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**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**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 Golden Throat Holdings Group Company Limited, you should at once hand this Scheme Document and the accompanying forms of proxy to the purchaser or transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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

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 Golden Throat Holdings Group Company Limited.

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**AURELI INVESTMENTS LTD**

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



**GOLDEN THROAT HOLDINGS GROUP COMPANY LIMITED**

**金噪子控股集團有限公司**

*(Incorporated under the laws of the Cayman Islands with limited liability of its members)*  
(Stock Code: 6896)

**(1) PROPOSAL FOR THE TAKE PRIVATE OF  
GOLDEN THROAT HOLDINGS GROUP COMPANY LIMITED  
BY AURELI INVESTMENTS LTD  
BY WAY OF A SCHEME OF ARRANGEMENT  
UNDER SECTION 86 OF THE COMPANIES ACT  
(2) SPECIAL DEAL RELATING TO ROLLOVER ARRANGEMENT  
(3) PROPOSED WITHDRAWAL OF LISTING OF GOLDEN THROAT  
HOLDINGS GROUP COMPANY LIMITED**

**Financial Adviser to the Offeror**



**Standard Chartered Bank (Hong Kong) Limited**

**Independent Financial Adviser to the Independent Board Committee**



**Opus Capital Limited**

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Unless the context otherwise requires, capitalised terms used in this Scheme Document shall have the same meaning as those defined in the section headed “Definitions” of this Scheme Document.

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A letter from the Board is set out in Part V of this Scheme Document. A letter from the Independent Board Committee containing its advice to the Disinterested Shareholders in relation to the Proposal, the Scheme and the Rollover Arrangement is set out in Part VI of this Scheme Document. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee in connection with the Proposal, the Scheme and the Rollover Arrangement is set out in Part VII of this Scheme Document. The Explanatory Memorandum is set out in Part VIII of this Scheme Document.

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

Notices convening the Court Meeting and the General Meeting to be held at 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong on Tuesday, 30 November 2021 at 10:00 a.m. and 10:30 a.m. respectively (or, in the case of the General Meeting, as soon thereafter as the Court Meeting shall have concluded or been adjourned) are set out on pages CM-1 to CM-4 and GM-1 to GM-4 of this Scheme Document respectively. Whether or not you are able to attend the Court Meeting and/or the General Meeting or any adjournment thereof in person, if you are a Disinterested Shareholder, you are strongly urged to complete and sign the enclosed **pink** form of proxy in respect of the Court Meeting and if you are a Shareholder, you are strongly urged to complete and sign the enclosed **white** form of proxy in respect of the General Meeting, in each case in accordance with the instructions printed thereon and to lodge them with the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible, but in any event by no later than the respective times and dates specified in them respectively and in Part III of this Scheme Document. The **white** form of proxy in respect of the General Meeting will not be valid if it is not so lodged. In the case of the **pink** form of proxy in respect of the Court Meeting, it may also be handed to the Chairman of the Court Meeting (who will have absolute discretion on whether or not to accept it) at the Court Meeting if it is not so lodged.

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

Given the ever-evolving COVID-19 pandemic and the importance of safeguarding the health and safety of the Shareholders and attendees of the Court Meeting and the General Meeting, the Company will implement precautionary measures at the venue of the Court Meeting and the General Meeting which include but are not limited to the following:

- (i) All Shareholders, proxies and other attendees are subject to a compulsory body temperature check at the entrance of the venue. Any person with a body temperature of over 37.5 degrees Celsius or who has any flu-like symptoms or is otherwise unwell will not be permitted to enter into the venue.
- (ii) All attending Shareholders, proxies and other attendees are required to submit at the entrance of the venue a completed declaration form (a copy can be downloaded from the Company's website at <http://www.goldenthroat.com/en/>). Any Shareholder, proxy and other attendee who has travelled to areas outside of Hong Kong at any time in the preceding 14 days of the Court Meeting and/or the General Meeting, or is subject to any compulsory quarantine prescribed by the Department of Health of Hong Kong, or has close contact with confirmed case(s) and/or probable case(s) of COVID-19 patient(s), or lives with or has close contact with any person under home quarantine or self-quarantine in relation to COVID-19, will be denied entry into the venue.

