to shareholders of the Company of US\$526,982,038. The chart below illustrates the historical closing prices of the Shares as quoted on the Stock Exchange during the Review Period, and up to the Latest Practicable Date against the Cancellation Price, NAV attributable to shareholders of the Company, and the unaudited reassessed NAV per Share attributable to Shareholders.



Source: The Stock Exchange website (www.hkex.com.hk)

Notes:

1. The NAV per Share was calculated based on the equity attributable to the Shareholders as set out in the respective interim or annual results of the Company divided by the total number of Shares then in issue.
2. The Cancellation Price represents approximately the same amount as the unaudited reassessed NAV per Share attributable to Shareholders as at 30 June 2021.

As shown in the chart above, the Cancellation Price represents a consistent premium to the NAV per Share during the Review Period. We also noted that the Shares were trading at a consistent discount to the NAV per Share during the entire Review Period.

In summary, given the price of the Shares had also been at a discount to the Group's NAV per Share, and the Cancellation Price represents a premium to the NAV per Share during the entire Review Period, we are of the view that from the perspective of the NAV per Share comparison, the Cancellation Price is fair and reasonable, and presents an attractive opportunity for Disinterested Shareholders to realise their investments.

5.2 Unaudited reassessed NAV

For illustration purposes, the NAV of the Group attributable to equity shareholders as at 30 June 2021 was reassessed based on the valuation of its properties as at 31 May 2021 as set out in the valuation report prepared by Cushman & Wakefield as set out in Appendix VI to this Scheme Document. Set out below are the calculations of the unaudited reassessed NAV per Share attributable to Shareholders as at 30 June 2021.

Calculations of the reassessed NAV per Share

	<i>US\$ million</i>
Total market value as at of the Group's properties as at 31 May 2021	263.0
– less carrying amount of such properties held by the Group as at 30 June 2021	<u>193.2</u>
Revaluation surplus	<u><u>69.8</u></u>
The Group's consolidated NAV attributable to Shareholders as at 30 June 2021	527.0
– add revaluation surplus	<u>69.8</u>
Reassessed NAV attributable to Shareholders as at 30 June 2021	<u><u>596.8</u></u>
Reassessed NAV per Share as at 30 June 2021 (US\$)	0.56
Reassessed NAV per Share as at 30 June 2021 (HK\$)	<u><u>4.38</u></u>

Note: Based on an exchange rate of US\$1 = HK\$7.7646, being the spot rate quote at 5:00 p.m. Hong Kong time on 30 June 2021 on Bloomberg

The unaudited reassessed NAV per Share attributable to Shareholders as at 30 June 2021 was approximately HK\$4.38 per Share. The Cancellation Price of HK\$4.38 per Share is approximately the same amount as the reassessed NAV per Share. As such, even taking into account the reassessed NAV per Share, we are of the view that the Cancellation Price is still attractive, and therefore fair and reasonable so far as the Disinterested Shareholders are concerned.

6. Historical trading liquidity of the Shares

Set out below are the average daily trading volume of the Shares (i) from 22 June 2020 to the Last Trading Day; (ii) from the Last Trading Day to 30 June 2021; and (iii) 1 July 2021 to the Latest Practicable Date:

Liquidity of the Shares			
	Average daily trading volume	Approximate % of average daily trading volume to total issued Shares <i>(Note 1)</i>	Approximate % of average daily trading volume to Shares held in public <i>(Note 2)</i>
2020			
22 to 30 June	120,750	0.01%	0.04%
July	527,000	0.05%	0.17%
August	1,031,652	0.10%	0.33%
September	1,440,819	0.14%	0.46%
October	896,528	0.08%	0.29%
November	318,476	0.03%	0.10%
December	222,295	0.02%	0.07%
2021			
January	610,315	0.06%	0.20%
February	135,639	0.01%	0.04%
March	114,152	0.01%	0.04%
April	323,184	0.03%	0.10%
May	667,150	0.06%	0.21%
1 to 22 June (Last Trading Day)	520,733	0.05%	0.17%
Average	532,976	0.05%	0.17%
Last Trading Day to 30 June	8,363,500	0.79%	2.69%
July	539,546	0.05%	0.17%
1 August to Latest Practicable Date	214,667	0.02%	0.07%

Source: The Stock Exchange website (www.hkex.com.hk)

Notes:

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

As seen in the table above, the average daily trading liquidity of the Shares was low during the Review Period, ranging from only approximately 0.01% to 0.14% of the Group's total issued share capital, and approximately 0.04% to 0.46% of the Shares held in public. Such liquidity would suggest that any sale of large number of Shares on the market over a short period of time may be difficult without exerting downward pressure on the price of the Shares.

Subsequent to the Last Trading Day after the publication of the Announcement on 25 June 2021 regarding the Proposal and up to 30 June 2021, the average daily trading liquidity of the Shares increased to approximately 0.79% of the Group's total issued share capital, equivalent to approximately 2.69% of the Shares held in public.

In light of the low trading liquidity of the Shares during the Review Period, the Proposal provides an assured opportunity for the Disinterested Shareholders to realise their investment in the Company for cash immediately in one go at a favourable price.

7. Market comparables

We have conducted a comparable analysis through identifying listed companies on the Stock Exchange engaging in similar business of the Group with a similar scale (the "Comparable Companies").

In the selection of the Comparable Companies, our selection criteria focused on the companies that (i) are listed on the Main Board of the Stock Exchange; (ii) have a market capitalisation between HK\$1.0 billion and HK\$5.0 billion; and (iii) engaged mainly in the manufacturing and sale of leisure products worldwide.

The Comparable Companies below have been selected based on the above criteria, and have been identified through our research based on information on the website of the Stock Exchange, it is an exhaustive list based on these criteria.

We had also performed price to earnings ratio and price to book ratio analyses on the Comparable Companies and the Company since these are the two of the most commonly adopted multiples analyses on listed companies including those engaged mainly in manufacturing businesses.

Company name	Stock code	Description of principal businesses	Market capitalisation (HK\$ billion) (Note 1)	Price to earnings ratio ("P/E Ratio") (Note 2)	Price to book ratio ("P/B Ratio") (Note 3)
Honma Golf Limited	6858	Manufacturing and sale of own-branded golf clubs and golf-related products including golf balls, apparels, accessories and other related products.	1.96	15.03	1.31
Dream International Limited	1126	Manufacturing and sale of OEM toys, including plush stuffed, plastic figures, die-casting, as well as tarpaulin.	1.96	7.17	0.76
Matrix Holdings Limited	1005	Manufacturing and trading of toys, including plastic, die-cast and plush, as well as lighting products.	2.04	255.51	1.83
South China Holdings Company Limited	413	Manufacturing and trading of OEM production of toy products and trading of footwear products. Property investment and development, agriculture and forestry.	1.43	21.84	0.21

Company name	Stock code	Description of principal businesses	Market capitalisation (HK\$ billion) (Note 1)	Price to earnings ratio ("P/E Ratio") (Note 2)	Price to book ratio ("P/B Ratio") (Note 3)
Sino Golf Holdings Limited	361	Manufacturing and sale of OEM golf equipment and golf bags, other accessories and related components and parts.	1.22	N/A	4.20
			Maximum:	255.51	4.20
			Minimum:	7.17	0.21
			Median:	15.03 (Note 4)	1.31
			Mean:	14.68 (Note 4)	1.66
The Company	3358	Manufacturing and sale of PVC sporting and leisure products.	4.42	11.41	1.11
				Implied:	Implied:
				11.95	0.98
				(Note 5)	(Note 6)

Source: The Stock Exchange website (www.hkex.com.hk)

Notes:

1. Calculated based on the closing share price as at the Latest Practicable Date and the number of shares in issue on the same date.
2. P/E Ratio was calculated based on the respective market capitalisation divided by their respective profit reported in the respective companies' latest published annual report.
3. P/B Ratio was calculated based on the respective market capitalisation divided by their respective latest net asset value reported in the respective companies' latest published annual report.
4. Median and mean of the P/E Ratio of the Comparable Companies did not take into account the outlier of Matrix Holdings Limited, which recorded a minimal profit of approximately HK\$8.0 million for the year ended 31 December 2020.
5. The implied P/E Ratio of the Group was calculated based on the implied market capitalisation implied by the Cancellation Price, divided by the Group's profit published in the 2020 Annual Report.
6. The implied P/B Ratio of the Group was calculated based on the implied market capitalisation implied by the Cancellation Price, divided by the Group's net asset value as at 30 June 2021 of approximately US\$537.9 million, adjusted by the revaluation surplus based on the valuation of its properties as at 31 May 2021 as set out in the valuation report prepared by Cushman & Wakefield as set out in Appendix VI to this Scheme Document.

As shown in the table above, the P/E Ratios of the Comparable Companies range from approximately 7.17 times to 255.51 times. Since Matrix Holdings Limited (stock code: 1005) recorded a minimal profit of approximately HK\$8.0 million for the year ended 31 December 2020. Excluding the outlying P/E Ratio of Matrix Holdings Limited, the P/E Ratios of the Comparable Companies range from approximately 7.17 times to 21.84 times, with a median of approximately 15.03 times and a mean of approximately 14.68 times. The implied P/E Ratio of the Group based on the Cancellation Price is approximately 11.95 times, though lower than the mean and median of the Comparable Companies, was within range.

The P/B Ratios of the Comparable Companies range from approximately 0.21 times to 4.20 times, with a median of approximately 1.31 times and a mean of approximately 1.66 times. The implied P/B Ratio of the Group based on the Cancellation Price and the Group's net asset value as at 30 June 2021 (adjusted by the revaluation surplus based on the valuation of its properties as at 31 May 2021 as set out in the valuation report prepared by Cushman & Wakefield as set out in Appendix VI to this Scheme Document) is approximately 0.98 times, though lower than the mean and median of the Comparable Companies, was within range.

In summary, from the perspective of the market comparable analysis, in light of both the implied P/E Ratio and implied P/B Ratio fell within the range of those of the Comparable Companies, we are of the view that the Cancellation Price is fair and reasonable.

8. Privatisation precedents

We are of the view that past privatisation transactions of companies listed on the Stock Exchange may not be a good reference for assessing the fairness and reasonableness of the Cancellation Price considering these companies are from different industries, which therefore have different market fundamentals and prospects. Accordingly, we consider the analysis in the sections above to be more relevant for the Disinterested Shareholders.

9. Section summary

In considering whether the Proposal and the Cancellation Price is fair and reasonable, we have taken into account the below factors.

- (i) the business outlook of the Group as described in the subsection headed "1.3 Outlook of the Group" above;
- (ii) the reasons for and benefits of the Proposal as set out in the section headed "3. Reasons for and benefits of the Proposal" above;
- (iii) the Cancellation Price is higher than the closing price of the Shares on any of the trading days during the Review Period;
- (iv) the Share price had been trading at a discount to the NAV per Share as at the respective financial period ends and below the Cancellation Price during the Review Period;

- (v) the Cancellation Price represents a premium over the NAV per Share as at the respective financial period ends during the Review Period; and is approximately the same amount as the unaudited reassessed NAV per Share attributable to Shareholders as at 30 June 2021;
- (vi) the trading volume of the Shares had been thin, and Disinterested Shareholders may experience difficulty in disposing their Shares and any sale of a significant number of the Shares on the market may result in downward pressure on the market price of the Shares; the Scheme provides an assured exit alternative for the Scheme Shareholders to realise their investments in the Shares at the Cancellation Price; and
- (vii) the implied P/E Ratio and P/B Ratio of the Company based on the reassessed NAV is below the mean and median P/E Ratios and P/B Ratios of the Comparable Companies, but within their range, we are of the view that Disinterested Shareholders should take into account the reasons and factors mentioned above as a whole when considering the Cancellation Price,

After considering the above factors, we are of the view that the terms of the Proposal and the Scheme are fair and reasonable so far as the Scheme Shareholders are concerned, and the Disinterested Shareholders should vote in favour of the resolution to approve the Scheme at the Court Meeting and the special resolution(s) to approve the implementation of the Scheme at the EGM.

PRINCIPAL FACTORS AND REASONS CONSIDERED FOR THE ROLLOVER ARRANGEMENT

1. Key terms of the Rollover Agreement

The Offeror and the Rollover Shareholders have entered into the Rollover Agreement on 25 June 2021 in respect of, among other things, the Shares held by the Rollover Shareholders. Under the Rollover Agreement:

- (a) subject to the conditions as set out in the section “Conditions of the Rollover Agreement” under the section headed “Part VII Explanatory memorandum” in the Scheme Document, the Shares held by the Rollover Shareholders (i) will not form part of the Scheme Shares under the Scheme and (ii) will not be cancelled and extinguished when the Scheme becomes effective, and accordingly, the Rollover Shareholders will remain as the holders of the Rollover Shares after the Scheme becomes effective;
- (b) each of the Rollover Shareholders has undertaken that (i) it/he will not, directly or indirectly, take any action which will preclude, prejudice, restrict or delay the successful outcome of the Scheme or the Proposal or the withdrawal of listing of Shares on the Stock Exchange or otherwise conflict with or diminish its/his obligations under the Rollover Agreement and (ii) subject to compliance with relevant laws and regulations, it/he will do all such acts and things and execute all such documents as may be reasonably required by the Offeror to give effect to the undertakings contained in the Rollover Agreement;
- (c) each of the Rollover Shareholders has undertaken that, to the extent permitted under the Takeovers Code, the Listing Rules and applicable laws and regulations, to exercise, or, as the case may be, to procure the exercise of the voting rights in respect of the Shares owned by it/

him directly on resolutions in relation to the Scheme in accordance with the Offeror's directions, and in the absence of any such directions, to vote in favour of all resolutions which are necessary to implement the Scheme proposed at a court meeting and/or a general meeting of the Company, and that it/him shall be bound by, and take all actions necessary to implement the Scheme;

- (d) before the Scheme becomes effective, lapses, the Rollover Shareholders shall not (i) directly or indirectly, sell, transfer, charge, encumber, grant any option over or otherwise dispose of any interest in any of the Shares held by it/him in the Company; (ii) accept, or give any undertaking (whether conditional or unconditional) to accept, exercise voting rights attached to the Shares held by it/him to approve or otherwise agree to any offer, scheme of arrangement, merger or other business combination made or proposed to be made in respect of such Shares or disposal of material assets of the Company and its subsidiaries by any person other than pursuant to the Scheme; and (iii) acquire, subscribe for or otherwise deal in the shares, convertible securities, options or other securities of the Company without prior consent of the Offeror; and
- (e) the Rollover Shareholders have consented to, among others, certain guarantee and debentures to be granted by the Company and its material subsidiaries after the Scheme becomes effective.

The Rollover Agreement will be terminated (i) when the Scheme lapses or is withdrawn, terminated or rescinded by the Offeror in accordance with the Takeovers Code or is finally dismissed, finally refused or finally rejected by the Grand Court; or (ii) on a date as the parties thereto otherwise agree in writing (but without prejudice to any accrued liabilities arising prior to such termination).

For the details of the terms and conditions of the Rollover Arrangement, please refer to the paragraph headed "5. Rollover Arrangement" under the section headed "Part VII Explanatory memorandum" in the Scheme Document.

2. Reasons for and benefits of the Rollover Arrangement

Having reviewed the terms and conditions of the Rollover Agreement, we note that each of the Rollover Shareholders has undertaken not to delay or prejudice the successful outcome of the Scheme.

The Rollover Arrangement, if approved, will in effect enable the Rollover Shareholders, who are Offeror Concert Parties, to retain their respective shareholdings in the Company after the Scheme becomes effective. As at the Latest Practicable Date, Rollover Shareholders hold in aggregate 241,146,868 Shares (representing approximately 22.78% of the issued share capital of the Company).

There are five Rollover Shareholders, namely Outland Enterprise, Mr. Fumagalli, Mr. Nowak, MSNKS and MSNKS II.

According to the Scheme Document, Outland Enterprise is a shareholding platform for employees of the Group holding approximately 6.07% of the issued Shares as at the Latest Practicable Date. Selected employees are granted shares in Outland Enterprise under the employee pre-IPO incentive scheme to reward their past contribution to the Group and to incentivise and motivate these employees by aligning their

interests with the performance of the Group. Given the aligning the interest with the performance of the Group will continue to benefit the operation of the Group, we are of the view that the role of Outland Enterprise will not change after the Scheme becomes effective. As such, we are of the view that the Rollover Arrangement regarding Outland Enterprise is fair and reasonable as far as the Disinterested Shareholders are concerned.

According to the Scheme Document, Mr. Fumagalli is the Chief Strategic Officer of the Group who is responsible for the strategic management of global market development, product portfolio management, supervision of research and development design and operations, and implementation of overall marketing strategy. He has been working with the Group since 1998. As at the Latest Practicable Date, Mr. Fumagalli held approximately 1.13% of the issued Shares. Given Mr. Fumagalli's key role in the senior management team of the Group, we are of the view that retaining Mr. Fumagalli as a Shareholder after the completion of the Scheme may continue to align his interest with the performance of the Group, which is (i) beneficial to the Company and the Shareholders; and (ii) is fair and reasonable as far as the Disinterested Shareholders are concerned.

According to the Scheme Document, Mr. Nowak has been a passive financial investor of the Group for over 20 years. Mr. Nowak's investment in the Group can be traced back to his minority shareholding in Shanghai Bestway Plastic Products Co., Ltd., which was established in 1994 and was the predecessor of the Group. As at the Latest Practicable Date, Mr. Nowak directly and indirectly through his wholly owned companies, namely MSNKS and MSNKS II, held approximately 15.58% of the issued Shares. We noted that Mr. Nowak has never exited his investments in the Group and demonstrated continual support and loyalty to the Group. Given that the retaining of Mr. Nowak and his wholly owned companies, namely MSNKS and MSNKS II, will not prejudice against Disinterested Shareholders, we are of the view that the Rollover Arrangement regarding Mr. Nowak, MSNKS and MSNKS II are fair and reasonable as far as the Disinterested Shareholders are concerned.

Considering that:

- (i) if the Proposal and the Scheme are approved, the Rollover Shareholders shall have to assume the potential risks of holding the then unlisted shares of the Company with significantly lower market liquidity than shares of listed companies; and
- (ii) the analysis on each of the fairness and reasonableness of the Rollover Arrangement regarding each of the Rollover Shareholders in this section above,

we are of the view that the Rollover Arrangement is fair and reasonable as far as the Disinterested Shareholders are concerned.

3. The approval of the Rollover Arrangement as a condition for the passing of the Proposal and Scheme

As mentioned in the paragraph headed "4. Conditions of the Proposal and the Scheme" under the section headed "Part VII Explanatory Memorandum" of the Scheme Document, the approval of the Rollover Arrangement by passing an ordinary resolution by the Disinterested Shareholders at the EGM forms part of the conditions of the Proposal.

In light of (i) the reasons for and the benefits of the Rollover Arrangement as mentioned in the paragraph headed “2. Reasons for and benefits of the Rollover Arrangement” in this section above; and (ii) our opinion that the Rollover Arrangement is fair and reasonable and do not prejudice against the Disinterested Shareholders as far as they are concerned, we recommend the Disinterested Shareholders to vote in favour of the ordinary resolution at the EGM to approve the Rollover Arrangement.

RECOMMENDATIONS

In summary, in relation to the Proposal and the Scheme, we have considered the below factors and reasons in reaching our conclusion and recommendations:

- (a) we are not aware of any major events or incidents which may materially adversely affect the Group’s performance going forward;
- (b) closing price of the Shares has remained below the Cancellation Price throughout Review Period;
- (c) the Cancellation Price represents a premium over (i) the Share price during the Review Period; and (ii) the NAV per Share during the Review Period; and is approximately the same as the unaudited reassessed NAV per Share attributable to Shareholders as at 30 June 2021;
- (d) the thin liquidity and low trading volume of the Share during the Review Period; and
- (e) the Cancellation Price is fair and reasonable from a comparable analysis perspective as the implied P/E Ratio and the implied P/E Ratio fell within the range of those of the Comparable Companies;

In light of the above, we consider that, despite the recovery of the economy of the Group’s major markets and the outlook of the Group as at the Latest Practicable Date as discussed in the paragraph headed “1.3 Outlook of the Group” in this letter above (which is subject to global economic environment), the Proposal and the Scheme offer the Scheme Shareholders an immediate assured opportunity to exit at an attractive price and to monetise and reallocate their investment in the Company to other investments that they may consider more attractive.

In relation to the Special Deal relating to the Rollover Arrangement, we are of the view that the Rollover Arrangement, as a condition to the passing of the Proposal and Scheme, is fair and reasonable and do not prejudice against Disinterested Shareholders as far as they are concerned.

Considering the above, we (i) are of the opinion that the terms of the Proposal and the Scheme are fair and reasonable so far as the Disinterested Shareholders are concerned; and (ii) recommend the Disinterested Shareholders should vote in favour of (a) the relevant resolutions to approve the Scheme at the Court Meeting and the EGM; and (b) the ordinary resolution to approve the Rollover Arrangement at the EGM which is a standalone resolution separate from the resolutions in (a) above.

As different Scheme Shareholders would have different investment criteria, objectives or risk appetite and profiles, we recommend any Disinterested Shareholders who may require advice in relation to any aspect of the Scheme Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser.

Yours faithfully,
For and on behalf of
Altus Capital Limited

Jeanny Leung
Executive Director

Leo Tam
Executive Director

*Ms. Jeanny Leung (“**Ms. Leung**”) is a Responsible Officer of Altus Capital licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. She is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Ms. Leung has over 30 years of experience in corporate finance advisory and commercial field in Greater China, in particular, she has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance transactions.*

*Mr. Leo Tam (“**Mr. Tam**”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. He has over six years of experience in corporate finance and advisory in Hong Kong, in particular, he has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance transactions. Mr. Tam is a certified public accountant of the Hong Kong Institute of Certified Public Accountants.*

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

1. INTRODUCTION

On 25 June 2021, the Offeror and the Company jointly announced that on 25 June 2021, the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders for the privatisation of the Company by way of the Scheme. Upon completion of the Proposal, the Offeror and the Offeror Concert Parties will, in aggregate, hold the entire issued share capital of the Company (among which the Rollover Shareholders will hold in aggregate approximately 22.78% of the issued share capital of the Company) and the listing of the Shares will be withdrawn from the Stock Exchange.

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

The purpose of this Explanatory Memorandum is to explain the terms and effects of the Proposal and to provide Scheme Shareholders with additional information in relation to the Proposal.

2. TERMS OF THE PROPOSAL

The Scheme

The Proposal will be implemented by way of a scheme of arrangement under section 86 of the Companies Act.

The implementation of the Proposal is conditional upon, and the Scheme will become effective and binding on the Company and all Scheme Shareholders subject to, the fulfilment or waiver, as applicable, of the Conditions as described in the section headed "4. Conditions of the Proposal and the Scheme" below.

The Scheme provides that, in consideration of the cancellation and extinguishment of the Scheme Shares, the Scheme Shareholders will be entitled to receive from the Offeror the Cancellation Price of HK\$4.38 in cash for each Scheme Share cancelled and extinguished under the Scheme as at the Effective Date.

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

If, after the date of this Scheme Document, any dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of the Shares, the Offeror reserves the right to reduce the Cancellation Price by all or any part of the amount or value of such dividend, distribution and/or, as the case may be, return of capital after consultation with the Executive, in which case any reference in this Scheme Document or any other announcement or document to the Cancellation Price will be deemed to be a reference to the Cancellation Price as so reduced. Save for the payment of the 2020 Final Dividend, the Company has confirmed that it does not intend to announce, declare or pay any dividend, distribution or other return of capital during the offer period in relation to the Proposal. As at the Latest Practicable Date, there is no outstanding dividend in respect the Shares that have been announced but not yet paid. The 2020 Final Dividend was paid on 7 July 2021.