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- (iii) All Shareholders, proxies and other attendees are required to clean their hands with alcohol-based hand sanitiser before entering the venue. All participants must wear a surgical mask and observe good personal hygiene throughout the Court Meeting and/or the General Meeting.
- (iv) Appropriate distance and space will be maintained in the seating plan. As the meeting room is of limited capacity, the Company may have other alternative arrangements at the venue as may be necessary.
- (v) The Company will not provide refreshments and will not distribute corporate gifts.
- (vi) If any participant declines to comply with any of the abovementioned measures, the Company reserves the right to deny such person from entering into the venue or to request him/her to leave the venue.
- (vii) The Company shall follow the latest directions under the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation and implement further precautionary measures as and when necessary.

The Company strongly advises the Disinterested Shareholders and the Shareholders to appoint the Chairman of the Court Meeting and the Chairman of the General Meeting, respectively, as their proxy to vote on the resolution as an alternative to attending and voting at the Court Meeting and/or General Meeting in person.

This Scheme Document is not an offer of securities for sale in the United States. The new Shares to be issued in connection with the Proposal will not be, and are not required to be, registered under the Securities Act or the securities laws of any state of the United States and will be issued in reliance upon the exemption from the registration requirements of the Securities Act provided by Section 3(a)(10) of the Securities Act and available exemptions from such state law registration requirements. The Offeror Shares to be issued pursuant to the Proposal have not been registered under the Securities Act or under any laws or with any securities regulatory authority of any state, district or other jurisdiction, of the United States, and may only be offered or sold in the United States in reliance on an exemption from registration requirements of the Securities Act.

This Scheme Document is issued jointly by the Offeror and the Company. In case of inconsistency, the English language text of this Scheme Document and the accompanying forms of proxy shall prevail over the Chinese language text.

Friday, 29 October 2021

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*This overview section is qualified in its entirety by, and should be read in conjunction with, the full text of this Scheme Document. Words and expressions not defined herein shall have the same meaning as in the main body of this Scheme Document unless otherwise stated. Meanings of defined terms may be found in the “Definitions” section of this Scheme Document.*

### **ABOUT THE COMPANY**

- The Company’s history dates back to 1956 when Liuzhou No. 2 Sweet Factory (柳州市糖果二廠), the predecessor of Guangxi Golden Throat Co., Ltd. (an indirect wholly owned subsidiary of the Company), was established.
- Currently, the Company has developed into a comprehensive modern group mainly engaging in the manufacture and sale of lozenges and other pharmaceutical and food products.

### **OVERVIEW OF THE SCHEME OF ARRANGEMENT**

- On 12 August 2021, the Offeror (a company indirectly wholly-owned by Founder HoldCo and Affirma HoldCo) and the Company jointly announced that they had agreed to use all reasonable endeavours to implement the Proposal for the take private of the Company by way of a scheme of arrangement.
  - (a) Founder HoldCo is indirectly owned by Mr. Zeng, the vice chairman of the Board, an executive Director and the general manager of the Company.
  - (b) Affirma HoldCo is ultimately wholly owned by the Affirma Funds, an independent emerging market private equity firm with a 19-year history of investing in emerging markets and has deployed over USD6 billion in more than 100 companies across Asia, Africa and the Middle East.
- The Scheme Shares (other than the Founder Scheme Shares and the Rollover Shares) will be cancelled in consideration for the Cancellation Price of **HK\$2.80 per Scheme Share**, which will be paid in cash.
  - (a) The Offeror proposes to finance the cash consideration payable under the Proposal with equity commitments from the Affirma Funds.
  - (b) The Offeror will not increase the Cancellation Price of the Scheme Shares.
- Immediately upon the Scheme becoming effective:
  - (a) Founder HoldCo will be the controlling shareholder of HoldCo holding approximately 70.72% of the ordinary shares in HoldCo and Affirma HoldCo will be the minority shareholder of HoldCo holding approximately 29.28% of the ordinary shares in HoldCo; and

- (b) HoldCo will be the controlling shareholder of the Group, holding approximately 87.43% of the shares in the Offeror, which will, in turn, wholly own the Company.
  
- If the Proposal becomes unconditional and the Scheme becomes effective, it is expected that the listing of the Shares on the Stock Exchange will be withdrawn at 9:00 a.m. on Wednesday, 15 December 2021.
  
- Upon implementation of the Proposal, the Offeror does not expect major changes to be introduced in the existing principal businesses of the Company in the immediate term, including any major redeployment of the fixed assets of the Company. The Offeror also has no intention of making any significant changes to the employees of the Company as a result of the implementation of the Proposal.
  
- Under the terms of the Shareholders' Agreement, Ms. Jiang, the chairman of the Board, shall have the right to nominate, appoint and replace **all** members of the board of directors of the Offeror Group.
  
- Shareholders are urged to carefully read the letter from the Independent Board Committee as set out in Part VI of this Scheme Document, the letter from the Independent Financial Adviser as set out in Part VII of this Scheme Document and the Explanatory Memorandum as set out in Part VIII of this Scheme Document.

#### **REASONS FOR AND BENEFITS OF THE PROPOSAL**

- For details of the reasons for and benefits of the Proposal, please refer to the section headed “*14. Reasons for and Benefits of the Proposal*” in the Explanatory Memorandum in Part VIII of this Scheme Document.

#### **ACTIONS TO BE TAKEN**

- For details of actions to be taken by the Shareholders, please refer to Part III of this Scheme Document headed “*Actions to be Taken*”.

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

“acting in concert”	has the meaning given to it in the Takeovers Code, and “persons acting in concert” shall be construed accordingly
“Adjusted NAV”	has the meaning given to it in the letter from the Independent Financial Adviser in Part VII of this Scheme Document
“Affirma”	collectively, Affirma Capital (Singapore) Pte. Ltd., a company incorporated in Singapore, and its affiliates, together with Affirma Capital Limited and its affiliates, and investment vehicles or funds managed or advised by the aforementioned entities and other Affirma branded funds (but excluding, for the avoidance of doubt, portfolio companies in which such funds and investment vehicles hold an interest)
“Affirma Funds”	collectively:  (a) Augusta Fund I; and  (b) Ascenta V,  which, together, ultimately control Affirma HoldCo
“Affirma Group”	the Affirma Funds, the Affirma Investment Vehicles, Affirma HoldCo and Affirma
“Affirma HoldCo”	SILVER HOLDCO PTE. LTD., a limited liability company incorporated in Singapore with limited liability, which is directly or indirectly wholly owned by the Affirma Investment Vehicles and the Affirma Funds
“Affirma Investment Vehicle 1”	SILVER INVESTCO PTE. LTD., a limited liability company incorporated in Singapore, which is indirectly wholly owned by Augusta Fund I
“Affirma Investment Vehicle 2”	Silver Holdings Limited, a limited liability company incorporated in the Republic of Korea, which is directly wholly owned by Ascenta V
“Affirma Investment Vehicle 3”	AUGUSTA C HOLDCO PTE. LTD., a limited liability company incorporated in Singapore, which is indirectly wholly owned by Augusta Fund I