Comparison of value

The Cancellation Price of HK\$4.38 per Scheme Share in cash represents:

- a premium of approximately 4.8% over the closing price of HK\$4.18 per Share as quoted on the Stock Exchange on the Latest Practicable Date.
- a premium of approximately 27.0% over the closing price of HK\$3.45 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 32.7% over the average closing price of approximately HK\$3.30 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- a premium of approximately 47.0% over the average closing price of approximately HK\$2.98 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- a premium of approximately 62.8% over the average closing price of approximately HK\$2.69 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- a premium of approximately 71.8% over the average closing price of approximately HK\$2.55 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- a premium of approximately 84.0% over the average closing price of approximately HK\$2.38 per Share based on the daily closing prices as quoted on the Stock Exchange for the 120 trading days up to and including the Last Trading Day;
- a premium of approximately 101.8% over the average closing price of approximately HK\$2.17 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day;

- a premium of approximately 16.5% over the audited net asset value per Share in the Company of approximately US\$0.48 (equivalent to approximately HK\$3.76, based on an exchange rate of US\$1 = HK\$7.7655, being the spot rate quote at 5:00 p.m. Hong Kong time on the Last Trading Day on Bloomberg) as at 31 December 2020, based on the audited consolidated net asset value of the Group of US\$511,841,594 as at 31 December 2020;
- a premium of approximately 10.9% over the unaudited net asset value per Share in the Company of approximately US\$0.51 (equivalent to approximately HK\$3.95, based on an exchange rate of US\$1 = HK\$7.7646, being the spot rate quote at 5:00 p.m. Hong Kong time on 30 June 2021 on Bloomberg) as at 30 June 2021, based on the unaudited consolidated net asset value of the Group of US\$537,922,324 as at 30 June 2021; and
- approximately the same amount as the adjusted unaudited net asset value per Share of the Company attributable to Shareholders of approximately US\$0.56 (equivalent to approximately HK\$4.38, based on an exchange rate of US\$1 = HK\$7.7646, being the spot rate quoted at 5:00 p.m. Hong Kong time on 30 June 2021 on Bloomberg) as at 30 June 2021, based on the unaudited consolidated net asset value of the Group attributable to Shareholders of US\$526,982,038 as at 30 June 2021 as adjusted by the valuation of its properties as at 31 May 2021 as set out in the valuation report prepared by Cushman & Wakefield as set out in Appendix VI to this Scheme Document.

The Cancellation Price has been determined on a commercial basis after taking into account, among others, the prices of the Shares traded on the Stock Exchange, the trading multiples of comparable companies listed on the Stock Exchange and with reference to other privatisation transactions in Hong Kong in recent years.

3. TOTAL CONSIDERATION AND FINANCIAL RESOURCES CONFIRMATION

On the assumption that no further Shares are issued or repurchased before the Scheme Record Date, the total amount of cash required to implement the Proposal in full would be approximately HK\$1,028,816,010.

The Offeror intends to finance the total amount of cash required to implement the Proposal in full from internal cash resources and/or external debt financing (including a loan facility granted by CMB International Finance Limited which will be secured by, among others, (i) share pledges in respect of certain Shares held by the Offeror and Mr. Zhu and (ii) after the Scheme becoming effective, guarantees and debentures to be granted by the Company and its material subsidiaries).

CMBI, the financial adviser to the Offeror, is satisfied that sufficient financial resources are, and will continue to be, available to the Offeror for discharging its obligations in respect of the full implementation of the Proposal in accordance with its terms.

4. CONDITIONS OF THE PROPOSAL AND THE SCHEME

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

- (1) the approval of the Scheme (by way of poll) by a majority in number of the Scheme Shareholders representing not less than 75% in value of the Scheme Shares held by the Scheme Shareholders present and voting either in person or by proxy at the Court Meeting, provided that:
 - (a) the Scheme is approved (by way of poll) by the Disinterested Shareholders holding at least 75% of the votes attaching to the Disinterested Shares held by Disinterested Shareholders that are voted either in person or by proxy at the Court Meeting; and
 - (b) the number of votes cast (by way of poll) by Disinterested Shareholders present and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all the Disinterested Shares;
- (2) the passing of:
 - (a) a special resolution by a majority of not less than three-fourths of the votes cast by the Shareholders present and voting in person or by proxy at the EGM to approve and give effect to the reduction of the issued share capital of the Company by cancelling and extinguishing the Scheme Shares; and
 - (b) an ordinary resolution by the Shareholders at the EGM to simultaneously restore the number of issued Shares in the share capital of the Company to the number prior to the cancellation and extinguishment of the Scheme Shares and apply the reserve created as a result of the aforesaid reduction of the issued share capital of the Company to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled and extinguished as a result of the Scheme for allotment and issue to the Offeror;
- (3) the sanction of the Scheme (with or without modifications) by the Grand Court and, to the extent necessary, its confirmation of the reduction of the issued share capital of the Company involved in the Scheme, and the delivery to the Registrar of Companies in the Cayman Islands of a copy of the order of the Grand Court for registration;
- (4) compliance, to the extent necessary, with the procedural requirements and conditions, if any, under Sections 15 and 16 of the Companies Act in relation to the reduction of the issued share capital of the Company involved in the Scheme;

- (5) all Approvals which are (i) required in connection with the Proposal or its implementation by Applicable Laws or any licenses, permits or contractual obligations of the Company; and (ii) material in the context of the Group (taken as a whole), having been obtained (or, as the case may be, completed) and remaining in full force and effect without modification up to and as at the Effective Date;
- (6) no Authority in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order) that would make the Proposal or the Scheme or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Proposal or the Scheme or its implementation in accordance with its terms), other than such actions, proceedings, suits, investigation or enquiry as would not have a material adverse effect on the legal ability of the Offeror to proceed with the Proposal or the Scheme;
- (7) all Applicable Laws having been complied with and no legal or regulatory requirement having been imposed by any Authority which is not expressly provided for, or is in addition to the requirements expressly provided for, in the Applicable Laws in connection with the Proposal which are material in the context of the Group (taken as a whole), in each case up to and as at the Effective Date;
- (8) since the Announcement Date, there having been no adverse change in the business, assets, financial or trading positions, profits or prospects of any member of the Group (to an extent which is material in the context of the Group taken as a whole or in the context of the Proposal);
- (9) since the Announcement Date, there having not been any instituted or remaining outstanding litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Group is a party (whether as plaintiff, defendant or otherwise) and no such proceedings will be threatened in writing against any such member (and no investigation by any government or quasi-governmental, supranational, regulatory or investigative body or court against or in respect of any such member or the business carried on by any such member will be threatened in writing, announced, instituted or remain outstanding by, against or in respect of any such member), in each case which is material and adverse in the context of the Group taken as a whole or in the context of the Proposal; and
- (10) (i) the receipt of an opinion from the Independent Financial Adviser to the Independent Board Committee confirming that the Rollover Arrangement is fair and reasonable so far as the Disinterested Shareholders are concerned, (ii) the passing of an ordinary resolution by the Disinterested Shareholders at the EGM to approve the Rollover Agreement, and (iii) the grant of consent under Rule 25 of the Takeovers Code from the Executive in respect of the Rollover Arrangement.

The Offeror reserves the right to waive conditions (5) to (9) either in whole or in part, either generally or in respect of any particular matter to the extent that such waiver would not make the Proposal or its implementation in accordance with its terms illegal. Conditions (1), (2), (3), (4) and (10) cannot be waived in any event. Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions as a basis for not proceeding with the Scheme if the circumstances which give rise to a right to invoke any such Condition are of material significance to the Offeror in the context of the Proposal.

As at the Latest Practicable Date, other than pursuant to the Conditions in paragraphs (1) to (4) and (10) (inclusive) above, the Offeror and the Company are not aware of any circumstances which may result in Condition (5) not being satisfied.

As at the Latest Practicable Date, the Offeror and the Company are not aware of any circumstances which may result in Condition (9) not being satisfied.

All of the Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date, failing which the Proposal and the Scheme will lapse. The Company has no right to waive any of the Conditions.

Assuming that the above Conditions are fulfilled (or, as applicable, waived in whole or in part), it is expected that the Scheme will become effective on or about Thursday, 7 October 2021 (Cayman Islands time). Further announcements will be made including in particular in relation to (i) the results of the Court Meeting and the EGM and, if all the resolutions are passed at those meetings, (ii) the result of the hearing of the petition for the sanction of the Scheme and, to the extent necessary, confirmation of any reduction of the share capital of the Company associated with the Scheme by the Grand Court, (iii) the Scheme Record Date, (iv) the Effective Date and (v) the date of withdrawal of the listing of the Shares on the Stock Exchange as further set out in “Part III – Expected Timetable” of this Scheme Document.

If approved, the Scheme will be binding on all of the Scheme Shareholders, irrespective of whether or not they attended or voted or how they voted at the Court Meeting or the EGM. If the Scheme is not approved or the Proposal otherwise lapses, an announcement will be made by the Offeror and the Company.

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

5. ROLLOVER ARRANGEMENT

The Offeror proposes that the Rollover Shareholders, who are Offeror Concert Parties, retain their respective shareholdings in the Company and remain as Shareholders after the Scheme becomes effective. As at the Latest Practicable Date, the Rollover Shareholders hold in aggregate 241,146,868 Shares (representing approximately 22.78% of the issued share capital of the Company).

Information on the Rollover Shareholders***Outland Enterprise***

As at the Latest Practicable Date, Outland Enterprise is held by Mr. Zhu and certain employees of the Group. Outland Enterprise in turn holds 64,297,233 Shares (representing approximately 6.07% of the issued share capital of the Company) as at the Latest Practicable Date.

Outland Enterprise is a shareholding platform for employees of the Group, and selected employees are granted shares in Outland Enterprise under the employee pre-IPO incentive scheme to reward their past contribution to the Group and to incentivise and motivate these employees by aligning their interests with the performance of the Group. Given such selected employees possess the relevant expertise and understanding of the Group's operation which would benefit the development of the Group, the Offeror consider that it is important for these employees to retain their interests in the Company through Outland Enterprise to ensure that the employees will have incentive to continue to contribute to the Group's future growth by aligning their interests with the Company's prospect even after completion of the Scheme.

Mr. Nowak

As at the Latest Practicable Date, Mr. Nowak directly and indirectly through his wholly-owned companies, MSNKS and MSNKS II, respectively hold 12,000,000, 10,060,000 and 142,882,740 Shares (representing approximately 1.13%, 0.95% and 13.50% of the issued share capital of the Company).

Mr. Nowak has been a passive financial investor of our Group for over 20 years. Mr. Nowak's investment in the Group can be traced back to his minority shareholding in Shanghai Bestway Plastic Products Co., Ltd., which was established in 1994 and was the predecessor of the Group. In light of Mr. Nowak's long term investment in the Group, the Offeror wishes to retain Mr. Nowak and his wholly-owned companies incorporated in the State of Delaware of the United States of America, MSNKS and MSNKS II, as Shareholders after the completion of the Scheme to maintain the stability of the Group and ensure Mr. Nowak's continued support of the Group.

Mr. Fumagalli

As at the Latest Practicable Date, Mr. Fumagalli holds 11,906,895 Shares (representing approximately 1.13% of the issued share capital of the Company).

Mr. Fumagalli is the Chief Strategic Officer of the Group who is responsible for the strategic management of global market development, product portfolio management, supervision of research and development design and operations, and implementation of overall marketing strategy. Mr. Fumagalli joined the Group in 1998 and has over 22 years of experience in management with the Group. Mr. Fumagalli is a key member of the senior management team of the Group who has extensive strategic and management expertise as well as an in-depth understanding of the operation

and global development of the Group. The Offeror is of the view that it is important to retain Mr. Fumagalli as a Shareholder after the completion of the Scheme to ensure that Mr. Fumagalli will be incentivised to continue to contribute to the development of the Group.

Rollover Agreement

The Offeror and the Rollover Shareholders have entered into the Rollover Agreement on 25 June 2021 in respect of, among other things, the Shares held by the Rollover Shareholders. Under the Rollover Agreement:

- (a) subject to the conditions as set out in the section “Conditions of the Rollover Agreement” below, the Shares held by the Rollover Shareholders (i) will not form part of the Scheme Shares under the Scheme and (ii) will not be cancelled and extinguished when the Scheme becomes effective, and accordingly, the Rollover Shareholders will remain as the holders of the Rollover Shares after the Scheme becomes effective;
- (b) each of the Rollover Shareholders has undertaken that (i) it/he will not, directly or indirectly, take any action which will preclude, prejudice, restrict or delay the successful outcome of the Scheme or the Proposal or the withdrawal of listing of Shares on the Stock Exchange or otherwise conflict with or diminish its/his obligations under the Rollover Agreement and (ii) subject to compliance with relevant laws and regulations, it/he will do all such acts and things and execute all such documents as may be reasonably required by the Offeror to give effect to the undertakings contained in the Rollover Agreement;
- (c) each of the Rollover Shareholders has undertaken that, to the extent permitted under the Takeovers Code, the Listing Rules and applicable laws and regulations, to exercise, or, as the case may be, to procure the exercise of the voting rights in respect of the Shares owned by it/him directly on resolutions in relation to the Scheme in accordance with the Offeror’s directions, and in the absence of any such directions, to vote in favour of all resolutions which are necessary to implement the Scheme proposed at a court meeting and/or a general meeting of the Company, and that it/him shall be bound by, and take all actions necessary to implement the Scheme;
- (d) before the Scheme becomes effective, lapses, the Rollover Shareholders shall not (i) directly or indirectly, sell, transfer, charge, encumber, grant any option over or otherwise dispose of any interest in any of the Shares held by it/him in the Company; (ii) accept, or give any undertaking (whether conditional or unconditional) to accept, exercise voting rights attached to the Shares held by it/him to approve or otherwise agree to any offer, scheme of arrangement, merger or other business combination made or proposed to be made in respect of such Shares or disposal of material assets of the Company and its subsidiaries by any person other than pursuant to the Scheme; and (iii) acquire, subscribe for or otherwise deal in the shares, convertible securities, options or other securities of the Company without prior consent of the Offeror; and

- (e) the Rollover Shareholders have consented to, among others, certain guarantee and debentures to be granted by the Company and its material subsidiaries after the Scheme becomes effective.

The Rollover Agreement will be terminated (i) when the Scheme lapses or is withdrawn, terminated or rescinded by the Offeror in accordance with the Takeovers Code or is finally dismissed, finally refused or finally rejected by the Grand Court; or (ii) on a date as the parties thereto otherwise agree in writing (but without prejudice to any accrued liabilities arising prior to such termination).

Conditions of the Rollover Agreement

The implementation of the Rollover Arrangement is subject to the fulfilment of the following conditions:

- (i) the receipt of an opinion from the Independent Financial Adviser to the Independent Board Committee that the Rollover Arrangement is fair and reasonable so far as the Disinterested Shareholders are concerned;
- (ii) the passing of an ordinary resolution by the Disinterested Shareholders at the EGM to approve, among others, the Rollover Arrangement;
- (iii) the Scheme becomes effective; and
- (iv) the grant of consent from the Executive in respect of the Rollover Arrangement.

Special Deal and Disinterested Shareholders' Approval

As the Rollover Agreement was only entered into by and between the Offeror and the Rollover Shareholders and the Rollover Arrangement thereunder is not offered to all Shareholders, the Rollover Arrangement constitutes a special deal and requires the consent of the Executive under Rule 25 of the Takeovers Code. The Offeror has made an application for consent from the Executive in relation to the Rollover Arrangement conditional on the (i) Independent Financial Adviser confirming that the Rollover Arrangement is fair and reasonable so far as the Disinterested Shareholders are concerned, and (ii) the passing of an ordinary resolution by the Disinterested Shareholders at the EGM to approve the Rollover Arrangement. Accordingly, as set out in Condition (10), the Rollover Arrangement is subject to (i) the receipt of an opinion from the Independent Financial Adviser confirming that the Rollover Arrangement is fair and reasonable so far as the Disinterested Shareholders are concerned, (ii) the passing of an ordinary resolution by the Disinterested Shareholders at the EGM to approve the Rollover Arrangement, and (iii) the grant of consent from the Executive in respect of the Rollover Arrangement.

6. SCHEME OF ARRANGEMENT UNDER SECTION 86 OF THE COMPANIES ACT AND THE COURT MEETING

Pursuant to Section 86 of the Companies Act, where an arrangement is proposed between a company and its members or any class of them, the Grand Court may, on the application of the company or any member of the company, order a meeting of the members of the company or class of members, as the case may be, to be summoned in such manner as the Grand Court directs to agree such an arrangement.

It is expressly provided in Section 86 of the Companies Act that if a majority in number representing 75% in value of the members or class of members, as the case may be, present and voting either in person or by proxy at the meeting held as directed by the Grand Court as aforesaid, agree to any arrangement, the arrangement shall, if sanctioned by the Grand Court, be binding on all members or class of members, as the case may be, and also on the company.

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

In addition to satisfying any requirements under the Companies Act as summarised above, under Rule 2.10 of the Takeovers Code, except with the consent of the Executive, the Scheme may only be implemented if:

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

For the purpose of counting the votes for (a) and (b) above, Disinterested Shareholders comprise all Shareholders as at the Meeting Record Date other than the Offeror and the Offeror Concert Parties (excluding Shares held by the CMBI group for and on behalf of its non-discretionary investment clients).

As at the Latest Practicable Date, the Disinterested Shareholders held in aggregate 234,889,500 Scheme Shares. On that basis, and assuming that no new Shares are issued on or before the Meeting Record Date, 10% of the votes attached to all the Scheme Shares held by all Disinterested Shareholders referred to in (b) above would represent approximately 23,488,950 Shares.

8. BINDING EFFECT OF THE SCHEME

Upon the Scheme becoming effective, the Scheme will be binding on all of the Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the EGM.

9. SHAREHOLDING STRUCTURE OF THE COMPANY AND SCHEME SHARES

The table below sets out the shareholding structure of the Company as at the Latest Practicable Date and immediately after completion of the Proposal, assuming that there is no other change in shareholding of the Company before completion of the Proposal:

Shareholders	As at the Latest Practicable Date		Immediately upon completion of the Proposal	
	Number of Shares	% (Note 5)	Number of Shares (Note 6)	% (Note 5)
The Offeror <i>(Notes 1 and 2)</i>	574,706,132	54.30	809,595,632	76.49
Offeror Concert Parties not subject to the Scheme (Note 1)				
Mr. Zhu <i>(Note 2)</i>	7,648,500	0.72	7,648,500	0.72
Outland Enterprise <i>(Note 3)</i>	64,297,233	6.07	64,297,233	6.07
MSNKS <i>(Note 4)</i>	10,060,000	0.95	10,060,000	0.95
MSNKS II <i>(Note 4)</i>	142,882,740	13.50	142,882,740	13.50
Mr. Nowak <i>(Note 4)</i>	12,000,000	1.13	12,000,000	1.13
Mr. Fumagalli	11,906,895	1.13	11,906,895	1.13
Sub-total	248,795,368	23.51	248,795,368	23.51
Aggregate number of Shares held by the Offeror and Offeror Concert Parties	823,501,500	77.81	1,058,391,000	100.00
Disinterested Shareholders	234,889,500	22.19	–	–
Total number of Shares	1,058,391,000	100.00	1,058,391,000	100.00
Total number of Scheme Shares	234,889,500	22.19	–	–

Notes:

- Shares in which the Offeror, Mr. Zhu and the Rollover Shareholders (which comprise Outland Enterprise, MSNKS, MSNKS II, Mr. Nowak and Mr. Fumagalli) are interested will not form part of the Scheme Shares and will not be cancelled and extinguished.

2. The Offeror is a company wholly owned by Great Access, which in turn is owned as to 92.0% by Mr. Zhu and 8.0% by Mr. Zhu Jiachen, the son of Mr. Zhu. 574,706,132 Shares held by the Offeror and 2,137,500 Shares held by Mr. Zhu have been pledged in favour of CMB International Securities Limited in connection with the facility agreement for financing the total amount of cash consideration payable under the Proposal.
3. Outland Enterprise is a company owned by Mr. Zhu and certain employees of the Group.
4. MSNKS and MSNKS II are companies wholly owned by Mr. Nowak.
5. All percentages in the above table are approximations.
6. Under the Scheme, the issued share capital of the Company will, on the Effective Date, be reduced by cancelling and extinguishing the Scheme Shares. On the assumption that there is no other change in shareholding of the Company before completion of the Proposal, forthwith upon such reduction, the issued share capital of the Company will be simultaneously increased to its former amount prior to the cancellation and extinguishment of the Scheme Shares by the issue at par to the Offeror, credited as fully paid, of the same number of Shares as the number of the Scheme Shares cancelled and extinguished. The reserve created in the Company's books of account as a result of the capital reduction will be applied in paying up in full at par the new Shares so issued to the Offeror.

Following the Effective Date and the withdrawal of listing of the Shares on the Stock Exchange, the Offeror, Mr. Zhu and Rollover Shareholders will hold in aggregate the entire issued share capital of the Company, on the assumption that there is no other change in shareholding in the Company before completion of the Proposal.

As at the Latest Practicable Date, (i) the authorised share capital of the Company was HK\$ 100,000,000 divided into 10,000,000,000 Shares, and the Company had 1,058,391,000 Shares in issue; (ii) the Scheme Shares, comprising 234,889,500 Shares, represented approximately 22.19% of the issued share capital of the Company.

10. REASONS FOR AND BENEFITS OF THE PROPOSAL

For the Scheme Shareholders

- The Offeror notes that the trading volume of the Shares has been at a relatively low level over an extended period of time. The average daily trading volume of the Shares for the trading days during the past 12 months up to and including the Last Trading Day was approximately 580,000 Shares per day, representing only approximately 0.05% of the issued Shares as at the Last Trading Day. The relatively low trading liquidity of the Shares of the Company could make it difficult for Scheme Shareholders to sell their shareholdings in large volume on the market without causing negative impact on the share price of the Company. The Offeror is of the view that the Proposal provides a good opportunity for the Scheme Shareholders to realise their investment in the Shares without suffering any discount due to low trading liquidity.

- The Offeror also considers that the Proposal will provide Scheme Shareholders with an opportunity to realise their investment in the Company at an attractive premium over the prevailing price of the Shares. The Cancellation Price of HK\$4.38 per share represents a premium over the average closing prices for the respective periods as set out in the paragraph under “Comparison of value” above.

For the Offeror and the Company

- The Offeror is of the view that due to the relatively low liquidity in the trading of the Shares and the relative underperformance of the share price, with the latter as evidenced by, among others, (i) the average closing price of the Shares for the one year ended on the Last Trading Day of approximately HK\$2.05 per Share representing a discount of 53.2% when compared to the IPO offer price of HK\$4.38 per Share (the “**IPO Offer Price**”), and (ii) the closing price of the Shares on 29 May 2020, being the lowest closing price of the Shares since the Company’s IPO, of HK\$1.33 per Share representing a discount of approximately 69.6% to the IPO Offer Price, the Company is unable to sufficiently utilise its current listing platform as a source of funding for its long term growth, and Company’s ability to raise funds in the equity capital markets for future development and growth is limited. As such, the Offeror believes that the administrative costs and management resources associated with maintaining the Company’s listing status are no longer justified.
- The Offeror also considers that the Proposal, if successful, will provide the Offeror with more flexibility in supporting the long-term business development of the Company, without being concerned about the fluctuation of its short-term share performance, regulatory restrictions and compliance obligations arising from its listing status, and would allow the Offeror to streamline the Company’s governance structure.

Offeror’s intention regarding the Company

- It is the intention of the Offeror that the Group will continue to carry on its current business, and the Offeror does not have specific plans to make any major changes to the business of the Group (including any redeployment of fixed assets of the Group) upon the successful delisting of the Company. The Offeror also does not intend to make any significant changes to the continued employment of the employees of the Group.

11. INFORMATION ON THE GROUP AND THE OFFEROR**The Group**

The Company is a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange with the stock code 3358. The Group is principally engaged in the manufacturing and sales of high quality and innovative PVC sporting and leisure products in Europe, North America, Asia Pacific (including PRC) and other global markets. The Company is ultimately controlled by Mr. Zhu.

The Offeror

The Offeror is an investment holding company incorporated in the British Virgin Islands. As at the Latest Practicable Date, the Offeror is wholly owned by Great Access, which in turn is owned as to 92.0% by Mr. Zhu and 8.0% by Mr. Zhu Jiachen, the son of Mr. Zhu. Mr. Zhu, being the ultimate controlling shareholder of the Offeror, is the Chairman, the Chief Executive Officer and an executive Director of the Company.

12. WITHDRAWAL OF LISTING OF THE SHARES

Upon the Scheme becoming effective, all Scheme Shares will be cancelled and extinguished (with the equivalent number of new Shares being issued at par as fully paid to the Offeror) and the share certificates in respect of the Scheme Shares will thereafter cease to have effect as documents or evidence of title.

The Company will apply to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules, with effect immediately following the Effective Date.

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

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

Subject to the requirements of the Takeovers Code, the Scheme will lapse if any of the Conditions has not been fulfilled or waived, as applicable, on or before the Long Stop Date (or such later date as the Offeror and the Company may agree or, to the extent applicable, as the Grand Court may direct and in all cases, as permitted by the Executive). The listing of the Shares on the Stock Exchange will not be withdrawn if the Scheme does not become effective or the Proposal otherwise lapses.

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under Rule 31.1(a) of the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with either of them in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may, within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses, announce an offer or possible offer for the Company, except with the consent of the Executive.

14. COSTS OF THE SCHEME

Pursuant to Rule 2.3 of the Takeovers Code, if the Proposal is either not recommended by the Independent Board Committee or not recommended as fair and reasonable by the Independent Financial Adviser, all expenses incurred by the Company in connection with the Proposal shall be borne by the Offeror if the Scheme is not approved. Given that the Proposal is recommended by the Independent Board Committee and is recommended as fair and reasonable by the Independent Financial Adviser, Rule 2.3 of the Takeovers Code is not applicable.

All costs, charges and expenses incurred by the Company and/or its advisers and counsels, including the Independent Financial Adviser, will be borne by the Company, whereas all costs, charges and expenses incurred by the Offeror and/or their advisers and counsels will be borne by the Offeror, and other costs, charges and expenses of the Scheme and the Proposal will be shared between the Offeror and the Company equally.

15. REGISTRATION AND PAYMENT

Assuming that the Scheme Record Date falls on Thursday, 7 October 2021, it is proposed that the register of members of the Company will be closed from Thursday, 23 September 2021 onwards (or such other date as Shareholders may be notified by announcement) in order to determine entitlements under the Scheme. In order to qualify for entitlements under the Scheme, holders of Scheme Shares should ensure that the transfers of Shares to them are lodged with the Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration in their names or in the names of their nominees before 4:30 p.m. on Thursday, 21 September 2021.

Payment of Cancellation Price to Scheme Shareholders

Upon the Scheme becoming effective, payment of the Cancellation Price for the Scheme Shares will be made to the Scheme Shareholders whose names appear on the register of members of the Company as at the Scheme Record Date as soon as possible but in any event within seven Business Days of the Effective Date. Assuming that the Scheme becomes effective on Thursday, 7 October 2021 (Cayman Islands time), the cheques for the payment of the Cancellation Price are expected to be despatched on or before Tuesday, 19 October 2021.

Cheques for the payment of the Cancellation Price will be sent by ordinary post in postage pre-paid envelopes addressed to the persons entitled thereto at their respective registered addresses or, in the case of joint holders, to the registered address of that joint holder whose name stands first in such registers in respect of the joint holding. All such cheques will be posted at the risk of the person(s) entitled thereto and none of the Offeror, the Company, CMBI, the Independent Financial Adviser, the Share Registrar and their respective directors, employees, officers, agents, advisers, associates and affiliates and any other persons involved in the Proposal will be responsible for any loss or delay in despatch.

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

The Offeror (or its nominee) shall hold such monies until the expiry of six years from the Effective Date and shall, prior to such date, make payments therefrom of the sums to persons who satisfy the Offeror (or its nominee) that they are respectively entitled thereto, provided that such cheques referred to in the paragraph above of which they are payees have not been cashed. Any payments made by the Offeror (or its nominee) shall not include any interest accrued on the sums to which the respective persons are entitled pursuant to the Scheme. The Offeror (or its nominee) shall

exercise its absolute discretion in determining whether or not it is satisfied that any person is so entitled, and a certificate of the Offeror (or its nominee) to the effect that any particular person is so entitled or not so entitled, as the case may be, shall be conclusive and binding upon all persons claiming an interest in the relevant monies.

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

Assuming that the Scheme becomes effective, the register of members of the Company will be updated accordingly to reflect the cancellation of all the Scheme Shares and all existing certificates representing the Scheme Shares will cease to have effect as documents or evidence of title as from the Effective Date, which is expected to be on or about Thursday, 7 October 2021 (Cayman Islands time).

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

16. OVERSEAS SHAREHOLDERS

General

The making of the Proposal to the Scheme Shareholders who are not resident in Hong Kong may be subject to the laws of the relevant jurisdictions in which such Scheme Shareholders are located.

Such Scheme Shareholders should inform themselves about and observe any applicable legal, tax or regulatory requirements. It is the responsibility of any overseas Scheme Shareholders, wishing to take an action in relation to the Proposal to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with any other necessary formalities and the payment of any issue, transfer or other taxes in such jurisdiction.

Any acceptance by such Scheme Shareholders will be deemed to constitute a representation and warranty from such persons to the Company, the Offeror and their respective advisers (including CMBI), that those laws and regulatory requirements have been complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees will give or be subject to the above warranty and representation. If you are in doubt as to your position, you should consult your professional advisers.

Notice to US investors

The Proposal is being made to cancel the securities of a company incorporated in the Cayman Islands by means of a scheme of arrangement provided for under the Companies Act and is subject to Cayman Islands and Hong Kong disclosure requirements, which are different from those of the United States. The financial information included in the relevant documentation, including this Scheme Document, has been prepared in accordance with Hong Kong Financial Reporting Standards and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.

A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules of the US Securities Exchange Act of 1934, as amended. Accordingly, the Proposal is subject to the disclosure requirements and practices applicable in the Cayman Islands to schemes of arrangement, which differ from the disclosure requirements of the US tender offer rules.

The receipt of cash pursuant to the Proposal by a US holder of Scheme Shares as consideration for the cancellation of its Scheme Shares pursuant to the Proposal may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other tax laws. Each holder of Scheme Shares is urged to consult their independent professional adviser immediately regarding the potential tax consequences of the Proposal.

US holders of Scheme Shares may encounter difficulty enforcing their rights and any claims arising out of the US federal securities laws, as the Offeror and the Company are located in a country outside the United States and some or all of their officers and directors may be residents of a country other than the United States. US holders of Scheme Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, US holders of Scheme Shares may encounter difficulty compelling a non-US company and its affiliates to subject themselves to a US court's judgement.

17. TAXATION

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

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

It is emphasised that none of the Offeror, the Company, CMBI and their agents or any of their respective directors, officers or associates or any other person involved in the Scheme accepts responsibility or has any liability for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Scheme. All Scheme Shareholders and/or Beneficial Owners are

recommended to consult their professional advisers if in any doubt as to the taxation implications of the Proposal and they shall be solely responsible for their liabilities (including tax liabilities) in relation to the Scheme.

18. COURT MEETING AND THE EGM

In accordance with the directions of the Grand Court, the Court Meeting will be held for the purpose of considering and, if thought fit, passing a resolution to approve the Scheme (with or without modifications). Scheme Shareholders whose names appear on the register of members of the Company as at the Meeting Record Date will be entitled to attend and vote, in person or by proxy, at the Court Meeting, provided that only votes of Disinterested Shareholders will be counted for the purposes of determining whether the requirements set out in the section headed “7. Additional requirements as imposed by Rule 2.10 of the Takeovers Code” above in this Explanatory Memorandum are satisfied in accordance with the Takeovers Code. The Scheme will be subject to the approval by the Scheme Shareholders at the Court Meeting in the manner referred to in the subsection headed “Court Meeting” below.

As at the Latest Practicable Date, the Offeror and the Offeror Concert Parties, including Mr. Zhu and the Rollover Shareholders held 823,501,500 Shares (representing approximately 77.81% of the issued share capital of the Company). Such Shares held by the Offeror and the Offeror Concert Parties will not form part of the Scheme Shares and will not be cancelled and extinguished upon the Scheme becoming effective.

As the Offeror, Mr. Zhu and the Rollover Shareholders are not Scheme Shareholders, they will not vote on the Scheme at the Court Meeting or the Rollover Arrangement at the EGM. The Offeror, Mr. Zhu and the Rollover Shareholders will undertake to the Grand Court that they will be bound by the Scheme, so as to ensure that they will be subject to the terms and conditions of the Scheme.

Court Meeting

The Scheme is conditional upon, among other things, approval of the Scheme (by way of poll) by a majority in number of the Scheme Shareholders representing not less than 75% in value of the Scheme Shares held by the Scheme Shareholders present and voting in person or by proxy at the Court Meeting provided that:

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

Scheme Shareholders whose names appear in the register of members of the Company as at the Meeting Record Date shall be entitled to attend and vote, in person or by proxy, at the Court Meeting for the purposes of Cayman Islands law, provided that, for the purpose of satisfying the voting requirements described in (a) and (b) above (which are contained in and imposed by the Takeovers

Code), only the votes in respect of the Scheme Shares held by the Disinterested Shareholders present and voting either in person or by proxy, will be counted. In accordance with the Companies Act, the “75% in value” requirement, as described above, will be met if the total value of Scheme Shares being voted in favour of the Scheme is at least 75% of the total value of the Scheme Shares voted at the Court Meeting. In accordance with the Companies Act, the “majority in number” requirement, as described above, will be met if the number of Scheme Shareholders voting in favour of the Scheme exceeds the number of Scheme Shareholders voting against the Scheme at the Court Meeting. Only Scheme Shareholders whose Shares are registered in their own names in the register of members of the Company on the Meeting Record Date will be counted as members of the Company for the purpose of calculating whether or not a majority in number of Scheme Shareholders have approved the Scheme at the Court Meeting under Section 86 of the Companies Act.

In accordance with the direction from the Grand Court, for the purpose of calculating whether or not a majority in number of members of the Company have approved the Scheme at the Court Meeting under section 86 of the Companies Act, HKSCC Nominees shall be permitted to vote once for and once against the Scheme in accordance with the instructions received by it from the Investor Participants and other CCASS Participants. Thus, (i) if HKSCC Nominees receives instructions to vote for the Scheme and instructions to vote against the Scheme, it shall vote once for and once against the Scheme in accordance with such instructions, and be counted as one Shareholder under the votes “for” the Scheme and as one Shareholder under the votes “against” the Scheme; (ii) if HKSCC Nominees only receives instructions to vote for the Scheme, it shall vote once for the Scheme in accordance with such instructions, and be counted as one Shareholder under the votes “for” the Scheme; and (iii) if HKSCC Nominees only receives instructions to vote against the Scheme, it shall vote against the Scheme in accordance with such instructions, and be counted as one Shareholder under the votes “against” the Scheme. Beneficial Owners who wish to individually vote or be counted for the purpose of ascertaining whether a majority in number of Scheme Shareholders have approved the Scheme should make arrangements to withdraw their Scheme Shares (or a board lot) from CCASS and become registered as a member of the Company in their own name prior to the Meeting Record Date.

Notice of the Court Meeting is set out in Appendix IV to this Scheme Document. The Court Meeting will be held at 10:00 a.m. (Hong Kong time) on Wednesday, 15 September 2021 at Salon 4-6 of JW Marriott Ballroom, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong.

EGM

The EGM will be held at 11:00 a.m. (or, if later, as soon as practicable after the conclusion or adjournment of the Court Meeting) on Wednesday, 15 September 2021 for the purpose of considering and, if thought fit, passing, among other things, (i) a special resolution to approve and give effect to any reduction of the issued share capital of the Company as a result of cancelling and extinguishing the Scheme Shares, (ii) an ordinary resolution to simultaneously maintain the issued share capital of the Company at the amount prior to the cancellation and extinguishment of the Scheme Shares by applying the reserve created as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled and extinguished as a result of the Scheme for issue to the Offeror, and (iii) an ordinary resolution to

approve the Rollover Arrangements. All Shareholders whose names appear in the register of members of the Company as at the Meeting Record Date shall be entitled to attend and vote, in person or by proxy, at the EGM with respect to the resolutions referred to in (i) and (ii) above, but only Disinterested Shareholders shall be entitled to vote with respect to resolution referred to in (iii) above with the Offeror, Mr. Zhu and the Rollover Shareholders will not vote on the resolution referred to in (iii) above to approve the Rollover Arrangements.

The special resolution described in the paragraph above will be passed if not less than 75% of the votes cast by the Shareholders, present and voting in person or by proxy at the EGM, are in favour of the special resolution.

At the EGM, the special resolution will be put to the vote by way of poll as required under article 13.5 of the Company's articles of association and Rule 13.39 (4) of the Listing Rules. Each Shareholder present and voting, either in person or by proxy, will be entitled to vote all of such Shareholder's Shares in favour of (or against) the special resolution. Alternatively, such Shareholder may vote some of their Shares in favour of the special resolution and any of the balance of their Shares against the special resolution (and vice versa).

The Offeror and Mr. Zhu have indicated that if the Scheme is approved at the Court Meeting, other than the resolution to approve the Rollover Arrangement which will not be voted on by the Offeror and Mr. Zhu, those Shares held by them will be voted in favour of the resolutions to be proposed at the EGM. Other than the resolution to approve the Rollover Arrangement which will not be voted on by the Rollover Shareholders, as disclosed in the section titled "Rollover Arrangement" above, the Rollover Shareholders, who are also Offeror Concert Parties, have also undertaken in the Rollover Agreement that the Rollover Shares held by them will be voted in favour of the resolutions to be proposed at the EGM.

Notice of the EGM is set out in Appendix V to this Scheme Document. The EGM will be held at 11:00 a.m. (Hong Kong time) on Wednesday, 15 September 2021 (or, if later, as soon as practicable after the Court Meeting convened for the same day and place shall have been concluded or adjourned).

Assuming that the Conditions are fulfilled (or, as applicable, waived in whole or in part), it is expected that the Scheme will become effective on or about Thursday, 7 October 2021 (Cayman Islands time). Further announcements will be made giving details of the results of the Court Meeting and the EGM and, if all the resolutions are passed at those meetings, the result of the hearing of the petition for, among other things, the sanction of the Scheme and, to the extent necessary, confirmation of any reduction of the issued share capital of the Company associated with the Scheme by the Grand Court, the Scheme Record Date, the Effective Date, and the date of withdrawal of the listing of Shares on the Stock Exchange.

19. ACTIONS TO BE TAKEN**Action to be taken by Shareholders**

For the purpose of determining the entitlements of holders of Scheme Shares to attend and vote at the Court Meeting and the entitlements of the Shareholders (or the Disinterested Shareholders, as the case may be) to attend and vote at the EGM, the register of members of the Company will be closed from Friday, 10 September 2021 to Wednesday, 15 September 2021 (both days inclusive) and during such period, no transfer of Shares will be effected. In order to qualify to attend and vote at the Court Meeting and the EGM, all transfers accompanied by the relevant share certificates must be lodged with the Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Thursday, 9 September 2021.

A **pink** form of proxy for use at the Court Meeting and a **white** form of proxy for use at the EGM are enclosed with this Scheme Document. Subsequent purchasers of Shares will need to obtain the relevant proxy form from the transferor if they wish to attend or vote at the Court Meeting and/or the EGM.

Whether or not you are able to attend the Court Meeting and/or the EGM or any adjournment thereof in person, if you are a Scheme Shareholder, we strongly urge you to complete and sign the enclosed **pink** form of proxy in respect of the Court Meeting, and if you are a Shareholder (or a Disinterested Shareholder, as the case may be), we strongly urge you to complete and sign the enclosed **white** form of proxy in respect of the EGM, in accordance with the instructions printed thereon, and to lodge them at the office of the Share Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. **The pink form of proxy for use at the Court Meeting should be lodged no later than 48 hours before the time appointed for holding the Court Meeting or any adjournment thereof although it may be handed to the chairman of the Court Meeting at the Court Meeting who shall have absolute discretion as to whether or not to accept it. The white form of proxy for use at the EGM should be lodged no later than 48 hours before the time appointed for holding the EGM or any adjournment thereof in order to be accepted.** The completion and return of a form of proxy for the Court Meeting and/or the EGM will not preclude you from attending and voting in person at the relevant meeting or any adjournment thereof. In such event, the returned form of proxy will be revoked by operation of law.

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

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

The Company and the Offeror will make an announcement in relation to the results of the Court Meeting and the EGM by no later than 7:00 p.m. on Wednesday, 15 September 2021. If all the resolutions are passed at those meetings, further announcements will be made in relation to, among

other things, the results of the hearing of the petition to sanction the Scheme by the Grand Court and, if the Scheme is sanctioned, the Scheme Record Date, the Effective Date and the date of withdrawal of the listing of the Shares on the Stock Exchange in accordance with the requirements of the Takeovers Code and the Listing Rules.

Actions to be taken by Beneficial Owners whose Shares are held through trust or deposited in CCASS

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

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

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

The appointment of a proxy by the Registered Owner at the Court Meeting and/or the EGM shall be in accordance with all relevant provisions in the articles of association of the Company.

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

The completion and return of a form of proxy for the Court Meeting and/or the EGM will not preclude the Registered Owner from attending and voting in person at the relevant meeting or any adjournment thereof. In the event that the Registered Owner attends and votes at the relevant meeting or any adjournment thereof after having lodged his forms of proxy, the returned form of proxy will be revoked by operation of law.

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered under the name of HKSCC Nominees, you must, unless you are a CCASS Investor Participant, contact your broker, custodian, nominee, or other relevant person who is, or has, in turn, deposited such Shares with other CCASS Participants, regarding voting instructions to be given to such persons. If you wish to vote at the Court Meeting and/or at the EGM in respect of the Scheme, you should contact your broker, custodian, nominee or other relevant person in advance of the latest time for the lodgement of forms of proxy in respect of the Court Meeting and the EGM in order to provide such person with sufficient time to provide HKSCC Nominees with instructions or make arrangements with HKSCC Nominees in relation to the manner in which the Shares of the Beneficial Owner should be voted at the Court Meeting and/or the EGM. The procedure for voting in respect of the Scheme by HKSCC Nominees with respect to the Shares registered under the name of HKSCC Nominees shall be in accordance with the “General Rules of CCASS” and the “CCASS Operational Procedures” in effect from time to time.

In accordance with the direction from the Grand Court, for the purpose of calculating whether or not a majority in number of members of the Company have approved the Scheme at the Court Meeting under section 86 of the Companies Act, HKSCC Nominees shall be permitted to vote once for and once against the Scheme in accordance with the instructions received by it from the Investor Participants and other CCASS Participants. Thus, (i) if HKSCC Nominees receives instructions to vote for the Scheme and instructions to vote against the Scheme, it shall vote once for and once against the Scheme in accordance with such instructions, and be counted as one Shareholder under the votes “for” the Scheme and as one Shareholder under the votes “against” the Scheme; (ii) if HKSCC Nominees only receives instructions to vote for the Scheme, it shall vote once for the Scheme in accordance with such instructions, and be counted as one Shareholder under the votes “for” the Scheme; and (iii) if HKSCC Nominees only receives instructions to vote against the Scheme, it shall vote against the Scheme in accordance with such instructions, and be counted as one Shareholder under the votes “against” the Scheme.

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

Only Scheme Shareholders whose Shares are registered in their own names in the register of members of the Company on the Meeting Record Date will be counted as members of the Company for the purpose of calculating whether or not a majority in number of Scheme Shareholders have approved the Scheme at the Court Meeting under Section 86 of the Companies Act. HKSCC Nominees is the Registered Owner in respect of all Shares held in CCASS. In accordance with the

direction from the Grand Court, for the purpose of calculating whether or not a majority in number of members of the Company have approved the Scheme at the Court Meeting under section 86 of the Companies Act, HKSCC Nominees shall be permitted to vote once for and once against the Scheme in accordance with the instructions received by it from the Investor Participants and other CCASS Participants. Thus, (i) if HKSCC Nominees receives instructions to vote for the Scheme and instructions to vote against the Scheme, it shall vote once for and once against the Scheme in accordance with such instructions, and be counted as one Shareholder under the votes “for” the Scheme and as one Shareholder under the votes “against” the Scheme; (ii) if HKSCC Nominees only receives instructions to vote for the Scheme, it shall vote once for the Scheme in accordance with such instructions, and be counted as one Shareholder under the votes “for” the Scheme; and (iii) if HKSCC Nominees only receives instructions to vote against the Scheme, it shall vote against the Scheme in accordance with such instructions, and be counted as one Shareholder under the votes “against” the Scheme. Beneficial Owners who wish to individually vote or be counted for the purpose of ascertaining whether a majority in number of Scheme Shareholders have approved the Scheme should make arrangements to withdraw their Shares (or a board lot) from CCASS and become registered as a member of the Company in their own name prior to the Meeting Record Date.

SHAREHOLDERS (INCLUDING ANY BENEFICIAL OWNERS OF SUCH SHARES THAT GAVE VOTING INSTRUCTIONS TO A CUSTODIAN OR CLEARING HOUSE THAT SUBSEQUENTLY VOTED AT THE COURT MEETING) SHOULD NOTE THAT THEY ARE ENTITLED TO APPEAR BEFORE OR BE REPRESENTED AT THE HEARING OF THE PETITION IN THE GRAND COURT WHICH IS EXPECTED TO BE ON THURSDAY, 30 SEPTEMBER 2021 (CAYMAN ISLANDS TIME), AT WHICH THE COMPANY WILL SEEK, AMONG OTHER THINGS, THE SANCTION OF THE SCHEME.

EXERCISE YOUR RIGHT TO VOTE

IF YOU ARE A SHAREHOLDER OR A BENEFICIAL OWNER, THE OFFEROR AND THE COMPANY STRONGLY ENCOURAGE YOU TO EXERCISE YOUR RIGHT TO VOTE OR GIVE INSTRUCTIONS TO THE RELEVANT REGISTERED OWNER TO VOTE IN PERSON OR BY PROXY AT THE COURT MEETING AND AT THE EGM.

IF YOU WISH TO BE COUNTED INDIVIDUALLY IN THE CALCULATION OF THE “MAJORITY IN NUMBER” REQUIREMENT AT THE COURT MEETING, YOU SHOULD MAKE ARRANGEMENTS TO BECOME A REGISTERED OWNER OF SOME OR ALL OF YOUR SHARES PRIOR TO THE MEETING RECORD DATE. IF YOU KEEP ANY SHARES IN A SHARE LENDING PROGRAM, THE OFFEROR AND THE COMPANY URGE YOU TO RECALL ANY OUTSTANDING SHARES ON LOAN TO AVOID MARKET PARTICIPANTS USING BORROWED STOCK TO VOTE.

IF YOU ARE A BENEFICIAL OWNER WHOSE SHARES ARE DEPOSITED IN CCASS, THE OFFEROR AND THE COMPANY ENCOURAGE YOU TO PROVIDE HKSCC NOMINEES WITH INSTRUCTIONS OR MAKE ARRANGEMENTS WITH HKSCC NOMINEES IN RELATION TO THE MANNER IN WHICH THOSE SHARES SHOULD BE VOTED AT THE COURT MEETING AND/OR AT THE EGM WITHOUT DELAY AND/OR WITHDRAWN FROM CCASS AND TRANSFERRED AND REGISTERED INTO YOUR

OWN NAME (AS DETAILED IN THE SECTION “ACTIONS TO BE TAKEN – ACTIONS TO BE TAKEN BY BENEFICIAL OWNERS WHOSE SHARES ARE HELD THROUGH TRUST OR DEPOSITED IN CCASS” ABOVE).

IF YOU ARE A REGISTERED OWNER HOLDING SHARES ON BEHALF OF BENEFICIAL OWNERS, WE SHOULD BE GRATEFUL IF YOU WOULD INFORM THE RELEVANT BENEFICIAL OWNERS ABOUT THE IMPORTANCE OF EXERCISING THEIR RIGHT TO VOTE. YOU SHOULD ALSO REMIND THE RELEVANT BENEFICIAL OWNERS THAT IF THEY WISH TO BE COUNTED INDIVIDUALLY IN THE CALCULATION OF THE “MAJORITY IN NUMBER” REQUIREMENT AT THE COURT MEETING, THEY SHOULD MAKE ARRANGEMENTS TO BECOME A REGISTERED OWNER OF SOME OR ALL OF THEIR SHARES.