“Affirma Investment Vehicle 4”	AUGUSTA FUNDCO PTE. LTD., a limited liability company incorporated in Singapore, which is directly wholly owned by Augusta Fund I
“Affirma Investment Vehicles”	Affirma Investment Vehicle 1, Affirma Investment Vehicle 2, Affirma Investment Vehicle 3 and Affirma Investment Vehicle 4
“Applicable Laws”	with respect to any person, any laws, rules, regulations, guidelines, directives, treaties, judgments, decrees, orders or notices of any Authority that is applicable to such person
“Approvals”	licences, approvals, permits, consents, permissions, clearances and registrations required by any Authority
“Ascenta V”	Ascenta V ( <i>Ascenta Number 5 Samo Tooja Habja Hoesa</i> ), a private equity fund established under the Financial Investment Services and Capital Markets Act of the Republic of Korea
“associate”	has the meaning ascribed to it in the Takeovers Code
“Augusta Fund I”	Augusta Fund 1, LP, a limited partnership in Singapore pursuant to the Limited Partnerships Act (Chapter 163B) of Singapore
“Authority”	any relevant government, administrative or regulatory body, or court, tribunal, arbitrator or governmental agency or authority or department (including any relevant securities exchange) and whether supranational, national, regional or local
“Beneficial Owner”	any beneficial owner of the Shares registered in the name of a Registered Owner other than himself or herself
“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\$2.80 per Scheme Share
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“CCASS Participant”	a person admitted to participate in CCASS as a participant, including an Investor Participant
“Companies Act”	the Companies Act (2021 Revision) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time



“Company”	Golden Throat Holdings Group Company Limited, an exempted company incorporated in the Cayman Islands, the Shares of which are currently listed on the Main Board of the Stock Exchange (stock code: 6896)
“Condition(s)”	the condition(s) to the Proposal as set out in the section headed “ <i>Conditions of the Proposal</i> ” in the letter from the Board in Part V of this Scheme Document
“Consortium Agreement”	the consortium agreement dated 12 August 2021 entered into between the Founder Shareholders, Affirma HoldCo, HoldCo and the Offeror in connection with the Proposal, the key terms of which are described in the section headed “ <i>Consortium Agreement</i> ” in the letter from the Board in Part V of this Scheme Document
“Court Meeting”	a meeting of the Disinterested Shareholders convened at the direction of the Grand Court to be held at 10:00 a.m. on Tuesday, 30 November 2021 at 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong at which the Scheme (with or without modification) will be voted upon, notice of which is set out in pages CM-1 to CM-4 of this Scheme Document, or any adjournment thereof
“Director(s)”	the director(s) of the Company
“Disinterested Shareholders”	the registered holder(s) of the Disinterested Shares. For the avoidance of doubt, the Disinterested Shareholders include any member of the SCB Group acting in the capacity of an exempt principal trader for the purpose of the Takeovers Code
“Disinterested Shares”	the Scheme Share(s), other than those beneficially owned by the Founder Shareholders, the Rollover Shareholders and the Offeror Concert Parties (for the avoidance of doubt, the Founder Scheme Shares and the Rollover Scheme Shares are not Disinterested Shares). For the avoidance of doubt, Disinterested Shares include Scheme Shares which are held by any member of the SCB Group which is an exempt principal trader for the purpose of the Takeovers Code
“Effective Date”	the date on which the Scheme becomes effective in accordance with the Companies Act and the Conditions
“Employee Trustee”	Jin Chen Employee Holdings Limited, a private trust company incorporated in Gibraltar and managed and controlled by the Founder Trustee as its corporate director