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

20. RECOMMENDATION

Your attention is drawn to the following:

- (i) the paragraph headed “Recommendation” in the “Letter from the Board” set out in Part IV of this Scheme Document;
- (ii) the letter from the Independent Board Committee set out in Part V of this Scheme Document;
and
- (iii) the letter from the Independent Financial Adviser set out in Part VI of this Scheme Document.

21. FURTHER INFORMATION

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

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

1. FINANCIAL SUMMARY

Set out below is a summary of the audited consolidated financial information of the Group for each of the three years ended 31 December 2018, 31 December 2019 and 31 December 2020 and the unaudited consolidated financial information of the Group for the six months ended 30 June 2020 and 30 June 2021. The figures for the years ended 31 December 2018, 31 December 2019 and 31 December 2020 are extracted from the annual reports of the Company for the respective years, and the figures for the six months ended 30 June 2020 and 30 June 2021 are extracted from the interim report of the Company for the six months ended 30 June 2020 and the interim results announcement dated 17 August 2021 for the six months ended 30 June 2021.

The auditor's reports issued by the auditors of the Company, PricewaterhouseCoopers, in respect of the audited consolidated financial statements of the Group for each of the three years ended 31 December 2018, 31 December 2019 and 31 December 2020 did not contain any modified opinion, emphasis of matter or material uncertainty related to going concern.

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

	For the six months ended 30 June 2021 US\$ (unaudited)	For the six months ended 30 June 2020 US\$ (unaudited)	For the year ended 31 December 2020 US\$ (audited)	For the year ended 31 December 2019 US\$ (audited)	For the year ended 31 December 2018 US\$ (audited)
Revenue	956,140,069	572,356,066	991,821,455	934,626,618	865,281,075
Cost of sales	<u>(745,853,259)</u>	<u>(413,759,620)</u>	<u>(729,175,733)</u>	<u>(686,627,056)</u>	<u>(634,712,787)</u>
Gross profit	210,286,810	158,596,446	262,645,722	247,999,562	230,568,288
-Selling and distribution expenses	(132,742,567)	(68,089,471)	(121,391,671)	(106,162,884)	(84,432,466)
-General and administrative expenses	(47,710,555)	(34,576,057)	(76,007,073)	(75,237,596)	(70,668,029)
-Net impairment losses on financial assets	4,097,882	(5,716,967)	(4,039,814)	(3,094,179)	(734,099)
Other income	11,872,044	6,542,941	15,146,823	14,808,080	17,764,192
Other expenses	(7,328,461)	(1,976,478)	(6,556,998)	(6,841,295)	(6,515,478)
Other (losses)/gains-net	11,650,636	(2,388,003)	1,093,364	3,821,357	(21,128,048)
Finance expenses-net	<u>(5,167,886)</u>	<u>(6,415,600)</u>	<u>(9,268,281)</u>	<u>(15,384,358)</u>	<u>(9,507,463)</u>
Profit before income tax	44,957,903	45,976,811	61,622,072	59,908,687	55,346,897
Income tax expense	<u>(9,509,891)</u>	<u>(10,226,520)</u>	<u>(11,678,568)</u>	<u>(12,332,781)</u>	<u>(11,799,064)</u>
Profit for the period	35,448,012	35,750,291	49,943,504	47,575,906	43,547,833
Attributable to					
-Shareholders of the Company	31,009,272	32,927,016	47,101,189	44,715,005	43,059,483
-Non-controlling interest	<u>4,438,740</u>	<u>2,823,275</u>	<u>2,842,315</u>	<u>2,860,901</u>	<u>488,350</u>

APPENDIX I
FINANCIAL INFORMATION OF THE GROUP

	For the six months ended 30 June 2021 US\$ (unaudited)	For the six months ended 30 June 2020 US\$ (unaudited)	For the year ended 31 December 2020 US\$ (audited)	For the year ended 31 December 2019 US\$ (audited)	For the year ended 31 December 2018 US\$ (audited)
Profit for the period	35,448,012	35,750,291	49,943,504	47,575,906	43,547,833
Other comprehensive income for the period that may be subsequently reclassified to profit or loss:					
Currency translation differences	<u>4,683,549</u>	<u>(7,346,657)</u>	<u>35,752,152</u>	<u>(8,960,340)</u>	<u>(21,769,189)</u>
Other comprehensive income for the period, net of tax	<u>4,683,549</u>	<u>(7,346,657)</u>	<u>35,752,152</u>	<u>(8,960,340)</u>	<u>(21,769,189)</u>
Total comprehensive income for the period	<u>40,131,561</u>	<u>28,403,634</u>	<u>85,695,656</u>	<u>38,615,566</u>	<u>21,778,644</u>
Attributable to					
-Shareholders of the Company	35,144,600	25,591,733	82,152,432	35,738,582	21,274,056
-Non-controlling interests	<u>4,986,961</u>	<u>2,811,901</u>	<u>3,543,224</u>	<u>2,876,984</u>	<u>504,588</u>
Earnings per share					
-Basic	2.93 cents	3.11 cents	4.45 cents	4.22 cents	4.07 cents
-Diluted	2.93 cents	3.11 cents	4.45 cents	4.22 cents	4.06 cents
Proposed dividend	N/A	N/A	14,182,439	8,890,484	13,018,209
Proposed dividend per share	<u>N/A</u>	<u>N/A</u>	<u>1.34 cents</u>	<u>0.84 cents</u>	<u>1.23 cents</u>

2. CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

The audited consolidated financial statements of the Company for the year ended 31 December 2018 (the “**2018 Financial Statements**”) are set out on pages 91 to 176 of the annual report of the Company for the year ended 31 December 2018 (the “**2018 Annual Report**”), which was published on 23 April 2019. The 2018 Annual Report is posted on the website of the Stock Exchange (www.hkexnews.hk). Please also see below a direct link to the 2018 Annual Report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0423/ltn20190423536.pdf>

The audited consolidated financial statements of the Company for the year ended 31 December 2019 (the “**2019 Financial Statements**”) are set out on pages 99 to 196 of the annual report of the Company for the year ended 31 December 2019 (the “**2019 Annual Report**”), which was published on 16 April 2020. The 2019 Annual Report is posted on the website of the Stock Exchange (www.hkexnews.hk). Please also see below a direct link to the 2019 Annual Report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0416/2020041600569.pdf>

The audited consolidated financial statements of the Company for the year ended 31 December 2020 (the “**2020 Financial Statements**”) are set out on pages 104 to 200 of the annual report of the Company for the year ended 31 December 2020 (the “**2020 Annual Report**”), which was published on 22 April 2021. The 2020 Annual Report is posted on the website of the Stock Exchange (www.hkexnews.hk). Please also see below a direct link to the 2020 Annual Report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0422/2021042200547.pdf>

The latest unaudited consolidated interim financial information of the Company for the six months period ended 30 June 2021 (the “**2021 Interim Financial Information**”) are set out on pages 3 to 28 of the interim results announcement of the Company for the six months period ended 30 June 2021 (the “**2021 Interim Results Announcement**”), which was published on 17 August 2021. The 2021 Interim Results Announcement is posted on the website of the Stock Exchange and the Company, please also see below a direct link to the 2021 Interim Results Announcement:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0817/2021081700950.pdf>

The 2018 Financial Statements, the 2019 Financial Statements, the 2020 Financial Statements and the 2021 Interim Financial Information (but not any other part of the 2018 Annual Report, the 2019 Annual Report, the 2020 Annual Report and the 2021 Interim Results Announcement in which they respectively appear) are incorporated by reference into this Scheme Document and form part of this Scheme Document.

3. ADJUSTED NET ASSET VALUE OF THE COMPANY

	<i>US' million</i>
Unaudited consolidated net asset value of the Group attributable to Shareholders as at 30 June 2021	527.0
Adjustments:	
– Net revaluation surplus arising of the properties held by the Group attributable to Shareholders as at 30 June 2021 (<i>Note 1</i>)	69.8
Adjusted net asset value attributable to Shareholders as at 30 June 2021	596.8
Adjusted net asset value per Share attributable to Shareholders as at 30 June 2021 (US\$) (<i>Note 2</i>)	0.56
Adjusted net asset value per Share attributable to Shareholders as at 30 June 2021 (HK\$) (<i>Note 3</i>)	4.38
Cancellation Price per Scheme Share (HK\$)	4.38

Notes:

1. This represents a revaluation surplus calculated by reference to the fair value of the properties of the Group as at 31 May 2021 as disclosed in the valuation report prepared by Cushman & Wakefield as set out in Appendix VI to this Scheme Document, net of the book value of such properties.
2. Calculated based on 1,058,391,000 shares as at the Latest Practicable Date.
3. Calculated based on an exchange rate of US\$1 = HK\$7.7646, being the spot rate quoted at 5:00 p.m. Hong Kong time on the 30 June 2021 on Bloomberg.

4. INDEBTEDNESS STATEMENT**Bank loans**

As at the close of business on 30 June 2021, being the latest practicable date for the purpose of preparing this indebtedness statement prior to the printing of this Scheme Document, the total bank borrowings of the Group amounted to approximately US\$291,116,176, and comprised (i) non-current borrowings of approximately US\$46,568,649; and (ii) current borrowings of approximately US\$244,547,527. The weighted average effective interest rate of the borrowings of the Group was 3.51% per annum.

Lease Liabilities

As at the close of business on 30 June 2021, the Group had lease liabilities of approximately US\$8,396,768 under International Financial Reporting Standard 16.

Contingent Liabilities

As at the close of business on 30 June 2021, the Group did not have any material contingent liabilities.

Save as aforesaid or as otherwise mentioned in this section and apart from intra-group liabilities and normal accounts payable and bills payable in the ordinary course of business, the Group did not have any outstanding mortgages, charges, guarantee and other contingent liabilities, debentures, loan capital and debt securities (issued and outstanding or agreed to issue), bank loans and overdrafts or other similar indebtedness, finance leases or hire purchase commitment, liabilities under acceptances (other than normal trade bills) or acceptance credits as at the close of business on 30 June 2021.

The Directors are not aware of any material changes in the indebtedness and contingent liabilities of the Group since 30 June 2021 (being the date to which the indebtedness statement is made) and up to the Latest Practicable Date.

5. MATERIAL CHANGE

The Directors confirm that, save and except for the following as disclosed in the Interim Results Announcement, there had been no material change in the financial or trading position or outlook of the Group since 31 December 2020, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date:

- (i) The Group's revenue during the six months ended 30 June 2021 increased by approximately 92.8% in annualised terms as compared to that for the year ended 31 December 2020, or by approximately 67.1% as compared to that for the six months ended 30 June 2020 mainly due to increased demand from its customers;
- (ii) The Group's gross profit margin during the six months ended 30 June 2021 decreased to approximately 22.0% as compared to approximately 27.7% for the year ended 31 December 2020 mainly due to increase in raw material prices and appreciation of RMB against USD;
- (iii) The Group recorded realised gains on foreign exchange forward contracts of approximately US\$15.2 million during the six months ended 30 June 2021; and
- (iv) The Group's bank borrowings increased to approximately US\$291.1 million as at 30 June 2021 from approximately US\$225.4 million as at 31 December 2020 mainly due to increase in operation scale.

1. RESPONSIBILITY STATEMENTS

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

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

2. ISSUED SHARES OF THE COMPANY

As at the Latest Practicable Date:

- (A) the authorised share capital of the Company was HK\$100,000,000 divided into 10,000,000,000 Shares, and the issued and paid-up shares of the Company comprised 1,058,391,000 Shares.
- (B) all of the Shares ranked *pari passu* in all respects as regards rights to capital, dividends and voting.
- (C) no new Shares had been issued since 31 December 2020, being the end of the last financial year of the Company.
- (D) there were no options, derivatives, warrants or other securities (as defined in Note 4 to Rule 22 of the Takeovers Code) issued by the Company that carry a right to subscribe for or which are convertible into Shares.

3. MARKET PRICES

The table below sets out the closing price of the Shares on the Stock Exchange on (i) the last Business Day of each of the calendar months during the period commencing six months preceding the Announcement Date and ending on the Latest Practicable Date, (ii) the Last Trading Day, and (iii) the Latest Practicable Date:

Date	Closing price for each Share (HK\$)
31 December 2020	1.69
29 January 2021	2.15
26 February 2021	2.16
31 March 2021	2.43
30 April 2021	2.51
31 May 2021	3.25
22 June 2021 (Last Trading Day)	3.45
30 June 2021	4.08
30 July 2021	4.18
20 August 2021 (Latest Practicable Date)	4.18

The lowest and highest closing prices of Shares as quoted on the Stock Exchange during the period commencing six months preceding the Announcement Date and ending on the Latest Practicable Date were HK\$1.69 per Share on 28 and 31 December 2020 and HK\$4.22 per Share on 19 July 2021, respectively.

4. DISCLOSURE OF INTERESTS

For the purpose of this paragraph, “interested” have the same meanings as given to them in Part XV of the Securities and Futures Ordinance.

- (A) As at the Latest Practicable Date, the Offeror and the Offeror Concert Parties were interested in the following Shares:

	Number of Shares	Approximate % of issued Shares
Offeror	574,706,132	54.30
Mr. Zhu	7,648,500	0.72
Outland Enterprise	64,297,233	6.07
MSNKS	10,060,000	0.95
MSNKS II	142,882,740	13.50
Mr. Nowak	12,000,000	1.13
Mr. Fumagalli	11,906,895	1.13
Total	823,501,500	77.81

- (B) Save as disclosed above, as at the Latest Practicable Date, none of the Offeror and the Offeror Concert Parties (including the sole director of the Offeror) owned or controlled, or was interested in, any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares. Save for (i) the dealings in the Shares by CMBI group which are conducted on a non-discretionary basis for and on behalf of its clients and (ii) the cancellation of 500,000, 400,000 and 600,000 Options without exercise previously held by Mr. Duan Kaifeng, Mr. Liu Feng, and Mr. Tan Guozheng respectively, on 16 April 2021, none of the Offeror and the Offeror Concert Parties had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares during the Relevant Period.
- (C) As at the Latest Practicable Date, none of the Offeror and the Offeror Concert Parties had borrowed or lent any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares, save for any borrowed Shares which have been either on-lent or sold.
- (D) As at the Latest Practicable Date, save for the Rollover Shareholders, no person had irrevocably committed themselves to accept or reject, or vote in favour or against, the Proposal, and the Rollover Shareholders have not dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares during the Relevant Period.
- (E) As at the Latest Practicable Date, the Rollover Shareholders, which has entered into the Rollover Agreement with the Offeror (being an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code that existed between any person and the Offeror) was interested in 241,146,868 Shares in aggregate (i.e. approximately 22.78% of the shareholding in the Company).

- (F) As at the Latest Practicable Date, save that Mr. Zhu held 92 shares in Great Access (representing 92% of the shareholding in Great Access) which in turn owns all the shares in the Offeror, none of the Company and the Directors owned or controlled, or was interested in, any shares of the Offeror or any convertible securities, warrants, options or derivatives in respect of any shares of the Offeror, and no such person had dealt for value in any shares of the Offeror or any convertible securities, warrants, options or derivatives in respect of any shares of the Offeror during the Relevant Period.
- (G) As at the Latest Practicable Date, the following Director was interested in the following Shares:

	Number of Shares	Approximate % of issued Shares
Mr. Zhu	7,648,500	0.72
The Offeror (<i>Note 1</i>)	574,706,132	54.30

Note 1: The Offeror is wholly owned by Great Access, which in turn is owned as to 92% by Mr. Zhu.

The Offeror and Mr. Zhu have indicated that if the Scheme is approved at the Court Meeting, other than the resolution to approve the Rollover Arrangement which will not be voted on by the Offeror and Mr. Zhu, those Shares held by them will be voted in favour of the resolutions to be proposed at the EGM.

- (H) Save as disclosed in paragraphs 4(A) and 4(B) of this Appendix II, none of the Directors was interested in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares, and no such person had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares during the Relevant Period.
- (I) As at the Latest Practicable Date, no subsidiary of the Company, pension fund of the Company or of any subsidiary of the Company or advisor of the Company as specified in class (5) of the definition of acting in concert or class (2) of the definition of associate under the Takeovers Code (but excluding any exempt principal traders and exempt fund managers) owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares, and no such person had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares during the period commencing on the Announcement Date and ending on the Latest Practicable Date, both days inclusive.
- (J) As at the Latest Practicable Date, no fund managers connected with the Company (other than exempt fund managers) owned or controlled any Shares or convertible securities, warrants, options or derivatives in respect of any Shares, in each case which are managed on a discretionary basis, and no such person had dealt for value in the Shares or convertible securities, warrants, options or derivatives in respect of any Shares during the period commencing on the Announcement Date and ending on the Latest Practicable Date, both days inclusive.

- (K) As at the Latest Practicable Date, none of the Company or any Director has borrowed or lent any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares, save for any borrowed Shares which have been either on-lent or sold.

5. ARRANGEMENTS IN CONNECTION WITH THE PROPOSAL

5.1 Arrangements affecting Directors

As at the Latest Practicable Date:

- (A) no benefit would be given to any Director as compensation for loss of office or otherwise in connection with the Proposal;
- (B) there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Proposal or otherwise connected with the Proposal; and
- (C) there was no material contract entered into by the Offeror in which any Director has a material personal interest.

5.2 Arrangements with the Offeror in connection with the Proposal

As at the Latest Practicable Date:

- (A) save that the Offeror will charge all Shares obtained under the Scheme upon the Scheme becoming effective in favour of CMB International Securities Limited in connection with the loan facility granted by CMB International Finance Limited for the financing of the Proposal, the Offeror had no intention to transfer, charge or pledge any securities in the Company acquired pursuant to the Scheme to any other person, and had no agreement, arrangement or understanding with any third party to do so;
- (B) as at the Latest Practicable Date, save for the Rollover Agreement, the Offeror and the Company are not aware of any understanding, arrangement or agreement which constitute a special deal (as defined under Rule 25 of the Takeover Code) between (i) any Shareholder; and (ii) either (a) the Offeror or any Offeror Concert Parties or (b) the Company, its subsidiaries or associated companies;
- (C) save for the Rollover Agreement, there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code that existed between any person and the Offeror or any Offeror Concert Party;
- (D) save for the Rollover Agreement, there was no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror or any Offeror Concert Party on the one hand and any of the Directors, recent Directors, Shareholders or recent Shareholders on the other hand having any connection with or dependence upon the Proposal; and

- (E) save for the Rollover Agreement, there was no agreement or arrangement to which the Offeror was a party which related to the circumstances in which it may or may not invoke or seek to invoke a condition to the Proposal.

5.3 Arrangements with the Company in connection with the Proposal

As at the Latest Practicable Date, there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code that existed 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 under the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of associate under the Takeovers Code.

6. MATERIAL LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

7. SERVICE CONTRACTS

Save as disclosed below, as at the Latest Practicable Date, none of the Directors had entered into any service contract with the Company or any of its subsidiaries or associated companies which (i) (including both continuous and fixed-term contracts) had been entered into or amended within the 6 months before the date of the Announcement; (ii) was a continuous contract with a notice period of 12 months or more; or (iii) was a fixed term contract with more than 12 months to run irrespective of the notice period:

Name of the Director under contract	Date of the contract	Expiry date of the contract	Amount of fixed remuneration payable, excluding arrangements for pension payments	Amount of any variable remuneration payable under the contract
Mr. Zhang Zhu	22 June 2021	22 June 2024	RMB230,000 per annum	N/A

8. MATERIAL CONTRACTS

There has been no material contracts (not being contracts entered into the ordinary course of business carried on or intended to be carried on by any member of the Group) entered into by a member of the Group after the date two years before the Announcement Date up to and including the Latest Practicable Date.

9. EXPERTS AND CONSENTS

The following are the qualifications of each of the experts who has given opinions or advice which are contained in this Scheme Document:

Name	Qualification
CMBI	a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Altus	a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
Cushman & Wakefield Limited	Independent property valuer

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

10. MISCELLANEOUS

- (A) Principal members of the Offeror Concert Group include the Offeror and Mr. Zhu.
- (B) The registered office of the Offeror is situated at Commerce House, Wickhams Cay 1, P. O. Box 3140, Road Town, Tortola, British Virgin Islands, and the correspondence address of the Offeror is situated at Suite 713, 7/F, East Wing, Tsim Sha Tsui Centre, 66 Mody Road, Tsim Sha Tsui, Kowloon, Hong Kong.
- (C) The sole director of the Offeror is Mr. Zhu Qiang, and the correspondence address of Mr. Zhu Qiang is situated at Suite 713, 7/F, East Wing, Tsim Sha Tsui Centre, 66 Mody Road, Tsim Sha Tsui, Kowloon, Hong Kong.
- (D) CMBI is the financial adviser to the Offeror in relation to the Proposal, and its registered address is at 45/F., Champion Tower, 3 Garden Road, Central, Hong Kong.
- (E) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the correspondence address of the Company is situated at Suite 713, 7/F, East Wing, Tsim Sha Tsui Centre, 66 Mody Road, Tsim Sha Tsui, Kowloon, Hong Kong.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (i) on the website of the Securities and Futures Commission (www.sfc.hk); (ii) on the website of the Company (www.bestwaycorp.com); and (iii) (during normal business hours from 9:00 a.m. to 5:00 p.m. (except Saturdays, Sundays and gazetted public holidays in Hong Kong)) (Hong Kong time) at the head office of the Company at Suite 713, 7/F, East Wing, Tsim Sha Tsui Centre, 66 Mody Road, Tsim Sha Tsui, Kowloon, Hong Kong, from the date of this Scheme Document until the Effective Date or the date on which the Scheme lapses or is withdrawn:

- (A) the articles of association of the Company;
- (B) the articles of association of the Offeror;
- (C) the annual reports of the Company for each of the years ended 31 December 2018, 31 December 2019 and 31 December 2020;
- (D) the interim report of the Company for the six months ended 30 June 2020;
- (E) the interim results announcement of the Company for the six months ended 30 June 2021;
- (F) the letter from the Board, the text of which is set out in Part IV of this Scheme Document;
- (G) the letter from the Independent Board Committee, the text of which is set out in Part V of this Scheme Document;
- (H) the letter from the Independent Financial Adviser, the text of which is set out in Part VI of this Scheme Document;
- (I) service contracts referred to in the section headed “7. Service Contracts” in this Appendix II to this Scheme Document;
- (J) written consents referred to in the section headed “9. Experts and consents” in this Appendix II to this Scheme Document;
- (K) the Rollover Agreement; and
- (L) this Scheme Document.

**IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION**

Cause No. FSD 208 of 2021 (DDJ)

**IN THE MATTER OF SECTIONS 15 AND 86 OF THE COMPANIES ACT (2021
REVISION) (AS AMENDED)
AND IN THE MATTER OF THE GRAND COURT RULES 1995 ORDER 102
AND IN THE MATTER OF BESTWAY GLOBAL HOLDING INC.
榮威國際控股有限公司**

SCHEME OF ARRANGEMENT

Between

**BESTWAY GLOBAL HOLDING INC.
榮威國際控股有限公司**

and

**THE SCHEME SHAREHOLDERS
(as hereinafter defined)**

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

“acting in concert”	has the meaning ascribed to it in the Takeovers Code and “concert party” shall be construed accordingly
“Board”	the board of Directors
“Business Day”	a day other than a Saturday, Sunday or a public holiday in Hong Kong or the Cayman Islands
“Cancellation Price”	the cancellation price of HK\$4.38 for every Scheme Share cancelled and extinguished payable in cash to the Scheme Shareholders pursuant to the Scheme of Arrangement
“CMBI”	CMB International Capital Limited, the financial adviser to the Offeror. CMBI is a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities

“Conditions”	the conditions to the implementation of the Proposal and the Scheme of Arrangement as described in the section headed “4. Conditions of the Proposal and the Scheme” in the explanatory memorandum of the Scheme Document
“Companies Act”	the Companies Act (2021 Revision) (as amended) of the Cayman Islands
“Company”	Bestway Global Holding Inc. 榮威國際控股有限公司, an exempted company incorporated in the Cayman Islands on 25 June 2012, the Shares are currently listed on the Main Board of the Stock Exchange (stock code: 3358)
“Court Meeting”	a meeting of the Scheme Shareholders convened at the direction of the Grand Court at which the Scheme of Arrangement will be voted upon
“Director”	a director of the Company
“Effective Date”	the date on which the Scheme of Arrangement, if approved and sanctioned by the Grand Court, becomes effective in accordance with its terms and the Companies Act, being the date on which a copy of the order of the Grand Court sanctioning, among others, the Scheme of Arrangement is delivered to the Registrar of Companies in the Cayman Islands for registration pursuant to section 86(3) of the Companies Act, which is expected to be Thursday, 7 October 2021 (Cayman Islands time)
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate thereof
“Grand Court”	the Grand Court of the Cayman Islands
“Great Access”	Great Access Industry Inc., a company incorporated in British Virgin Islands with limited liability and owned as to 92% by Mr. Zhu and 8% by his son, Mr. Zhu Jiachen
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Board Committee”	the independent board committee of the Company established by the Board to make a recommendation to the Independent Shareholders in respect of, among others, the Proposal and the Scheme of Arrangement, comprising Mr. Dai Guoqiang, Mr. Lam Yiu Kin and Mr. Zhang Zhu, being all of the independent non-executive Directors
“Independent Financial Adviser”	Altus Capital Limited, a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee in respect of, among others, the Proposal and the Scheme of Arrangement
“Independent Shareholders”	all the Shareholders other than the Offeror, Mr. Zhu, M. S. N. K. S. INVESTMENTS LLC, MSNKS Investments II, LLC, Mr. Bogdan Nowak, Outland Enterprise Company Limited, Mr. Patrizio Fumagalli and any person acting in concert with the Offeror
“Latest Practicable Date”	20 August 2021, being the latest practicable date prior to the printing of the Scheme Document for ascertaining certain information contained herein
“Mr. Zhu”	Mr. Zhu Qiang, an executive Director, the Chief Executive Officer and the Chairman of the Board, who is also the sole director of the Offeror and Great Access
“Offeror”	Great Success Enterprises Holdings Limited, a company incorporated in British Virgin Islands with limited liability and wholly owned by Great Access
“Offeror Concert Parties”	parties acting in concert or presumed to be acting in concert with the Offeror under the definition of “acting in concert” under the Takeovers Code, including Mr. Zhu, M. S. N. K. S. INVESTMENTS LLC, MSNKS Investments II, LLC, Mr. Bogdan Nowak, Outland Enterprise Company Limited, Mr. Patrizio Fumagalli as at the Latest Practicable Date
“Proposal”	the proposal for the privatisation of the Company by the Offeror by way of the Scheme of Arrangement, and the withdrawal of the listing of the Shares from the Stock Exchange, on the terms and subject to the conditions set out in the Scheme Document

“Register”	the principal or branch register of members of the Company (as the case may be) in respect of the Shares
“Scheme Court Meeting Record Date”	Wednesday, 15 September 2021, or such other date as may be announced to, among others, the Scheme Shareholders, being the record date for the purpose of determining the entitlement of the Scheme Shareholders to attend and vote at the Court Meeting
“Scheme Document”	the composite scheme document of the Company and the Offeror issued to, among others, the Scheme Shareholders containing, inter alia, further details of the Proposal
“Scheme of Arrangement”	a scheme of arrangement between the Company and the Scheme Shareholders under Section 86 of the Companies Act (subject to satisfaction (or waiver as applicable) of the Conditions) involving the cancellation and extinguishment of the Scheme Shares and the simultaneous restoration of the number of issued Shares in the share capital of the Company to the number prior to the cancellation and extinguishment of the Scheme Shares
“Scheme Record Date”	Thursday, 7 October 2021 or such other date as shall have been announced to, among others, the Scheme Shareholders, being the record date for the purpose of determining the entitlement of the Scheme Shareholders to the Cancellation Price upon the Scheme of Arrangement becoming effective
“Scheme Share(s)”	Share(s) in issue other than those directly or indirectly held by the Offeror, Mr. Zhu, M. S. N. K. S. INVESTMENTS LLC, MSNKS Investments II, LLC, Mr. Bogdan Nowak, Outland Enterprise Company Limited and Mr. Patrizio Fumagalli
“Scheme Shareholders”	holders of Scheme Shares, which will comprise the Independent Shareholders
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Shareholder(s)”	registered holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.01 par value each in the share capital of the Company

- “Stock Exchange” The Stock Exchange of Hong Kong Limited
- “Takeovers Code” The Code on Takeovers and Mergers in Hong Kong
- (B) The Company was incorporated as an exempted company on 25 June 2012 with limited liability in the Cayman Islands under the Companies Act.
- (C) The Company has an authorised share capital of HK\$100,000,000 divided into 10,000,000,000 Shares of par value of HK\$0.01 each.
- (D) The Offeror, which is ultimately owned by Mr. Zhu as to 92% and his son, Mr. Zhu Jiachen, as to 8%, has proposed the privatisation of the Company by way of the Scheme of Arrangement.
- (E) The primary purpose of the Scheme of Arrangement is to privatise the Company by cancelling and extinguishing all of the Scheme Shares in consideration for the Cancellation Price so that after the completion of the Scheme of Arrangement, the Offeror, together with Mr. Zhu, M. S. N. K. S. INVESTMENTS LLC, MSNKS Investments II, LLC, Mr. Bogdan Nowak, Outland Enterprise Company Limited and Mr. Patrizio Fumagalli will own the entire issued share capital of the Company. Simultaneously with the cancellation and extinguishment of the Scheme Shares, the issued share capital of the Company will be restored to its former amount by the issue to the Offeror credited as fully paid at par such number of new Shares as is equal to the number of Scheme Shares cancelled and extinguished.
- (F) As at the Latest Practicable Date, 823,501,500 Shares were legally and/or beneficially owned by the Offeror, Mr. Zhu, M. S. N. K. S. INVESTMENTS LLC, MSNKS Investments II, LLC, Mr. Bogdan Nowak, Outland Enterprise Company Limited and Mr. Patrizio Fumagalli and registered as follows:

Shareholders	As at the Latest Practicable Date		As at the Effective Date	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Offeror	574,706,132	54.30	809,595,632	76.49
Offeror Concert Parties not subject to the Scheme of Arrangement				
Mr. Zhu	7,648,500	0.72	7,648,500	0.72
M. S. N. K. S. INVESTMENTS LLC	10,060,000	0.95	10,060,000	0.95
MSNKS Investments II, LLC	142,882,740	13.50	142,882,740	13.50
Mr. Bogdan Nowak	12,000,000	1.13	12,000,000	1.13
Outland Enterprise Company Limited	64,297,233	6.07	64,297,233	6.07
Mr. Patrizio Fumagalli	11,906,895	1.13	11,906,895	1.13
Subtotal (aggregate number of Shares not voting on the Scheme of Arrangement)	823,501,500	77.81	1,058,391,000	100

Shareholders	As at the Latest Practicable Date		As at the Effective Date	
	Number of Shares	%	Number of Shares	%
Scheme Shareholders who are independent of the Offeror	234,889,500	22.19	–	–
Total Shares in issue	1,058,391,000	100	1,058,391,000	100
Total number of Scheme Shares (which represent all issued Shares except for those held by the Offeror, Mr. Zhu, M. S. N. K. S. INVESTMENTS LLC, MSNKS Investments II, LLC, Mr. Bogdan Nowak, Outland Enterprise Company Limited and Mr. Patrizio Fumagalli)	234,889,500	22.19	–	–

* All percentages in the above table are approximations.

- (G) The Offeror, Mr. Zhu, M. S. N. K. S. INVESTMENTS LLC, MSNKS Investments II, LLC, Mr. Bogdan Nowak, Outland Enterprise Company Limited and Mr. Patrizio Fumagalli (being Offeror Concert Parties holding Shares in the Company) will procure that any Shares in respect of which they are legally or beneficially interested will not be represented or voted at the Court Meeting convened at the direction of the Grand Court for the purpose of considering and, if thought fit, approving the Scheme of Arrangement. Only the Scheme Shareholders (who are also Independent Shareholders) will attend and vote at the Court Meeting.
- (H) Each of the Offeror, Mr. Zhu, M. S. N. K. S. INVESTMENTS LLC, MSNKS Investments II, LLC, Mr. Bogdan Nowak, Outland Enterprise Company Limited and Mr. Patrizio Fumagalli has undertaken to the Grand Court to be bound by the terms of the Scheme of Arrangement and to execute and do and procure to be executed and done all such documents, acts and things as may be necessary or desirable for the purpose of giving effect to and satisfying its obligations under the Scheme of Arrangement.

SCHEME OF ARRANGEMENT
PART I

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

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

PART II

Consideration for the cancellation and extinguishment of the Scheme Shares

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

for each Scheme Share cancelled and extinguished HK\$4.38 in cash

PART III

General

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

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

5. All mandates, representations, warranties, undertakings or relevant instructions to or by the Company in force on the Scheme Record Date relating to any of the Scheme Shares shall cease to be valid as effective mandates, representations, warranties, undertakings or instructions on the Effective Date.
6. The Scheme of Arrangement shall become effective as soon as a copy of the order of the Grand Court sanctioning the Scheme of Arrangement has been delivered to the Registrar of Companies in the Cayman Islands for registration pursuant to section 86(3) of the Companies Act.
7. Unless the Scheme of Arrangement shall have become effective on or before 29 December 2021 or such later date as the Offeror and the Company may agree in writing or, to the extent applicable, as the Grand Court on application of the Offeror or the Company may direct and in all cases, as permitted by the Executive, the Scheme of Arrangement shall lapse and be of no effect.
8. The Company and the Offeror may, subject to the approval of the Grand Court and as the Executive may consent, jointly consent to any modification of or addition to the Scheme of Arrangement or to any condition contained therein.
9. The Offeror and the Company have agreed that all costs, charges and expenses of the advisers and counsels appointed by the Company, including the Independent Financial Adviser, will be borne by the Company whereas all costs, charges and expenses of the advisers and counsels appointed by Offeror will be borne by the Offeror, and other costs, charges and expenses of the Scheme of Arrangement will be shared between the Offeror and the Company equally.

Date: 23 August 2021

**IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION**

Cause No. FSD 208 of 2021 (DDJ)

**IN THE MATTER OF SECTIONS 15 AND 86 OF THE COMPANIES ACT (2021
REVISION) (AS AMENDED)
AND IN THE MATTER OF THE GRAND COURT RULES 1995 ORDER 102
AND IN THE MATTER OF BESTWAY GLOBAL HOLDING INC.
榮威國際控股有限公司**

NOTICE OF COURT MEETING

NOTICE IS HEREBY GIVEN that, by an order dated 3 August 2021 (the “**Order**”) made in the above matter, the Grand Court of the Cayman Islands (the “**Court**”) has directed a meeting (the “**Court Meeting**”) to be convened of the Scheme Shareholders (as defined in the Scheme of Arrangement hereinafter mentioned) for the purpose of considering and, if thought fit, approving (voting together as a single class), a scheme of arrangement (the “**Scheme of Arrangement**”) proposed to be made between Bestway Global Holding Inc. 榮威國際控股有限公司 (the “**Company**”) and the Scheme Shareholders (as defined in the Scheme of Arrangement) and that the Court Meeting will be held at Salon 4-6 of JW Marriott Ballroom, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Wednesday, 15 September 2021 at 10:00 a.m. (Hong Kong time) at which place and time all Scheme Shareholders are invited to attend.

A copy of the Scheme of Arrangement and a copy of an explanatory memorandum explaining the effect of the Scheme of Arrangement are incorporated in the composite scheme document of which this Notice forms part. A copy of the composite scheme document can also be obtained by the Scheme Shareholders from the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at 17M/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.

Scheme Shareholders may vote in person at the Court Meeting or they may appoint another person (who must be an individual), whether a member of the Company or not, to attend, speak and vote in their stead. A **pink** form of proxy for use at the Court Meeting (or any adjournment thereof) is enclosed with the composite scheme document dated 23 August 2021 despatched to, among others, the Scheme Shareholders on 23 August 2021. Completion and return of the **pink** form of proxy will not prevent an Scheme Shareholder from attending and voting at the Court Meeting, or any adjournment thereof, in person if he/she wishes to do so and in such event, the **pink** form of proxy previously submitted shall be deemed to have been revoked by operation of law.

In the case of Scheme Shareholders jointly holding ordinary shares of HK\$0.01 par value each in the share capital of the Company (the “**Shares**”), any one of such persons may vote at the Court Meeting, either personally or by proxy, in respect of such Share as if he/she was solely entitled thereto. However, if more

than one of such joint holders be present at the Court Meeting personally or by proxy, that one of the said persons so present (whether in person or by proxy) whose name stands first on the Register of Members of the Company shall alone be entitled to vote in respect of such joint holding of Shares at the Court Meeting.

It is requested that **pink** forms appointing proxies be deposited at the Hong Kong branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 10:00 a.m. on Monday, 13 September 2021, but if forms are not so lodged they may be handed to the chairman of the Court Meeting at the Court Meeting before the taking of the poll and the chairman of the Court Meeting should have absolute discretion whether or not to accept them.

By the Order, the Court has appointed Lam Yiu Kin, a director of the Company, or failing whom, Zhang Zhu, also a director of the Company, or failing whom, any other person who is a director of the Company as at the date of the Court Meeting, to act as the chairman of the Court Meeting and has directed the chairman of the Court Meeting to report the results of the Court Meeting to the Court.

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

On behalf of the Court
Bestway Global Holding Inc.
榮威國際控股有限公司
Liu Feng
Director

Hong Kong, 23 August 2021

Registered Office:

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

Principal Place of Business in Hong Kong:

Suite 713, 7/F
East Wing, Tsim Sha Tsui Centre
66 Mody Road
Tsim Sha Tsui, Kowloon
Hong Kong

Notes:

- (1) A Scheme Shareholder entitled to attend and vote at the Court Meeting is entitled to appoint one, and if such Scheme Shareholder is the holder of two or more Shares, more than one proxy (who must be an individual) to attend and vote instead of him. A proxy need not be a member of the Company, but must attend the Court Meeting in person to represent him.
- (2) A **pink** form of proxy for use at the Court Meeting (or any adjournment thereof) is enclosed with the composite scheme document containing the Scheme of Arrangement dated 23 August 2021 despatched to, among others, the Scheme Shareholders.
- (3) In order to be valid, the **pink** form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notorially certified copy thereof, must be lodged with Computershare Hong Kong Investor Services Limited, the Company's Hong Kong branch share registrar and transfer office, at 17M/F, Hopewell Centre, 183

Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time for holding the Court Meeting or any adjournment thereof but if forms are not so lodged they may be handed to the chairman of the Court Meeting at the Court Meeting before the taking of the poll and the chairman of the Court Meeting should have absolute discretion whether or not to accept them. Completion and return of the **pink** form of proxy will not preclude a Scheme Shareholder from attending the Court Meeting and voting in person if he so wishes. In the event that a Scheme Shareholder attends and votes at the Court Meeting after having lodged his **pink** form of proxy, his **pink** form of proxy shall be deemed to have been revoked by operation of law.

- (4) In the case of joint Scheme Shareholders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and, for this purpose, seniority will be determined by the order in which the names stand in the Register of Members of the Company in respect of the relevant joint holding of the Shares with the one of the said persons so present (whether in person or by proxy) whose name stands first on the Register of Members of the Company shall alone be entitled to vote in respect of such joint holding of Shares at the Court Meeting.
- (5) Voting at the Court Meeting will be taken by poll as required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and The Hong Kong Code on Takeovers and Mergers.
- (6) The Register of Members of the Company in respect of the Shares will be closed from Friday, 10 September 2021 to Wednesday, 15 September 2021 (both days inclusive) and during such period no transfer of Shares will be registered. In order to be entitled to attend and vote at the Court Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 9 September 2021.



Bestway Global Holding Inc.

榮威國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3358)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of holders of ordinary shares of HK\$0.01 par value each (the “Shares”) in the share capital of Bestway Global Holding Inc. 榮威國際控股有限公司 (the “Company”) will be held at Salon 4-6 of JW Marriott Ballroom, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Wednesday, 15 September 2021, at 11:00 a.m. (Hong Kong time) (or, if later, as soon as practicable after the conclusion or the adjournment of the meeting of the Scheme Shareholders (as defined in the Scheme of Arrangement hereinafter mentioned) convened at the direction of the Grand Court of the Cayman Islands for the same day and place), for the purpose of considering and, if thought fit, passing the following resolutions:

SPECIAL RESOLUTION

1. **“THAT:**
 - (a) pursuant to a scheme of arrangement dated 23 August 2021 (the “**Scheme of Arrangement**”) between the Company and the Scheme Shareholders (as defined in the Scheme of Arrangement) in the form of the print thereof, which has been produced to this meeting and for the purposes of identification signed by the chairman of this meeting, or in such other form and on such terms and conditions as may be approved or imposed by the Grand Court of the Cayman Islands, on the Effective Date (as defined in the Scheme of Arrangement), the issued shares in the share capital of the Company shall be reduced by the cancellation and extinguishment of the Scheme Shares (as defined in the Scheme of Arrangement); and
 - (b) any one of the directors of the Company be and is hereby authorised to do all acts and things considered by him to be necessary or desirable in connection with the implementation of the Scheme of Arrangement and the reduction of the number of issued shares in the share capital of the Company pursuant to the Scheme of Arrangement, including (without limitation) giving consent to any modification of, or addition to, the Scheme of Arrangement or the reduction of the number of issued shares in the share capital of the Company which the Grand Court of the Cayman Islands may see fit to impose.”

ORDINARY RESOLUTIONS

2. **“THAT:**
- (a) subject to and simultaneously with the cancellation and extinguishment of the Scheme Shares referred to in resolution 1(a) taking effect, the number of issued shares in the share capital of the Company be restored to its former amount by allotting and issuing to the Offeror (as defined in the Scheme of Arrangement), credited as fully paid at par, the same number of new ordinary shares of HK\$0.01 each in the share capital of the Company as is equal to the number of Scheme Shares cancelled and extinguished;
 - (b) the credit arising in the books of account of the Company consequent upon the reduction of its issued share capital resulting from the cancellation and extinguishment of the Scheme Shares referred to in resolution 1(a) shall be applied by the Company in paying up in full at par the new ordinary shares allotted and issued to the Offeror pursuant to resolution 2(a) above, and any one of the directors of the Company be and is hereby authorised to allot and issue the same accordingly; and
 - (c) any one of the directors of the Company be and is hereby authorised to do all acts and things considered by him to be necessary or desirable in connection with the implementation of the Scheme of Arrangement and the restoration of capital pursuant to the Scheme of Arrangement, including (without limitation) the giving of consent to any modification of, or addition to, the Scheme of Arrangement or the restoration of capital, which the Grand Court of the Cayman Islands may see fit to impose.”
3. **“THAT** the rollover arrangement between the Offeror, M. S. N. K. S. INVESTMENTS LLC, MSNKS Investments II, LLC, Mr. Bogdan Nowak, Outland Enterprise Company Limited and Mr. Patrizio Fumagalli under the rollover agreement entered into among them on 25 June 2021 and referred to in the composite scheme document of the Company dated 23 August 2021 (the **“Scheme Document”**), in the form of the print thereof which has been produced to this meeting and for the purpose of identification signed by the chairman of this meeting, under the section headed **“5. Rollover Arrangement”** in Part VII **“Explanatory Memorandum”** in the Scheme Document be and is hereby approved.”
4. **“THAT** Mr. Zhang Zhu (**“Mr. Zhang”**) be re-elected as an independent non-executive director of the Company, and the board of directors of the Company be and is hereby authorised to fix the remuneration of Mr. Zhang.”

On behalf of the board of directors of
Bestway Global Holding Inc.
榮威國際控股有限公司
Liu Feng
Director

Hong Kong, 23 August 2021

Registered office:

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

Principal Place of Business in Hong Kong:

Suite 713, 7/F
East Wing, Tsim Sha Tsui Centre
66 Mody Road
Tsim Sha Tsui, Kowloon
Hong Kong

Notes:

- (1) A member entitled to attend and vote at the EGM is entitled to appoint one, and if such member is the holder of two or more Shares, more than one proxy (who must be an individual) to attend and vote instead of him. A proxy need not be a member of the Company.
- (2) A **white** form of proxy for use at the EGM (or any adjournment thereof) is enclosed with the composite scheme document containing the Scheme of Arrangement dated 23 August 2021 despatched to, among others, holders of Shares (the “**Shareholders**”).
- (3) In order to be valid, the **white** form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be lodged with Computershare Hong Kong Investor Services Limited, the Company’s Hong Kong branch share registrar and transfer office at 17M/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not less than 48 hours before the time for holding the EGM or any adjournment thereof failing which the **white** form of proxy will not be valid. Completion and return of the **white** form of proxy will not preclude a Shareholder from attending the EGM and voting in person if he so wishes. In the event that a Shareholder attends and votes at the EGM after having lodged his **white** form of proxy, his **white** form of proxy will be deemed to have been revoked by operation of law.
- (4) In the case of joint holders of Shares, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and, for this purpose, seniority will be determined by the order in which the names stand in the Register of Members of the Company in respect of the relevant joint holding of the Shares with the one of the said persons so present (whether in person or by proxy) whose name stands first on the Register of Members of the Company shall alone be entitled to vote in respect of such joint holding of Shares at the EGM.
- (5) Voting at the EGM will be taken by poll as required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and The Code on Takeovers and Mergers in Hong Kong.
- (6) The Register of Members of the Company in respect of the Shares will be closed from Friday, 10 September 2021 to Wednesday, 15 September 2021 (both days inclusive) and during such period no transfer of Shares will be registered. In order to be entitled to attend and vote at the EGM, all transfers accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 9 September 2021.

As at the date of this notice, the Board of the Company comprises Mr. Zhu Qiang as chairman and executive Director; Mr. Liu Feng, Mr. Tan Guozheng and Mr. Duan Kaifeng as executive Directors; and Mr. Dai Guoqiang, Mr. Zhang Zhu and Mr. Lam Yiu Kin as independent non-executive Directors.

The following is the text of a letter, summary of valuations and valuation report prepared for the purpose of incorporation in this Scheme Document received from Cushman & Wakefield Limited, an independent property valuer, in connection with its opinion of value of the property interests of the Company as at 31 May 2021.



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

23 August 2021

The Directors
Bestway Global Holding Inc.
No. 3065 Cao'an Road,
Jiangqiao Town,
Jiading District,
Shanghai,
the PRC

Dear Sirs,

INSTRUCTIONS, PURPOSE & VALUATION DATE

In accordance with the instructions from Bestway Global Holding Inc. (the "**Company**") for us to value the properties held by the Company or its subsidiaries (hereinafter together referred to as the "**Group**") in the People's Republic of China (the "**PRC**"), Vietnam, Italy and the United States (the "**US**"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of such properties as at 31 May 2021 (the "**Valuation Date**").

BASIS OF VALUATION

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

We confirm that the valuations are undertaken in accordance with the HKIS Valuation Standards 2020 Edition published by the Hong Kong Institute of Surveyors.

In valuing the properties, we have complied with the requirements set out in Chapter 5, Practice Note 12 of the Rules governing the Listing of Securities published by the Stock Exchange of the Hong Kong Limited, and Rule 11 of the Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities Futures Commission.

VALUATION ASSUMPTIONS

Our valuation of each property excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

In the course of our valuation, we have relied on the information and advice given by the Company or the Company's PRC legal adviser, Long An Law Firm (隆安律師事務所) dated 25 June 2021, and Vietnam legal adviser, VILAF Vietnam International Law Firm dated 19 August 2021 regarding the titles to the properties and the interests of the Company in the properties in the PRC and Vietnam respectively.

The status of titles and grant of major certificates, approvals and licences, in accordance with the information provided by the Company are set out in the notes of the valuation report.