“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“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 in relation to the Scheme, the text of which is set out in Part VIII of this Scheme Document
“Founder Cancellation Consideration”	the consideration to be received by the Founder Shareholders for the cancellation of the Founder Scheme Shares under the Scheme, being the crediting of the unpaid HoldCo Shares held by Founder HoldCo as being fully paid in the amount equivalent to the aggregate amount of the Cancellation Price of HK\$2.80 per Scheme Share with respect to all the Founder Scheme Shares pursuant to the terms of the Consortium Agreement and the Scheme
“Founder Group”	(a) Mr. Zeng;  (b) Founder HoldCo;  (c) Founder Trust Company; and  (d) the Founder Trust
“Founder HoldCo”	Golden Throat International Holdings Limited, a BVI business company incorporated in the British Virgin Islands and wholly owned by the Founder Trust Company
“Founder Irrevocable Undertakings”	the irrevocable undertakings given by the Founder Shareholders in respect of the Founder Scheme Shares held by them as described in the section headed “ <i>Irrevocable Undertakings</i> ” in the letter from the Board in Part V of this Scheme Document
“Founder Scheme Shares”	457,076,300 Scheme Shares (in aggregate) directly held by the Founder Shareholders, representing approximately 61.83% of the issued share capital of the Company as at the Latest Practicable Date
“Founder Shareholders”	Mr. Zeng and Founder HoldCo

“Founder Trust”	an irrevocable discretionary trust established by Mr. Zeng as the settlor pursuant to a trust arrangement dated 25 February 2015 for the benefit of Mr. Zeng and his children and descendants, with the Founder Trustee as trustee which directly wholly owns Founder Trust Company
“Founder Trust Company”	Jin Jiang Global Investment Company Limited, a BVI business company incorporated in the British Virgin Islands which owns all issued shares in Founder HoldCo and whose issued shares are held by the Founder Trustee as trustee of the Founder Trust
“Founder Trustee”	Sovereign Trust International Limited, a professional corporate trustee licensed by the Gibraltar Financial Services Commission
“General Meeting”	an extraordinary general meeting of the Company to be held at 10:30 a.m. on Tuesday, 30 November 2021 (or promptly after the conclusion or adjournment of the Court Meeting) at 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong for the purpose of approving, among other things, the reduction of the share capital of the Company and the implementation of the Scheme, notice of which is set out in pages GM-1 to GM-4 of this Scheme Document, or any adjournment thereof
“Grand Court”	the Grand Court of the Cayman Islands and any court capable of hearing appeals therefrom
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC Nominees”	HKSCC Nominees Limited
“HoldCo”	Aureli Holdings Ltd, an exempted company incorporated in the Cayman Islands which is directly wholly-owned by the Founder Group and Affirma HoldCo
“HoldCo Shares”	the ordinary shares in the capital of HoldCo
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Share Registrar”	Computershare Hong Kong Investor Services Limited, the Company’s branch share registrar and transfer office in Hong Kong
“ICG”	Intermediate Capital Group plc, which is a public company incorporated in the England and Wales and listed on the London Stock Exchange with stock code ICP.L

“Implementation Agreement”	the implementation agreement dated 12 August 2021 entered into between the Offeror and the Company pursuant to which the parties have agreed to pursue the Proposal, the key terms of which are described in the section headed “ <i>Implementation Agreement</i> ” in the letter from the Board in Part V of this Scheme Document
“Independent Board Committee”	the independent board committee of the Company comprising the following independent non-executive Directors: Mr. Li Hua, Mr. Zhu Jierong and Mr. Cheng Yiqun
“Independent Financial Adviser”	Opus Capital Limited, being the independent financial adviser to the Independent Board Committee in connection with the Proposal, the Scheme and the Rollover Arrangement (including recommendations to the Disinterested Shareholders with respect to voting relating to the Scheme at the Court Meeting and the Rollover Arrangement and the resolutions in connection with the implementation of the Proposal at the General Meeting)
“Investor Participant”	a person admitted to participate in CCASS as an investor participant
“Joint Announcement”	the joint announcement dated 12 August 2021 jointly issued by the Offeror and the Company
“Last Trading Date”	5 August 2021, being the last day on which Shares were traded on the Stock Exchange prior to the publication of the Joint Announcement
“Latest Practicable Date”	26 October 2021, being the latest practicable date prior to the date of this Scheme Document for the purpose of ascertaining certain information contained in this Scheme Document
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	12 February 2022 (or any other date as may be agreed by the Offeror and the Company and as permitted by the Executive)
“Management HoldCo 1”	Jin Chen Global Investment Company Limited, a BVI business company incorporated in the British Virgin Islands and wholly owned by Employee Trustee as trustee of the Senior Management Trust