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

METHOD OF VALUATION

In the valuation of Property Nos. 1, 2, 3, 4, 5 and 8 in Group I which are held by the Group for operation in the PRC, Property No. 12 in Group III which is held by the Group under development in the PRC, and Property No. 16 in Group VII which is held by the Group for operation in Vietnam, due to the specific nature of the properties and lack of sales transactions of the property of the same characteristics in the vicinity, we have adopted Depreciated Replacement Costs (“**DRC**”) Method. DRC Method is based on an estimate of the market value of the land in its existing use, plus the current cost of replacement of the improvements, less allowance for physical deterioration and all relevant forms of obsolescence and optimization. For the land portion, we have made reference to comparable land sales evidence as available in the relevant market subject to appropriate adjustments including but not limited to location, time, size etc. DRC Method is subject to service potential of the entity from the use of assets as a whole paying due regard to the total assets employed. The market value arrived using DRC Method applies to the whole of the complex or development as a unique interest, and no piecemeal transaction of the complex or development is assumed.

In the valuation of Property Nos. 9, 10 and 11 in Group II which are held by the Group for owner-occupation in the PRC, Property No. 13 in Group IV which is held by the Group for operation in Italy, and Property No. 15 in Group VI which is held by the Group for operation in the US, we have used Market Comparison Method by reference to comparable sales evidence as available in the relevant market subject to appropriate adjustments including but not limited to location, accessibility, age, quality, size, time and other

relevant factors. Given that the properties are mostly strata residential units and land plot, comparable sales transactions are frequent and information about such sales is readily available, we have therefore used Market Comparison Method which is in line with the market practice.

In the valuation of Property No. 14 in Group V which is held by the Group under development in Italy, given that the property is almost finished, we have used Market Comparison Method with allowance for outstanding construction cost. Market Comparison Method makes reference to comparable sales evidence as available in the relevant market subject to appropriate adjustments including but not limited to location, accessibility, age, quality, size, time and other relevant factors.

The land use rights of Property No. 6 in Group I which is held by the Group for operation in the PRC, are collective land in nature. We have therefore ascribed no commercial value to the property. However, for reference of the Group's management, we have provided a valuation on an assumption that the land use rights of the property were granted in nature. In the valuation of such reference value of Property No. 6 and the market value of Property No. 7 in Group I, which are held by the Group for operation in the PRC, we have used Investment Method by capitalising the rental income derived from the existing tenancies, if any, with due provision for the reversionary potential of each constituent portion of the respective property at appropriate capitalisation rates. We have also cross-checked against comparable sales evidence as available in the relevant market.

Transactions involving similar scale properties of the same nature and tenancy structure in the same districts are not frequent. On the other hand, as properties generate rental income from letting arrangements and such rental comparables are most readily available, we consider Investment Method to be the best method to value these properties.

When using Investment Method, we have mainly made reference to lettings within the subject property as well as other relevant comparable rental evidences of property of similar use type subject to appropriate adjustments including but not limited to location, accessibility, age, quality, size, time and other relevant factors.

The capitalisation rates adopted in our valuations are based on our analyses of the yields of property of similar use type after due adjustments. Such capitalisation rates are estimated with reference to the yields generally expected by the market for comparable property of similar use type, which implicitly reflect the type and quality of the property, the expectation of the potential future rental growth, capital appreciation and relevant risk factors. The capitalisation rates adopted are reasonable and in line with the market norm having regard to the analysed yields of transactions of the relevant use type.

POTENTIAL TAX LIABILITIES

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

PRC properties

- Enterprise income tax at 25% on gain

- Land appreciation tax at progressive rates from 30% to 60% on the appreciation in property value
- Stamp duty at 0.05% on the transaction amount
- Withholding tax at 10% if the net proceeds (minus taxes and statutory contributions) are repatriated outside the PRC as dividends (reduced to 5% if the Hong Kong-PRC double tax arrangement applies)
- Value-added tax at 5% if the property was acquired or constructed before 30 April 2016 or at 9% if the property was acquired or constructed after 30 April 2016
- Other surcharge at approximately 12% of value-added tax

Italy properties

- Enterprise income tax at 27.5% on gain

US properties

- Enterprise income tax at 21% on gain

Vietnam properties

- Enterprise income tax at 20% on gain

MARKET VOLATILITY

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

SOURCE OF INFORMATION

We have relied to a very considerable extent on the information given by the Company and have accepted advice given to us on such matters as planning approvals, statutory notices, orders, easements, tenure, lettings, licences, particulars of occupancy, identification of land and building, site and floor plans, site and floor areas, number of parking spaces and all other relevant matters.

Dimensions, measurements and areas included in the valuation report are based on the copies of documents or other information provided to us by the Company and are therefore only approximations. No on-site measurement has been carried out. We have had no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuations. We were also advised by the Company that no material facts have been omitted from the information provided.

TITLE INVESTIGATION

We have been provided with extracts of documents relating to the properties. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us. We are also unable to ascertain the title of the properties and we have therefore relied on the advice given by the Company or the Company's PRC legal adviser, Long An Law Firm (隆安律師事務所) dated 25 June 2021, and Vietnam legal adviser, VILAF Vietnam International Law Firm dated 19 August 2021 regarding the interests of the Company in the properties in the PRC and Vietnam respectively.

SITE INSPECTION

Kevin Li (Senior Manager, 8 years of experience), Susie Li (Assistant Manager, 3 years of experience), Jun Wang (Manager, 5 years of experience), Mirko Rossi (Junior Analyst, 1 year of experience), Mariacristina Laria (Partner, 20 years of experience), Todd Lamb, MAI, (Senior Director, 17 years of experience), Ly Pham (Valuer, 9 years of experience) inspected the exterior and, whenever possible, the interior of the properties in between December 2020 and June 2021.

No structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are, however, not able to report that the properties are free of rot, infestation or any other structural defects. No test was carried out on any of the services.

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

We have not carried out any soil investigations to determine the suitability of the soil conditions and the services etc. for any development. Our valuations are prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period.

CURRENCY

Unless otherwise stated, all monetary amounts stated in this valuation report are in Renminbi ("RMB"), or in United States Dollars ("USD"), or in Euro ("EUR"), in relation to the properties in the PRC, the US and Vietnam, and Italy respectively.

CONFIRMATION OF INDEPENDENCE

We hereby confirm that C&W and the valuers conducting the valuations have no pecuniary or other interests that could conflict with the proper valuations of the properties or could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion. We confirm that we are an independent qualified valuer, as referred to Rules 5.08 of the Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

We enclose herewith a summary of valuations and our valuation report for your attention.

Yours faithfully,
For and on behalf of
Cushman & Wakefield Limited
Grace S.M. Lam
MRICS, MHKIS, RPS (GP)

Director
Valuation & Advisory Services, Greater China

Note: Ms. Grace Lam is a Member of the Royal Institution of Chartered Surveyors, a Member of the Hong Kong Institute of Surveyors and a Registered Professional Surveyor (General Practice). Ms. Lam has over 25 years of experience in the professional property valuation and advisory services in the Greater China region and various overseas countries. Ms. Lam has sufficient current national knowledge of the market, and the skills and understanding to undertake the valuations competently.

SUMMARY OF VALUATIONS

Group I — Properties held by the Group for operation in the PRC

Property	Market value in existing state as at 31 May 2021	Interest attributable to the Group (%)	Market value in existing state attributable to the Group as at 31 May 2021
<p>1. An industrial complex, No. 18 Xiexin Avenue, Economic Development Zone, Funing County, Yancheng, Jiangsu Province, the PRC</p> <p>(中國江蘇省鹽城市阜寧縣經濟開發區協鑫大道18號工業房地產)</p>	RMB318,000,000	100	RMB318,000,000
<p>2. An industrial complex, No. 6 West Jinlun Road, Chengbei Street, Rugao, Nantong, Jiangsu Province, the PRC</p> <p>(中國江蘇省南通市如皋市城北街道金倫西路6號工業項目)</p>	RMB215,000,000	100	RMB215,000,000
<p>3. An industrial complex, No. 8 Huimin West Road, Chengbei Street, Rugao, Nantong, Jiangsu Province, the PRC</p> <p>(中國江蘇省南通市如皋市城北街道惠民西路8號工業項目)</p>	RMB253,000,000	100	RMB253,000,000
<p>4. An industrial complex, No. 508 Longchi Road, Chengbei Street, Rugao, Nantong, Jiangsu Province, the PRC</p> <p>(中國江蘇省南通市如皋市城北街道龍池路508號工業項目)</p>	RMB105,000,000	100	RMB105,000,000

Property	Market value in existing state as at 31 May 2021	Interest attributable to the Group (%)	Market value in existing state attributable to the Group as at 31 May 2021
5. A logistics and industrial complex, No. 6 West Jinlun Road, Chengbei Street, Rugao, Nantong, Jiangsu Province, the PRC (中國江蘇省南通市如皋市城北街道金倫西路6號 物流工業項目)	RMB121,000,000	100	RMB121,000,000
6. An industrial complex, No. 208 Jinyuan Fifth Road, Jiangqiao Town, Jiading District, Shanghai, the PRC (中國上海市嘉定區江橋鎮金園五路208號工業項目)	No Commercial Value	100	No Commercial Value
7. An industrial building, No. 366 Jinyuan Fifth Road, Jiangqiao Town, Jiading District, Shanghai, the PRC (中國上海市嘉定區江橋鎮金園五路366號工業項目)	RMB206,000,000	100	RMB206,000,000
8. An industrial complex, No. 99 Development Avenue, Chengdong Town, Haian, Nantong, Jiangsu Province, the PRC (中國江蘇省南通市海安市城東鎮開發大道99號 工業項目)	RMB250,000,000	100	RMB250,000,000
Sub-total	RMB1,468,000,000		RMB1,468,000,000⁽¹⁾

Note:

- (1) The market value in existing state of the properties of Group I in the PRC attributable to the Group as at the Valuation Date was approximately HKD1,787,730,400.

Group II — Properties held by the Group for owner-occupation in the PRC

	Property	Market value in existing state as at 31 May 2021	Interest attributable to the Group (%)	Market value in existing state attributable to the Group as at 31 May 2021
9.	5 residential units, Longhu New City, Longhu Park East, Economic Development Zone, Funing County, Yancheng, Jiangsu Province, the PRC (中國江蘇省鹽城市阜寧縣經濟開發區龍湖公園東側龍湖新城內5套住宅)	RMB1,300,000	100	RMB1,300,000
10.	10 residential units, Shanghai Jiayuan, No. 356 Qingyu Road, Rucheng Town, Rugao, Jiangsu Province, the PRC (中國江蘇省如皋市如城鎮慶余路356號上海嘉苑10套住宅)	RMB8,900,000	100	RMB8,900,000
11.	2 residential units, Country Garden, Chengbei New Village, Chengbei Subdistrict, Rugao, Jiangsu Province, the PRC (中國江蘇省如皋市城北街道城北新村碧桂園2套住宅)	RMB2,200,000	100	RMB2,200,000
	Sub-total	RMB12,400,000		RMB12,400,000⁽²⁾

Note:

- (2) The market value in existing state of the properties of Group II in the PRC attributable to the Group as at the Valuation Date was approximately HKD15,100,720.

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

Property	Market value in existing state as at 31 May 2021	Interest attributable to the Group (%)	Market value in existing state attributable to the Group as at 31 May 2021
12. An industrial complex under development located at Groups 18 and 19 of Lumenju, Chengbei Street, Rugao, Nantong, Jiangsu Province, the PRC (中國江蘇省南通市如皋市城北街道鹿門居18、19組地段建設中之工業項目)	RMB98,000,000	100	RMB98,000,000
Sub-total	RMB98,000,000		RMB98,000,000⁽³⁾

Note:

- (3) The market value in existing state of the property of Group III in the PRC attributable to the Group as at the Valuation Date was approximately HKD119,344,400.

Group IV — Property held by the Group for operation in Italy

Property	Market value in existing state as at 31 May 2021	Interest attributable to the Group (%)	Market value in existing state attributable to the Group as at 31 May 2021
13. Via Della Resistenza 5, San Giuliano Milanese, Italy	EUR1,510,000	51	EUR770,000
Sub-total	EUR1,510,000		EUR770,000⁽⁴⁾

Note:

- (4) The market value in existing state of the property of Group IV in Italy attributable to the Group as at the Valuation Date was approximately HKD7,310,000.

Group V — Property held by the Group under development in Italy

Property	Market value in existing state as at 31 May 2021	Interest attributable to the Group (%)	Market value in existing state attributable to the Group as at 31 May 2021
14. Via Della Resistenza 1, San Giuliano Milanese, Italy	EUR1,210,000	51	EUR620,000
Sub-total	EUR1,210,000		EUR620,000⁽⁵⁾

Note:

- (5) *The market value in existing state of the property of Group V in Italy attributable to the Group as at the Valuation Date was approximately HKD620,000.*

Group VI — Property held by the Group for operation in the US

Property	Market value in existing state as at 31 May 2021	Interest attributable to the Group (%)	Market value in existing state attributable to the Group as at 31 May 2021
15. 3435 South McQueen Road, Chandler, Maricopa, The US AZ 85286	USD15,100,000	51	USD7,700,000
Sub-total	USD15,100,000		USD7,700,000⁽⁶⁾

Note:

- (6) *The market value in existing state of the properties of Group VI in the US attributable to the Group as at the Valuation Date was approximately HKD59,760,000.*

Group VII — Property held by the Group for operation in Vietnam

Property	Market value in existing state as at 31 May 2021	Interest attributable to the Group (%)	Market value in existing state attributable to the Group as at 31 May 2021
16. Lot Nos. 36B, 37B, 51A and 52, Long Giang Industrial Park (IP), Tan Lap 1 Commune, Tan Phuoc Rural District, Tien Giang Province, Vietnam	USD9,000,000	100	USD9,000,000
Sub-total	USD9,000,000		USD9,000,000⁽⁷⁾

Note:

- (7) *The market value in existing state of the property of Group VII in Vietnam attributable to the Group as at the Valuation Date was approximately HKD69,849,900.*

VALUATION REPORT

Group I — Properties held by the Group for operation in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2021
1. An industrial complex, No. 18 Xiexin Avenue, Economic Development Zone, Funing County, Yancheng, Jiangsu Province, the PRC (中國江蘇省鹽城市阜寧縣經濟開發區協鑫大道18號工業房地產)	<p>The property is an industrial development with several buildings and structures erected upon a parcel of land with a total site area of 327,684.80 sq m.</p> <p>The property is located at the economic development zone. Surrounding developments in this vicinity comprise mainly industrial land, warehouses and factories.</p> <p>According to a Real Estate Title Certificate, the property comprises 41 industrial buildings with a total gross floor area of 236,539.11 sq m (see note 1). According to the Company, the buildings were completed in between 2006 and 2019.</p> <p>According to the information provided by the Company and our onsite inspection on 23 December 2020, six buildings with a total gross floor area of approximately 8,360.16 sq m have been demolished. Therefore, the scope of our valuation only includes 35 buildings with a total area of 228,178.95 sq m.</p> <p>The property is held for a land use term for industrial use due to expire on 2 February 2055.</p>	As at the Valuation Date, the property was occupied by the Group for operation.	<p>RMB318,000,000</p> <p>(RENMINBI THREE HUNDRED AND EIGHTEEN MILLION)</p> <p>(100% interest attributable to the Group: RMB318,000,000)</p>

Notes:

- (1) According to Real Estate Title Certificate No. (2021) 0077344 dated 22 April 2021, the real estate title of the property with a site area of 327,684.80 sq m and a total gross floor area of 236,539.11 sq m has been vested in 江蘇榮威娛樂用品有限公司 (Jiangsu Bestway Entertainment Products Co., Ltd.) (a wholly-owned subsidiary of the Company) for a term due to expire on 2 February 2055 for industrial use.

According to the information provided by the Company and our onsite inspection on 23 December 2020, six buildings with a total gross floor area of approximately 8,360.16 sq m have been demolished. Therefore, the scope of our valuation only includes 35 buildings with a total area of 228,178.95 sq m.

- (2) According to Business Licence No. 32090000201910140020, 江蘇榮威娛樂用品有限公司 (Jiangsu Bestway Entertainment Products Co., Ltd.) was established on 5 April 2004 as a limited company with a registered capital of USD22,700,000 for a valid operation period from 5 April 2004 to 4 April 2054.
- (3) We have been provided with a legal opinion dated 25 June 2021 on the property prepared by the Company's PRC legal adviser, Long An Law Firm (隆安律師事務所), which contains, inter alia, the following information:
- (a) 江蘇榮威娛樂用品有限公司 (Jiangsu Bestway Entertainment Products Co., Ltd.) is in possession of a proper legal title to the property and is entitled to occupy, use and dispose of the property with the residual term of land use rights and building ownership in compliance with PRC laws;
- (b) The property is subject to a mortgage by HSBC Bank (China) Company Limited with the maximum amount of RMB237,600,000.
- (c) Without mortgagor's written approval, 江蘇榮威娛樂用品有限公司 (Jiangsu Bestway Entertainment Products Co., Ltd.) is not entitled to lease and dispose of the property.
- (4) The status of title and grant of major approvals and licences in accordance the information provided by the Group are as follows:
- | | |
|-------------------------------|-----|
| Real Estate Title Certificate | Yes |
| Business Licence | Yes |
- (5) Kevin Li, Senior Manager of C&W Nanjing Office, inspected the property on 23 December 2020.
- (6) In assessing the market value of the property, we have assumed a land unit price of approximately RMB200 per sq m.

In undertaking our valuation, we have made reference to sales prices of industrial lands in the neighbouring districts which have characteristics comparable to the property. The land prices of the comparable properties range from RMB211 to RMB214 per sq m. The land value of the property is consistent with the relevant comparables after due adjustments including location, accessibility, size, date of transaction, etc.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2021
2.	An industrial complex, No. 6 West Jinlun Road, Chengbei Street, Rugao, Nantong, Jiangsu Province, the PRC (中國江蘇省南通市如皋市城北街道金倫西路6號工業項目)	The property is an industrial development erected on a parcel of land with a total site area of 143,435.00 sq m. Completed in between 2015 and 2021, the property comprises 7 industrial buildings with a gross floor area of 115,564.75 sq m which have been granted with a Real Estate Title Certificate and 5 other industrial buildings with a gross floor area of 2,259.37 sq m which have not been granted with any Real Estate Title Certificate. The property is located in the north of Rugao and near Huacheng Avenue. Developments nearby are mainly industrial in nature. The property is served by public bus routes. The property is held for a land use term for industrial use due to expire on 28 October 2065.	As at the Valuation Date, the property was occupied by the Group for operation.	RMB215,000,000 (RENMINBI TWO HUNDRED AND FIFTEEN MILLION) (100% interest attributable to the Group: RMB215,000,000)

Notes:

- (1) According to Real Estate Title Certificate No. (2020)0021222 issued by the Rugao Natural Resources and Planning Bureau on 2 November 2020, the real estate title of the property with a site area of 143,435.00 sq m and a gross floor area of 115,564.75 sq m have been vested in 南通榮威娛樂用品有限公司 (Nantong Bestway Entertainment Products Co., Ltd.) (a wholly-owned subsidiary of the Company) for a term due to expire on 28 October 2065 for industrial use.
- (2) As advised by the Company, the real estate title certificates of 5 other industrial buildings with a gross floor area of 2,259.37 sq m have not been obtained, therefore we have ascribed no commercial value to such portion. Had valid real estate title certificate of such portions been issued, all land premium and related fees for the grant of the certificate been fully settled, the market value for such portions as at 31 May 2021 would be RMB3,600,000 (RENMINBI THREE MILLION AND SIX HUNDRED THOUSAND).
- (3) According to Business Licence No. 320682000202009270001, 南通榮威娛樂用品有限公司 (Nantong Bestway Entertainment Products Co., Ltd.) was established on 2 February 2007 as a limited company with a registered capital of USD242,350,000 for a valid operation period from 2 February 2007 to 1 February 2057.

- (4) We have been provided with a legal opinion dated 25 June 2021 on the property prepared by the Company's PRC legal adviser, Long An Law Firm (隆安律師事務所), which contains, inter alia, the following information:
- (a) 南通榮威娛樂用品有限公司 (Nantong Bestway Entertainment Products Co., Ltd.) is in possession of a proper legal title to the property and is entitled to occupy, use and dispose of the property with the residual term of land use rights and building ownership in compliance with PRC laws; and
 - (b) The property is not subject to mortgage; and
 - (c) There are no mortgages, ownership disputes, seizures by courts, or other judicial coercive measures on the property ownership and/or land use rights of the property.
- (5) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group are as follows:
- | | |
|-------------------------------|-----|
| Real Estate Title Certificate | Yes |
| Business Licence | Yes |
- (6) Susie Li, Assistant Manager of C&W Shanghai Office, inspected the property on 24 December 2020.
- (7) In assessing the market value of the property, we have assumed a land unit price of approximately RMB330 per sq m.

In undertaking our valuation, we have made reference to sales prices of industrial lands in the neighbouring districts which have characteristics comparable to the property. The land prices of the comparable properties are approximately RMB330 per sq m. The land value of the property is consistent with the relevant comparables after due adjustments including location, accessibility, size, date of transaction, etc.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2021
3. An industrial complex, No. 8 Huimin West Road, Chengbei Street, Rugao, Nantong, Jiangsu Province, the PRC (中國江蘇省南通市如皋市城北街道惠民西路8號工業項目)	<p>The property is an industrial development erected on a parcel of land with a total site area of 231,065.00 sq m.</p> <p>Completed in between 2017 and 2021, the property comprises 20 industrial buildings with a gross floor area of 161,564.16 sq m which have been granted with a Real Estate Title Certificate and 23 other industrial buildings with a gross floor area of 73,330.06 sq m which have not been granted with any Real Estate Title Certificate.</p> <p>The property is located in the north of Rugao and near Huacheng Avenue. Developments nearby are mainly industrial in nature. The property is served by public bus routes.</p> <p>The property is held for a land use term for industrial use due to expire on 17 June 2055.</p>	As at the Valuation Date, the property was occupied by the Group for operation.	RMB253,000,000 (RENMINBI TWO HUNDRED AND FIFTY THREE MILLION) (100% interest attributable to the Group: RMB253,000,000)

Notes:

- (1) According to Real Estate Title Certificate No. (2017)0008208 issued by the Rugao Natural Resources and Planning Bureau on 1 May 2017, the real estate title of the property with a site area of 231,065.00 sq m and a gross floor area of 166,842.66 sq m are vested in 南通榮威娛樂用品有限公司 (Nantong Bestway Entertainment Products Co., Ltd.) (a wholly-owned subsidiary of the Company) for a term due to expire on 17 June 2055 for industrial use.

An industrial property with a gross floor area of 5,278.50 sq m which is included in the above-said Real Estate Title Certificate has been subsequently demolished. As advised by the Group, the updated Real Estate Title Certificate has not been obtained.

- (2) As advised by the Company, the real estate title certificates of 23 other industrial buildings with a gross floor area of 73,330.06 sq m have not been obtained, therefore we have ascribed no commercial value to such portions. Had valid real estate title certificate of such portions been issued, all land premium and related fees for the grant of the certificate been fully settled, the market value for such portions as at 31 May 2021 would be RMB97,000,000 (RENMINBI NINETY SEVEN MILLION).
- (3) According to Business Licence No. 320682000202009270001, 南通榮威娛樂用品有限公司 (Nantong Bestway Entertainment Products Co., Ltd.) was established on 2 February 2007 as a limited company with a registered capital of USD242,350,000 for a valid operation period from 2 February 2007 to 1 February 2057.
- (4) We have been provided with a legal opinion dated 25 June 2021 on the property prepared by the Company's PRC legal adviser, Long An Law Firm (隆安律師事務所), which contains, inter alia, the following information:

- (a) 南通榮威娛樂用品有限公司 (Nantong Bestway Entertainment Products Co., Ltd.) is in possession of a proper legal title to the property and is entitled to occupy, use and dispose of the property with the residual term of land use rights and building ownership in compliance with PRC laws;
- (b) The property is subject to a mortgage by Bank of China with the maximum amount of RMB250,000,000; and
- (c) Without mortgagor's written approval, 南通榮威娛樂用品有限公司 (Nantong Bestway Entertainment Products Co., Ltd.) is not entitled to lease and dispose of the property.
- (5) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group are as follows:
- | | |
|-------------------------------|-----|
| Real Estate Title Certificate | Yes |
| Business Licence | Yes |
- (6) Susie Li, Assistant Manager of C&W Shanghai Office, inspected the property on 24 December 2020.
- (7) In assessing the market value of the property, we have assumed a land unit price of approximately RMB330 per sq m.

In undertaking our valuation, we have made reference to sales prices of industrial lands in the neighbouring districts which have characteristics comparable to the property. The land prices of the comparable properties are approximately RMB330 per sq m. The land value of the property is consistent with the relevant comparables after due adjustments including location, accessibility, size, date of transaction, etc.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2021
4.	An industrial complex, No. 508 Longchi Road, Chengbei Street, Rugao, Nantong, Jiangsu Province, the PRC (中國江蘇省南通市如皋市城北街道龍池路508號工業項目)	The property is an industrial development erected on a parcel of land with a total site area of 88,879.00 sq m. Completed in 2019, the property comprises 7 industrial buildings with a gross floor area of 41,846.51 sq m which have been granted with a Real Estate Title Certificate. The property is located in the north of Rugao and near Huacheng Avenue. Developments nearby are mainly industrial in nature. The property is served by public bus routes. The property is held for a land use term for warehouse (logistics & warehouse) use due to expire on 22 March 2068.	As at the Valuation Date, the property was occupied by the Group for operation.	RMB105,000,000 (RENMINBI ONE HUNDRED AND FIVE MILLION) (100% interest attributable to the Group: RMB105,000,000)

Notes:

- (1) According to Real Estate Title Certificate No. (2020)0021223 issued by the Rugao Natural Resources and Planning Bureau on 2 November 2020, the real estate title of the property with a site area of 88,879.00 sq m and a gross floor area of 41,846.51 sq m have been vested in 南通榮威物流倉儲有限公司 (Nantong Bestway Logistics and Warehouse Co., Ltd.) (a wholly-owned subsidiary of the Company) for a term due to expire on 22 March 2068 for warehouse (logistics & warehouse) use.
- (2) According to Business Licence No. 320682666202105100229, 南通榮威物流倉儲有限公司 (Nantong Bestway Logistics and Warehouse Co., Ltd.) was established on 4 August 2020 as a limited company with a registered capital of RMB217,585,753.4 for a valid operation period from 4 August 2020 for long term.
- (3) We have been provided with a legal opinion dated 25 June 2021 on the property prepared by the Company's PRC legal adviser, Long An Law Firm (隆安律師事務所), which contains, inter alia, the following information:
 - (a) 南通榮威物流倉儲有限公司 (Nantong Bestway Logistics and Warehouse Co., Ltd.) is in possession of a proper legal title to the property and is entitled to occupy, use and dispose of the property with the residual term of land use rights and building ownership in compliance with PRC laws;
 - (b) The property is not subject to mortgage; and
 - (c) There are no mortgages, ownership disputes, seizures by courts, or other judicial coercive measures on the property ownership and/or land use rights of the property.

- (4) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group are as follows:

Real Estate Title Certificate	Yes
Business Licence	Yes

- (5) Susie Li, Assistant Manager of C&W Shanghai Office, inspected the property on 24 December 2020.
- (6) In assessing the market value of the property, we have assumed a land unit price of approximately RMB330 per sq m.

In undertaking our valuation, we have made reference to sales prices of industrial lands in the neighbouring districts which have characteristics comparable to the property. The land prices of the comparable properties are approximately RMB330 per sq m. The land value of the property is consistent with the relevant comparables after due adjustments including location, accessibility, size, date of transaction, etc.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2021
5.	A logistics and industrial complex, No. 6 West Jinlun Road, Chengbei Street, Rugao, Nantong, Jiangsu Province, the PRC (中國江蘇省南通市如皋市城北街道金倫西路6號物流工業項目)	The property is an industrial development erected on a parcel of land with a total site area of 212,753.00 sq m. Completed in between 2017 and 2020, the property comprises 3 industrial buildings for logistics use with a gross floor area of 40,372.70 sq m which have been granted with a Real Estate Title Certificate and 13 other industrial buildings with a gross floor area of 240,366.59 sq m which have not been granted with any Real Estate Title Certificate. The property is located in the north of Rugao and near Huacheng Avenue. Developments nearby are mainly industrial in nature. The property is served by public bus routes. The property is held for a land use term for industrial use due to expire on 5 January 2068.	As at the Valuation Date, the property was occupied by the Group for operation.	RMB121,000,000 (RENMINBI ONE HUNDRED AND TWENTY ONE MILLION) (100% interest attributable to the Group: RMB121,000,000)

Notes:

- (1) According to Real Estate Title Certificate No. (2020)0021226 issued by the Rugao Natural Resources and Planning Bureau on 2 November 2020, the real estate title of the property with a site area of 212,753.00 sq m and a gross floor area of 40,372.70 sq m have been vested in 南通榮威娛樂用品有限公司 (Nantong Bestway Entertainment Products Co., Ltd.) (a wholly-owned subsidiary of the Company) and 南通榮威物流倉儲有限公司 (Nantong Bestway Logistics and Warehouse Co., Ltd.) (a wholly-owned subsidiary of the Company) for a term due to expire on 5 January 2068 for industrial use.
- (2) As advised by the Company, the real estate title certificates of 13 other industrial buildings with a gross floor area of 240,366.59 sq m have not been obtained, therefore we have ascribed no commercial value to such portions. Had valid real estate title certificate of such portions been issued, all land premium and related fees for the grant of the certificate been fully settled, the market value for such portions as at 31 May 2021 would be RMB295,000,000 (RENMINBI TWO HUNDRED AND NINETY FIVE MILLION).
- (3) According to Business Licence No. 320682000202009270001, 南通榮威娛樂用品有限公司 (Nantong Bestway Entertainment Products Co., Ltd.) was established on 2 February 2007 as a limited company with a registered capital of USD242,350,000 for a valid operation period from 2 February 2007 to 1 February 2057.

According to Business Licence No. 320682666202105100229, 南通榮威物流倉儲有限公司 (Nantong Bestway Logistics and Warehouse Co., Ltd.) was established on 4 August 2020 as a limited company with a registered capital of RMB217,585,753.4 for a valid operation period from 4 August 2020 for long term.

- (4) We have been provided with a legal opinion dated 25 June 2021 on the property prepared by the Company's PRC legal adviser, Long An Law Firm (隆安律師事務所), which contains, inter alia, the following information:
- (a) 南通榮威娛樂用品有限公司 (Nantong Bestway Entertainment Products Co., Ltd.) and 南通榮威物流倉儲有限公司 (Nantong Bestway Logistics and Warehouse Co., Ltd.) are in possession of a proper legal title to the property and is entitled to occupy, use and dispose of the property with the residual term of land use rights and building ownership in compliance with PRC laws;
 - (b) The property is not subject to mortgage; and
 - (c) There are no mortgages, ownership disputes, seizures by courts, or other judicial coercive measures on the property ownership and/or land use rights of the property.
- (5) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group are as follows:
- | | |
|-------------------------------|-----|
| Real Estate Title Certificate | Yes |
| Business Licence | Yes |
- (6) Susie Li, Assistant Manager of C&W Shanghai Office, inspected the property on 24 December 2020.
- (7) In assessing the market value of the property, we have assumed a land unit price of approximately RMB330 per sq m.

In undertaking our valuation, we have made reference to sales prices of industrial lands in the neighbouring districts which have characteristics comparable to the property. The land prices of the comparable properties are approximately RMB330 per sq m. The land value of the property is consistent with the relevant comparables after due adjustments including location, accessibility, size, date of transaction, etc..

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2021
6.	An industrial complex, No. 208 Jinyuan Fifth Road, Jiangqiao Town, Jiading District, Shanghai, the PRC (中國上海市嘉定區江橋鎮金園五路208號工業項目)	<p>The property is an industrial development erected on a parcel of land with a total site area of 87,457.00 sq m.</p> <p>Completed in between 2000 and 2017, the property comprises 7 industrial buildings with a gross floor area of 75,919.91 sq m which have been granted with a Real Estate Title Certificate.</p> <p>The property is located in the south of Jiading District and near Jiamin Expressway. Developments nearby are mainly industrial in nature. The property is served by public bus routes.</p> <p>The land use rights of the property are collective land in nature. The property is held for a land use term for industrial use due to expire on 30 June 2048.</p>	As at the Valuation Date, the property was occupied by the Group for operation.	No Commercial Value (See Note (1))

Notes:

- (1) The land use rights of the property are collective land in nature. We have therefore ascribed no commercial value to the property. Should the Company be granted freely transferable land use rights and building ownership of the property, the market value for such portion as at 31 May 2021 would be RMB218,000,000 (RENMINBI TWO HUNDRED AND EIGHTEEN MILLION) (100% interest attributable to the Group: RMB218,000,000).
- (2) According to Real Estate Title Certificate No. (2017)017763 issued by the Shanghai Real Estate Registration Bureau on 27 April 2017, the real estate title of the property with a site area of 87,457.00 sq m and a gross floor area of 75,919.91 sq m has been vested in 上海榮威塑膠工業有限公司 (Shanghai Bestway Plastics and Industrial Co., Ltd.) (a wholly-owned subsidiary of the Company) for industrial use.
- (3) According to Business Licence No. 14000002202008310020, 上海榮威塑膠工業有限公司 (Shanghai Bestway Plastics and Industrial Co., Ltd.) was established on 25 June 1999 as a limited company with a registered capital of USD16,526,700 for a valid operation period from 25 June 1999 to 24 June 2029.
- (4) We have been provided with a legal opinion dated 25 June 2021 on the property prepared by the Company's PRC legal adviser, Long An Law Firm (隆安律師事務所), which contains, inter alia, the following information:
 - (a) 上海榮威塑膠工業有限公司 (Shanghai Bestway Plastics and Industrial Co., Ltd.) is in possession of a proper legal title to the property and is entitled to occupy and use the property with the residual term of land use rights and building ownership in compliance with PRC laws;

- (b) The property is not subject to mortgage; and
- (c) There are no mortgages, ownership disputes, seizures by courts, or other judicial coercive measures on the property ownership and/or land use rights of the property.
- (5) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group are as follows:

Real Estate Title Certificate	Yes
Business Licence	Yes

- (6) Jun Wang, Manager of C&W Shanghai Office, inspected the property on 21 December 2020.
- (7) Our key assumptions of the valuation are:

Portion	Average Market Monthly Rent (per sq m/space for car parks)	Capitalisation Rate
Industrial	RMB21	6.5%
Office	RMB21	6%
Service Apartment	RMB20	6%
Car Parks	RMB170	6%

In undertaking our valuation, we have made reference to lettings within the subject property as well as other similar properties within the same and neighbouring districts. The asking monthly rents of the industrial comparables range from RMB32 per sq m to RMB42 per sq m.

We have gathered and analyzed the rates of return of relevant market segment which indicate a capitalization rate of approximately 6-6.5% for an industrial complex.

The above market rent assumed by us is consistent with the relevant comparables after due adjustments. The capitalisation rate adopted is reasonable having regard to the analyzed yields.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2021
7.	<p>An industrial building, No. 366 Jinyuan Fifth Road, Jiangqiao Town, Jiading District, Shanghai, the PRC</p> <p>(中國上海市嘉定區江橋鎮金園五路366號工業項目)</p> <p>Completed in 2009, the property comprises a five-storey industrial building with a gross floor area of 60,382.02 sq m which have been granted with a Real Estate Title Certificate.</p> <p>The property is located in the south of Jiading District and near Jiamin Expressway. Developments nearby are mainly industrial in nature. The property is served by public bus routes.</p> <p>The property is held for a land use term for industrial use due to expire on 14 December 2056.</p>	<p>As at the Valuation Date, the property was wholly leased to a tenant for a term due to expire on 30 December 2021 with a monthly rent of approximately RMB1,600,000 exclusive of value added tax.</p>	<p>RMB206,000,000</p> <p>(RENMINBI TWO HUNDRED AND SIX MILLION)</p> <p>(100% interest attributable to the Group: RMB206,000,000)</p>

Notes:

- (1) According to Real Estate Title Certificate No. (2010)031505 issued by the Shanghai Real Estate Registration Bureau on 16 November 2010, the real estate title of the property with a site area of 44,214.00 sq m and a gross floor area of 60,382.02 sq m has been vested in 上海榮威實業有限公司 (Shanghai Bestway Property Co., Ltd.) (a wholly-owned subsidiary of the Company) for a term due to expire on 14 December 2056 for industrial use.
- (2) According to Business Licence No. 14000002202003040005, 上海榮威實業有限公司 (Shanghai Bestway Property Co., Ltd.) was established on 18 May 2009 as a limited company with a registered capital of RMB79,711,200 for a valid operation period from 18 May 2009 to 17 May 2039.
- (3) We have been provided with a legal opinion dated 25 June 2021 on the property prepared by the Company's PRC legal adviser, Long An Law Firm (隆安律師事務所), which contains, inter alia, the following information:
 - (a) 上海榮威實業有限公司 (Shanghai Bestway Property Co., Ltd) is in possession of a proper legal title to the property and is entitled to occupy, use and dispose of the property with the residual term of land use rights and building ownership in compliance with PRC laws;
 - (b) The property is not subject to mortgage; and
 - (c) There are no mortgages, ownership disputes, seizures by courts, or other judicial coercive measures on the property ownership and/or land use rights of the property.

- (4) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group are as follows:

Real Estate Title Certificate	Yes
Business Licence	Yes

- (5) Jun Wang, Manager of C&W Shanghai Office, inspected the property on 21 December 2020.

- (6) Our key assumptions of the valuation are:

Portion	Average Market Monthly Rent (per sq m/space for car parks)	Capitalisation Rate
Industrial	RMB20	6.5%

In undertaking our valuation, we have made reference to lettings within the subject property as well as other similar properties within the same and neighbouring districts. The asking monthly rents of the industrial comparables range from RMB30 per sq m to RMB39 per sq m.

We have gathered and analyzed the rates of return of relevant market segment which indicate a capitalization rate of approximately 6.5% for an industrial complex.

The above market rent assumed by us is consistent with the relevant comparables after due adjustments. The capitalisation rate adopted is reasonable having regard to the analyzed yields.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2021
8.	An industrial complex, No. 99 Development Avenue, Chengdong Town, Haian, Nantong, Jiangsu Province, the PRC (中國江蘇省南通市海安市城東鎮開發大道99號工業項目)	<p>The property is an industrial development erected on a parcel of land with a total site area of 185,113.00 sq m.</p> <p>The property comprises 26 industrial buildings with a gross floor area of 112,580.99 sq m completed in 2019 which have been granted with a Real Estate Title Certificate; another industrial building with a gross floor area of 12,091.30 sq m completed in 2021 which is in the process of application for Real Estate Title Certificate; and a dormitory building with a planned gross floor area of 6,631.20 sq m under development which is scheduled to be completed in end 2021.</p> <p>The property is located at the center of Haian and near Huancheng Expressway and Haian Station. Developments nearby are mainly industrial in nature. The property is served by public bus routes.</p> <p>The property is held for a land use term for industrial use due to expire on 16 May 2068.</p>	As at the Valuation Date, the existing industrial buildings were occupied by the Group for operation whilst the dormitory building was under development.	RMB250,000,000 (RENMINBI TWO HUNDRED AND FIFTY MILLION) (100% interest attributable to the Group: RMB250,000,000)

Notes:

- (1) According to Real Estate Title Certificate No. (2020)0007916 issued by the Haian Natural Resources Bureau on 23 June 2020, the real estate title of the property with a site area of 185,113.00 sq m and a gross floor area of 112,580.99 sq m has been vested in 海安榮威運動用品有限公司 (Haian Bestway Sports Products Co., Ltd.) (a wholly-owned subsidiary of the Company) for a term due to expire on 16 May 2068 for industrial use.
- (2) According to Planning Permit for Construction Use of Land No. 18108 issued by the Haian Administrative Approval Bureau on 16 March 2018, the construction site of the property with a site area of 185,113.00 sq m is in compliance with the urban planning requirements.
- (3) According to Planning Permit for Construction Works No. 2020521 issued by the Haian Administrative Approval Bureau on 5 November 2020, the construction works of parts of the development with a gross floor area of 12,091.30 sq m are in compliance with the construction works requirements and have been approved.

According to Planning Permit for Construction Works No. 320685202100007 issued by the Haian Administrative Approval Bureau on 8 January 2021, the construction works of parts of the development with a gross floor area of 6,631.20 sq m are in compliance with the construction works requirements and have been approved.

- (4) According to Commencement Permit for Construction Works No. 320621202103260301 issued by the Haian Administrative Approval Bureau on 26 March 2021, the construction works of the development for industrial use with a gross floor area of 12,091.30 sq m are in compliance with the requirements for works commencement and have been permitted.

According to Commencement Permit for Construction Works No. 320621202101190101 issued by the Haian Administrative Approval Bureau on 19 January 2021, the construction works of the development for dormitory use with a gross floor area of 6,631.20 sq m are in compliance with the requirements for works commencement and have been permitted.

- (5) As advised by the Group, the total incurred construction cost of the property as at the Valuation Date was RMB24,763,000 whilst the outstanding construction cost for completion of the property as at the Valuation Date was RMB4,932,000.
- (6) As the dormitory building under development constitutes part of the entire industrial complex, there is no identifiable sales market of piecemeal components of an industrial complex to facilitate completion value assessment. As such, the valuation method being used comprises land value assessment subject to incurred costs. Therefore, no completion value is provided. However, we have disclosed the cost data in Note (5).
- (7) According to Business Licence No. 320621000201911040001, 海安榮威運動用品有限公司 (Haian Bestway Sports Products Co., Ltd.) was established on 23 November 2017 as a limited company with a registered capital of USD133,580,000 for a valid operation period from 23 November 2017 to 22 November 2067.
- (8) We have been provided with a legal opinion dated 25 June 2021 on the property prepared by the Company's PRC legal adviser, Long An Law Firm (隆安律師事務所), which contains, inter alia, the following information:
- (a) 海安榮威運動用品有限公司 (Haian Bestway Sports Products Co., Ltd.) is in possession of a proper legal title to the property and is entitled to occupy, use and construct the property with the residual term of land use rights and building ownership in compliance with PRC laws;
- (b) 海安榮威運動用品有限公司 (Haian Bestway Sports Products Co., Ltd.) has obtained the relevant certificates and approval from the government in respect of the construction of the property;
- (c) The property is subject to a mortgage by The Export-Import Bank of China with the amount of RMB200,000,000; and
- (d) With mortgagor's written approval, 海安榮威運動用品有限公司 (Haian Bestway Sports Products Co., Ltd.) is entitled to lease and dispose of the property with the residual term of land use rights and building ownership.
- (9) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group are as follows:

Real Estate Title Certificate	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes (the parts under development)
Commencement Permits for Construction Works	Yes (the parts under development)
Business Licence	Yes

- (10) Jun Wang, Manager of C&W Shanghai Office, inspected the property on 22 December 2020.
- (11) In assessing the market value of the property, we have assumed a land unit price of approximately RMB270 per sq m.

In undertaking our valuation, we have made reference to sales prices of industrial lands in the neighbouring districts which have characteristics comparable to the property. The land prices of the comparable properties range from RMB243 to RMB279 per sq m. The land value of the property is consistent with the relevant comparables after due adjustments including location, accessibility, size, date of transaction, etc.

Group II — Properties held by the Group for owner-occupation in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2021
9. 5 residential units, Longhu New City, Longhu Park East, Economic Development Zone, Funing County, Yancheng, Jiangsu Province, the PRC (中國江蘇省鹽城市阜寧縣經濟開發區龍湖公園東側龍湖新城內5套住宅)	Longhu New City is a residential development completed in the early 2010s. Surrounding developments in this vicinity comprise residential buildings, mixed-use developments. Longhu park is within 5 minutes' walk distance. The property comprises 5 residential units with a total gross floor area of 463.59 sq m pursuant to 5 Real Estate Title Certificates. The land use terms and expiry dates have not been explicitly recorded on the Real Estate Title Certificates.	As at the Valuation Date, the property was occupied by the Group for residential use.	RMB1,300,000 (RENMINBI ONE MILLION AND THREE HUNDRED THOUSAND) (100% interest attributable to the Group: RMB1,300,000)

Notes:—

- (1) According to 5 Real Estate Title Certificates registered on 5 December 2014, the real estate title of the property with a total gross floor area of 463.59 sq m has been vested in 江蘇榮威娛樂用品有限公司 (Jiangsu Bestway Entertainment Products Co., Ltd.) (a wholly-owned subsidiary of the Company) for terms with details as follows:—

Certificate No.	Room	Actual/Total Storey	Gross Floor Area (sq m)
00106441	Unit 402 Block 35	4/6	84.33
00106440	Unit 405 Block 35	4/6	84.53
00106442	Unit 406 Block 35	4/6	84.53
00106438	Unit 202 Block 70	2/6	105.10
00106439	Unit 203 Block 70	2/6	105.10
Total			463.59

- (2) According to Business Licence No. 32090000201910140020, 江蘇榮威娛樂用品有限公司 (Jiangsu Bestway Entertainment Products Co., Ltd.) was established on 5 April 2004 as a limited company with a registered capital of USD22,700,000 for a valid operation period from 5 April 2004 to 4 April 2054.
- (3) We have been provided with a legal opinion dated 25 June 2021 on the property prepared by the Company's PRC legal adviser, Long An Law Firm (隆安律師事務所), which contains, inter alia, the following information:

- (a) 江蘇榮威娛樂用品有限公司 (Jiangsu Bestway Entertainment Products Co., Ltd.) is in possession of a proper legal title to the property and is entitled to occupy, use and dispose of the property with the residual term of land use rights and building ownership in compliance with PRC laws;
- (b) There are no mortgages, ownership disputes, seizures by courts, or other judicial coercive measures on the property ownership and/or land use rights of the property.
- (4) The status of title and grant of major approvals and licences in accordance the information provided by the Group are as follows:
- | | |
|-------------------------------|-----|
| Real Estate Title Certificate | Yes |
| Business Licence | Yes |
- (5) Kevin Li, Senior Manager of C&W Nanjing Office, inspected the property on 23 December 2020.
- (6) In assessing the market value of the residential property, we have assumed an average unit price of approximately RMB2,800.

In undertaking our valuation, we have made reference to sales prices of residential properties in the neighbouring districts which have characteristics comparable to the property. The prices of comparable properties range from approximately RMB2,800 to RMB3,000 per sq m. The unit price assumed by us is consistent with the relevant comparables after due adjustments including location, accessibility, size, storey, etc.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2021
10.	10 residential units, Shanghai Jiayuan, No. 356 Qingyu Road, Rucheng Town, Rugao, Jiangsu Province, the PRC (中國江蘇省如皋市如城鎮慶余路356號上海嘉苑10套住宅)	Shanghai Jiayuan City is a completed residential development with residential buildings completed in the early 2010s. Surrounding developments are mainly residential buildings, mixed-use developments and retail shops. The Tongyang Canal is within 5 minutes' walk distance. The property comprises 10 residential units with a total gross floor area of 1,015.28 sq m pursuant to the Real Estate Title certificates. The land use terms and expiry dates have not been explicitly recorded on the Real Estate Title Certificates.	As at the Valuation Date, the property was occupied by the Group for residential use. RMB8,900,000 (RENMINBI EIGHT MILLION AND NINE HUNDRED THOUSAND) (100% interest attributable to the Group: RMB8,900,000)

Notes:

- (1) According to 10 Real Estate Title Certificates, the real estate title of the property with a gross floor area of 1,015.28 sq m has been vested in 南通榮威娛樂用品有限公司 (Nantong Rongwei Entertainment Products Co., Ltd.) (a wholly-owned subsidiary of the Company) for terms with details as follows:

Certificate No.	Room	Storey	Gross Floor Area (sq m)
160106	上海嘉苑10幢303室	5	103.61
160107	上海嘉苑3幢305室	5	103.61
160108	上海嘉苑10幢304室	5	103.61
160109	上海嘉苑7幢305室	5	103.61
160110	上海嘉苑3幢303室	5	103.61
160111	上海嘉苑20幢305室	5	93.2
160112	上海嘉苑7幢304室	5	103.61
160113	上海嘉苑20幢304室	5	93.2
160114	上海嘉苑10幢305室	5	103.61
160115	上海嘉苑3幢304室	5	103.61
Total			1,015.28

- (2) According to Business Licence No. 320682000202009270001, 南通榮威娛樂用品有限公司 (Nantong Rongwei Entertainment Products Co., Ltd.) was established on 2 February 2007 as a limited company with a registered capital of USD242,350,000 for a valid operation period from 2 February 2007 to 1 February 2057.
- (3) We have been provided with a legal opinion dated 25 June 2021 on the property prepared by the Company's PRC legal adviser, Long An Law Firm (隆安律師事務所), which contains, inter alia, the following information:

- (a) 南通榮威娛樂用品有限公司 (Nantong Rongwei Entertainment Products Co., Ltd.) is in possession of a proper legal title to the property and is entitled to occupy, use and dispose of the residual term of land use rights and building ownership in compliance with PRC laws;
- (b) There are no mortgages, ownership disputes, seizures by courts, or other judicial coercive measures on the property ownership and/or land use rights of the property.
- (4) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group are as follows:
- | | |
|--------------------------------------|-----|
| Certificate of Real Estate Ownership | Yes |
| Business Licence | Yes |
- (5) Susie Li, Assistant Manager of C&W Shanghai Office, inspected the property on 24 December 2020.
- (6) In assessing the market value of the residential property, we have assumed an average unit price of approximately RMB8,800.

In undertaking our valuation, we have made reference to sales prices of residential properties in the neighbouring districts which have characteristics comparable to the property. The prices of comparable properties range from approximately RMB8,300 to RMB10,000 per sq m. The unit price assumed by us is consistent with the relevant comparables after due adjustments including location, accessibility, size, storey, etc.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2021
11. 2 residential units, Country Garden, Chengbei New Village, Chengbei Subdistrict, Rugao, Jiangsu Province, the PRC	Country Garden is a residential development completed in the mid 2010s. Surrounding developments are mainly residential buildings, mixed-use developments and retail shops.	As at the Valuation Date, the property was occupied by the Group for residential use.	RMB2,200,000 (RENMINBI TWO MILLION AND TWO HUNDRED THOUSAND)
(中國江蘇省如皋市城北街道城北新村碧桂園2套住宅)	The property comprises 2 residential units with a total gross floor area of 226.03 sq m pursuant to the Real Estate Title certificates. The land use terms and expiry dates have not been explicitly recorded on the Real Estate Title Certificates.		(100% interest attributable to the Group: RMB2,200,000)

Notes:

- (1) According to 2 Real Estate Title Certificates, the real estate title of the property with a gross floor area of 226.03 sq m has been vested in 南通榮威娛樂用品有限公司 (Nantong Rongwei Entertainment Products Co., Ltd.) (a wholly-owned subsidiary of the Company) for terms with details as follows:-

Certificate No.	Room	Storey	Gross Floor Area (sq m)
194883	碧桂園2幢1803室	26	112.94
194884	碧桂園9幢1403室	22	113.09
		Total	226.03

- (2) According to Business Licence No. 320682000202009270001, 南通榮威娛樂用品有限公司 (Nantong Rongwei Entertainment Products Co., Ltd.) was established on 2 February 2007 as a limited company with a registered capital of USD242,350,000 for a valid operation period from 2 February 2007 to 1 February 2057.
- (3) We have been provided with a legal opinion dated 25 June 2021 on the property prepared by the Company's PRC legal adviser, Long An Law Firm (隆安律師事務所), which contains, inter alia, the following information:
- (a) 南通榮威娛樂用品有限公司 (Nantong Rongwei Entertainment Products Co., Ltd.) is in possession of a proper legal title to the property and is entitled to occupy, use and dispose of the property with the residual term of land use rights and building ownership in compliance with PRC laws;
- (b) There are no mortgages, ownership disputes, seizures by courts, or other judicial coercive measures on the property ownership and/or land use rights of the property.

- (4) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group are as follows:

Certificate of Real Estate Ownership	Yes
Business Licence	Yes

- (5) Susie Li, Assistant Manager of C&W Shanghai Office, inspected the property on 24 December 2020.
- (6) In assessing the market value of the residential property, we have assumed an average unit price of approximately RMB9,700.

In undertaking our valuation, we have made reference to sales prices of residential properties in the neighbouring districts which have characteristics comparable to the property. The prices of comparable properties range from approximately RMB8,600 to RMB11,000 per sq m. The unit price assumed by us is consistent with the relevant comparables after due adjustments including location, accessibility, size, storey, etc.

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

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2021
12.	An industrial complex under development located at Groups 18 and 19 of Lumenju, Chengbei Street, Rugao, Nantong, Jiangsu Province, the PRC (中國江蘇省南通市如皋市城北街道鹿門居18、19組地段建設中之工業項目)	The property is an industrial complex under development with a site area of 47,658.00 sq m. The property comprises 2 industrial buildings with a total gross floor area of 89,130.80 sq m under development which is scheduled to be completed in end 2021. The property is located in the north of Rugao and near Huacheng Avenue. Developments nearby are mainly industrial in nature. The property is served by public bus routes. The property is held for a land use term for industrial use due to expire on 7 December 2070.	As at the Valuation Date, the property was under development.	RMB98,000,000 (RENMINBI NINETY EIGHT MILLION) (100% interest attributable to the Group: RMB98,000,000)

Notes:

- (1) According to Real Estate Title Certificate No. (2020)0024437 issued by the Rugao Natural Resources and Planning Bureau on 7 December 2020, the land use rights of the property with a site area of 47,658.00 sq m have been vested in 南通榮威娛樂用品有限公司 (Nantong Bestway Entertainment Products Co., Ltd.) (a wholly-owned subsidiary of the Company) for a term due to expire on 7 December 2070 for industrial use.
- (2) According to Planning Permit for Construction Use of Land issued by the Rugao Economic Technology Development Zone Administrative and Approval Bureau on 17 December 2020, the construction site of the property with a site area of 47,658.00 sq m is in compliance with the urban planning requirements.
- (3) According to Planning Permit for Construction Works No. 320682202050074 issued by the Rugao Economic and Technological Development Zone Administrative Approval on 8 November 2020, the construction works of parts of the development with a gross floor area of 84,385.00 sq m are in compliance with the construction works requirements and have been approved.

According to Planning Permit for Construction Works No. 3206852202050075 issued by the Rugao Economic and Technological Development Zone Administrative Approval Bureau on 8 December 2020, the construction works of parts of the development with a gross floor area of 4,745.80 sq m are in compliance with the construction works requirements and have been approved.
- (4) According to Commencement Permit for Construction Works No. 320682202012090101 issued by the Rugao Economic and Technological Development Zone Management Committee on 9 December 2020, the construction works of the development for industrial use with a gross floor area of 89,130.80 sq m are in compliance with the requirements for works commencement and have been permitted.

- (5) As advised by the Group, the total incurred construction cost of the property as at the Valuation Date was RMB80,962,000 whilst the outstanding construction cost for completion of the property as at the Valuation Date was RMB44,000,000.
- (6) RMB98,000,000 is the market value in existing state on the valuation date whereby the property was under development only, and thus is not completion value. The valuation method being used comprises land value assessment subject to incurred costs. Therefore, no completion value is provided. However, we have disclosed the cost data in Note (5).
- (7) According to Business Licence No. 320682000202009270001, 南通榮威娛樂用品有限公司 (Nantong Bestway Entertainment Products Co., Ltd.) was established on 2 February 2007 as a limited company with a registered capital of USD242,350,000 for a valid operation period from 2 February 2007 to 1 February 2057.
- (8) We have been provided with a legal opinion dated 25 June 2021 on the property prepared by the Company's PRC legal adviser, Long An Law Firm (隆安律師事務所), which contains, inter alia, the following information:
- (a) 南通榮威娛樂用品有限公司 (Nantong Bestway Entertainment Products Co., Ltd.) is in possession of a proper legal title to the property and is entitled to occupy, use and construct the property with the residual term of land use rights and building ownership in compliance with PRC laws;
 - (b) 南通榮威娛樂用品有限公司 (Nantong Bestway Entertainment Products Co., Ltd.) has obtained the relevant certificates and approval from the government in respect of the construction of the property;
 - (c) The property is not subject to mortgage; and
 - (d) There are no mortgages, ownership disputes, seizures by courts, or other judicial coercive measures on the property ownership and/or land use rights of the property.
- (9) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group are as follows:
- | | |
|--|--------------------|
| Real Estate Title Certificate | Yes (land portion) |
| Planning Permit for Construction Use of Land | Yes |
| Planning Permits for Construction Works | Yes |
| Commencement Permit for Construction Works | Yes |
| Business Licence | Yes |
- (10) Susie Li, Assistant Manager of C&W Shanghai Office, inspected the property on 22 June 2021.
- (11) In assessing the market value of the property, we have assumed a land unit price of approximately RMB340 per sq m.

In undertaking our valuation, we have made reference to sales prices of industrial lands in the neighbouring districts which have characteristics comparable to the property. The land prices of the comparable properties range from RMB332 to RMB338 per sq m. The land value of the property is consistent with the relevant comparables after due adjustments including location, accessibility, size, date of transaction, etc.

Group IV — Property held by the Group for operation in Italy

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2021								
13. Via Della Resistenza 5, San Giuliano Milanese, Italy	The property consists of a recently refurbished owner-occupied office complex comprising two blocks, identified as “Corpo Alto” and “Corpo Basso”, internally connected by a covered passageway, for a total gross area of 1,028 sq m with details as follows:-	As at the Valuation Date, “Corpo Alto” and “Corpo Basso” were occupied by the Group for operation.	EUR1,510,000 (EURO ONE MILLION FIVE HUNDRED AND TEN THOUSAND)								
	<table border="1"> <thead> <tr> <th>Building Portion</th> <th>Gross Floor Area (sq m)</th> </tr> </thead> <tbody> <tr> <td>Corpo Alto</td> <td>603</td> </tr> <tr> <td>Corpo Basso</td> <td>425</td> </tr> <tr> <td>Total:</td> <td><u>1,028</u></td> </tr> </tbody> </table>	Building Portion	Gross Floor Area (sq m)	Corpo Alto	603	Corpo Basso	425	Total:	<u>1,028</u>		(51% interest attributable to the Group: EUR770,000)
Building Portion	Gross Floor Area (sq m)										
Corpo Alto	603										
Corpo Basso	425										
Total:	<u>1,028</u>										

The property is located in San Giuliano Milanese, a Municipality in Lombardy region, in the province of Milan, at some 15 km south-east from the city centre of Milan. More specifically, the subject property is located along Via della Resistenza, in a mainly residential area. The immediate surroundings include residential buildings (some new residential complexes are currently under construction), as well as an industrial site located to the east of the property.

The property is effectively a freehold interest.

Notes:

- (1) According to the Sale & Purchase Deed, notary Laura Mutti in Merate (LC) dated 20 January 2020, no. 21859 of “Repertorio” and no. 12801 of “Raccolta”, registered at the Registry of Lecco on 29 January 2020 at no. 1079, Bestway (Europe) S.r.l. (a 51% owned subsidiary of the Company) has a good and marketable title, free from any unusually onerous restrictions, covenants or other encumbrances.
- (2) According to Urban Planning Certificate (CDU) dated 11 November 2019 no. 0044333-6.2 and Town Planning and Cadastral Compliance Declaration prepared by Architect Luca Granzini, dated 9 December 2019, the building at Via della Resistenza 5 (Corpo Alto and Corpo Basso) complies with all planning and building regulations, has the benefit of appropriate planning consents or other statutory authorization for the current use and no adverse planning conditions or restrictions apply.

- (3) The building construction started before 1 September 1967. The building was then refurbished based on the authorizations issued by or submitted to the Municipality of San Giuliano Milanese:
- Refurbishment with Building permit no. 783 issued on 17 January 1989;
 - Free Concession no. 2/89 of 30 March 1989 with consequent Fit for Use Certificate n. 4174/2006;
 - D.I.A. (Declaration of Start of Activity) no. 17846 dated 30 May 2001;
 - D.I.A. (Declaration of Start of Activity) no. 12126 dated 25 March 2004;
 - D.I.A. (Declaration of Start of Activity) no. 33997 dated 6 October 2005;
 - C.I.L.A. (Sworn Communication of Start of Works) no. 45890 dated 27 November 2018
- (4) Mirko Rossi, Junior Analyst of C&W Italian Office, inspected the property on 21 December 2020. Mariacristina Laria, MRICS, Civil Engineer, Partner of C&W Italian Office, inspected the property on 21 June 2021.

Group V — Property held by the Group under development in Italy

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2021
14. Via Della Resistenza 1, San Giuliano Milanese, Italy	<p>The property consists of a new office building currently under construction with a total gross area of 819 sq m (plus 3 car parks and 4 motorbike parks). The construction is expected to be completed at the end of June 2021.</p> <p>The property is located in San Giuliano Milanese, a Municipality in Lombardy region, in the province of Milan, at some 15 km south-east from the city centre of Milan. More specifically, the subject property is located along Via della Resistenza, in a mainly residential area. The immediate surroundings include residential buildings (some new residential complexes are currently under construction), as well as an industrial site located to the east of the property.</p> <p>The property is effectively a freehold interest.</p>	As at the Valuation Date, the property was under construction.	<p>EUR1,210,000</p> <p>(EURO ONE MILLION TWO HUNDRED AND TEN THOUSAND)</p> <p>(51% interest attributable to the Group: EUR620,000)</p>

Notes:

- (1) According to the Sale & Purchase Deed, notary Laura Mutti in Merate (LC) dated 17 January 2018, no. 19030 of “Repertorio” and no. 11106 of “Raccolta”, registered at the Registry of Lecco on 23 January 2018 at no. 581, Bestway (Europe) S.r.l. (a 51% owned subsidiary of the Company) has a good and marketable title, free from any unusually onerous restrictions, covenants or other encumbrances.
- After the construction works have been officially finished (with a communication to the Municipality), a cadastral variation will have to be submitted to the local Cadastral Office to change the category in line with the new use (office).
- (2) Building Permit no. 2018/0031107 issued by the Municipality of San Giuliano Milanese on 11 April 2019 has been granted to the building at Via della Resistenza 1 under construction, regarding the construction of a “new office building” on Via della Resistenza 1, Sheet 9, Map 475.
 - (3) The development value of the property if completed as at the valuation date was approximately EUR1,424,000.
 - (4) According to the information provided by the company, the residual amount of capex still to be sustained is approximately EUR214,000.
 - (5) According to the information provided by the company, completion date is forecast for end of June 2021. Upon completion, the company will occupy the entirely new building.
 - (6) Mirko Rossi, Junior Analyst of C&W Italian Office, inspected the property on 21 December 2020. Mariacristina Laria, MRICS, Civil Engineer, Partner of C&W Italian Office, inspected the property on 21 June 2021.

Group VI — Property held by the Group for operation in the US

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2021
15.	3435 South McQueen Road, Chandler, Maricopa, The US AZ 85286	<p>The property comprises a parcel of land with a site area of approximately 325,592 sq ft upon which a single-storey industrial shell building with an enclosed storage yard is erected. The property has a total gross floor area of equivalent to 129,480 sq ft.</p> <p>The property contains approximately 166 surface parking spaces.</p> <p>The building was completed in 2020.</p> <p>The property is located on the northeast corner of South McQueen Road and East Appleby Road, in the city of Chandler. The locality is mainly surrounded with a mixture of residential, commercial and industrial buildings.</p> <p>The property interest is held under a fee simple estate.</p>	As at the Valuation Date, the property was vacant.	<p>USD15,100,000</p> <p>(UNITED STATES DOLLARS FIFTEEN MILLION AND ONE HUNDRED THOUSAND)</p> <p>(51% interest attributable to the Group: USD7,700,000)</p>

Notes:

- (1) According to a Purchase Agreement and Escrow Instructions dated 20 October 2020, the subject property was transferred to Bestway (USA) Holdings LLC for the purchase price of USD14,695,980.
- (2) According to an Assignment of Buyer's Rights under Purchase Agreement dated 9 December 2020 between Bestway (USA) Holdings, LLC. ("**Assignor**") and Bestway (USA), Inc ("**Assignee**") (a 51% owned subsidiary of the Company), the subject property was transferred to Bestway (USA). Inc, the salient recitals are listed as follows:
 - (a) Assignor, as "Buyer", and Chandler Airport Commerce Park. LLC, as "Seller", previously entered into that certain Purchase Agreement and Escrow Instructions dated as of 20 October 2020, (the "**Purchase Agreement**") and opened Escrow no. Z234408 (the "**Escrow**") with Chicago Title (the "**Escrow Agent**") for the purchase and sale of the subject property;
 - (b) The Purchase Agreement permits assignor to freely assign its rights thereunder;
 - (c) Assignor desires to assign, and Assignee desires to assume, the Buyer's rights and obligations under the Purchase Agreement and the Escrow.

- (3) According to a Combination Deed of Trust, Construction Security Agreement, Security Agreement and Fixture Financing Statement by Bestway (USA) Inc., to Fidelity National Title for the benefit of Sunflower Bank, N.A. dated 5 January 2021, a loan with the amount of USD12,400,000 is granted to Bestway (USA) Inc..
- (4) According to a Promissory Note dated 5 January 2021, the principal amount of USD12,400,000 is granted to Bestway (USA) Inc.
- (5) According to tax records, the property is subject to a mortgage in connection with a loan with an amount of USD12,400,000 granted by Sunflower Bank dated 1 May 2021.
- (6) The subject property is located in flood zone X500 (An area inundated by 500-year flooding; an area inundated by 100-year flooding with average depths of less than 1 ft or with drainage areas less than 1 square mile; or an area protected by levees from 100-year flooding.) as indicated by FEMA Map 04013C2739M, dated 4 November 2015.
- (7) Todd Lamb, MAI, Senior Director of C&W Phoenix office, inspected the property on 2 June 2021.

Group VII — Property held by the Group for operation in Vietnam

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2021
16. Lot Nos. 36B, 37B, 51A and 52, Long Giang Industrial Park (IP), Tan Lap 1 Commune, Tan Phuoc Rural District, Tien Giang Province, Vietnam	<p>The property comprises a parcel of land with the area of approximately 51,240 sq m and various industrial buildings and supporting facilities are erected thereon within Long Giang Industrial Park.</p> <p>The building has a total gross floor area of approximately 31,780 sq m and was completed in 2019. Details of the components are shown as follow:</p>	As at the Valuation Date, the property was fully owned and operated by Bestway (Vietnam) Recreation Limited.	USD9,000,000 (UNITED STATES DOLLARS NINE MILLION) (100% interest attributable to the Group: USD9,000,000)
		Gross Floor Area	
	Building	(sq m)	
	Workshop	12,000	
	Raw material warehouse, finished product warehouse	14,280	
	Toilets for worker	77	
	Office Building	1,408	
	Canteen	896	
	Parking area for worker	1,155	
	Ink warehouse	1,540	
	Power station 2,000 KVA	120	
	Security guard house (8a)	240	
	Security guard house (8b)	40	
	Others (fence, gate, road system, landscape, supporting systems)	24	
	Total:	<u>31,780</u>	

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2021
	<p>The site is approximately 18 km southeast to the Central Business District of My Tho City and 73 km northeast to the Central Business District of Ho Chi Minh City.</p> <p>Surrounding developments in this vicinity comprise mainly industrial land allotments and existing warehouses/factories. Notable industrial zones within the radius of 25 km from the subject industrial zone include Loi Binh Nhon Industrial Cluster, Tan Huong Industrial Park, Tan My Chanh Industrial Park.</p> <p>The property is held for a land use term for industrial use due to expire on 26 November 2057.</p>		

Notes:

- (1) According to Land Lease Contract No. 53/HDTQSDD.LG.2019 and its Annex and signed between Long Giang Industrial Park Development Company Limited (the Lessor) and Bestway (Vietnam) Recreation Limited (a wholly-owned subsidiary of the Company) (the Lessee) on 14 January 2019, the leasehold interest of the land was granted to Bestway (Vietnam) Recreation Limited for a term due to expire on 26 November 2057.

The salient details of Land Lease Contract No. 53/HDTQSDD.LG.2019 are summarized as below:

Land lease area:	51,240 sq m
Land location:	Lots Nos. 36B, 37B, 51A and 52 according to the land use planning drawing of Long Giang Industrial Park
Land rental:	Vietnamese Dollars (“VND”) 1,584,968 per sq m (exclusive of value added tax) equivalent to VND81,213,760,320 for the entire area.
Payment method:	Upfront payment

- (2) The salient details of Land Use Rights and Building Ownership Certificate No. CT08733 issued by the Department of Natural Resources and Environment of Tien Giang Province on 14 July 2020 are summarized below:

User and owner:	Bestway (Vietnam) Recreation Limited
Land No:	52; Map No: 00.
Address:	Lot Nos. 36B, 37B, 51A and 52 Long Giang Industrial Park, Tan Lap 1 Commune, Tan Phuoc Rural District, Tien Giang Province
Land area:	51,240 sq m
Land use purpose:	Industrial land.
Land tenure:	Expiring on 26 November 2057
Land use form:	Land lease with upfront payment

Certified improvements are outlined below:

Building Portion	Gross Floor Area (sq m)
Workshop, raw material warehouse, finished product warehouse	26,280
Office building, parking area for worker and canteen	3,459
Supporting house, ink warehouse, toilet for worker	1,737
Security guard house 8a, security guard house 8b, power station 2.000KVA	304
Total	31,780

- (3) According to Construction Permit No. 03/GPXD issued by the Management Board of Tien Giang Industrial Zones on 28 March 2019, the developer of the property is Bestway (Vietnam) Recreation Limited.
- (4) According to Business Registration Certificate for the One Member Limited Liability Company No. 1201598254 first issued on 3 January 2019 with its third amendment by the Department of Planning and Investment of Tien Giang Province on 6 April 2021, Bestway (Vietnam) Recreation Limited has been established with a registered capital of VND255,695,000,000.
- (5) We have been provided with a legal opinion dated 19 August 2021 on the property prepared by the Company's Vietnam legal adviser, which contains, inter alia, the following information:
- (a) Based on Enterprise Registration Certificate No. 1201598254 issued by the Department of Planning and Investment of Tien Giang Province on 3 January 2019 (as amended for the third time on 6 April 2021), Bestway (Vietnam) Recreation Limited ("Bestway Vietnam") is a single-member limited liability company duly established and validly existing under the laws and regulations of Vietnam.
- (b) Based on Land Use Rights Certificate No. CX149135 issued by Department of Natural Resources and Environment of Tien Giang Province ("LURC CX149135") on 14 July 2020 and confirmation of the Legal Representative of the Company in the Omnibus Certificate, Bestway Vietnam has legal and valid title over the property and land use rights to the land on which the property is located for the period ending 26 November 2057.
- (c) Based on the LURC CX149135 and confirmation of the Legal Representative of Bestway Vietnam in the Omnibus Certificate, the property and the land use rights to the land on which the property is located, in the case of each component of the property, are owned by Bestway Vietnam free and clear of all liens, charges, encumbrances or other security interests, third party rights or interests, equities, claims, defects, options or restrictions, save as follows:
- (i) Under the Agreement on Sublease of Land Use Rights No. 53/HDTQSDD.LG.2019 ("Sublease Agreement") signed between Bestway Vietnam and Long Giang Industrial Park Development Company Limited (the "Lessor") on 14 January 2019, Bestway Vietnam is required to (i) secure written consent from Tien Giang Industrial Zone Management Authority and (ii) settle any outstanding amounts (including taxes, if any) to the Lessor prior to transferring the land use rights to the land on which the property is located;
- (ii) Bestway Vietnam may transfer the property and land use rights to the land on which the property is located to qualified transferees.
- (6) Ms. Ly Pham, Valuer of C&W Vietnam Office, inspected the property on 25 May 2021.