“Management HoldCo 2”	Jin Qing Global Investment Company Limited, a BVI business company incorporated in the British Virgin Islands, which is wholly owned by Employee Trustee as trustee of the Senior Management Trust
“Management HoldCos”	Management HoldCo 1 and Management HoldCo 2
“Meeting Record Date”	Tuesday, 30 November 2021, or such other date to be announced to the Shareholders, being the record date for the purposes of determining the entitlement of Disinterested Shareholders to attend and vote at the Court Meeting and the entitlement of Shareholders to attend and vote at the General Meeting
“Mr. Fang”	Mr. Fang Zhenchun, an existing Shareholder of the Company
“Mr. Zeng”	Mr. Zeng Yong, the vice chairman of the Board and an executive Director and the general manager of the Group
“Ms. Jiang”	Ms. Jiang Peizhen, the chairman of the Board and a non-executive Director of the Company and the sole director of Founder HoldCo
“New Shares”	the new Shares to be issued to the Offeror pursuant to this Scheme, the number of which is equal to the number of Scheme Shares to be cancelled and extinguished
“Non-Investor Participant”	any CCASS Participant that is a financial intermediary
“offer period”	has the meaning ascribed to it in the Takeovers Code, which commenced on 12 August 2021
“Offeror”	Aureli Investments Ltd, an exempted company incorporated in the Cayman Islands which is directly wholly-owned by HoldCo and indirectly wholly-owned by Founder HoldCo and Affirma HoldCo
“Offeror Concert Parties”	parties acting in concert or presumed to be acting in concert with the Offeror, the Founder Group and/or Affirma HoldCo
“Offeror Group”	HoldCo, the Offeror and the Offeror’s subsidiaries (which will include the Group upon the Scheme becoming effective)
“Offeror Rollover Shares”	92,956,400 new Offeror Shares (in aggregate) to be allotted and issued by the Offeror to the Rollover Shareholders as the Rollover Cancellation Consideration for cancellation of the Rollover Scheme Shares pursuant to the Rollover Agreement and the Scheme
“Offeror Shares”	the ordinary shares in the capital of the Offeror

“Other CCASS Participant”	a broker, custodian, nominee or other relevant person who is, or has deposited Shares with, a CCASS Participant
“PRC”	the People’s Republic of China, but for the purpose of this Scheme Document, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Proposal”	the proposal for the take private of the Company by the Offeror by way of the Scheme, on the terms and subject to the conditions as described in this Scheme Document
“Reduction”	the reduction of the issued share capital of Company by the cancellation and extinguishment of the Scheme Shares
“Registered Owner”	any person (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 the Shares
“Registrar”	the Registrar of Companies in the Cayman Islands appointed in accordance with the Companies Act
“Relevant Period”	the period commencing from and including 12 February 2021, being the date falling six months prior to 12 August 2021, being the commencement date of the offer period, up to and including the Latest Practicable Date
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“Rollover Agreement”	the rollover agreement dated 12 August 2021 entered into between the Rollover Shareholders, the Employee Trustee, HoldCo and the Offeror in relation to the Rollover Arrangement, the key terms of which are described in the section headed “ <i>Rollover Agreement and Rollover Arrangement</i> ” in the letter from the Board in Part V of this Scheme Document
“Rollover Arrangement”	(a) the cancellation of the Rollover Scheme Shares in consideration for the Rollover Cancellation Consideration; and  (b) the entry by the Rollover Shareholders and the Employee Trustee into the Rollover Agreement

“Rollover Cancellation Consideration”	the consideration to be received by the Rollover Shareholders for cancellation of their Rollover Scheme Shares under the Scheme, being the allotment and issue of the Offeror Rollover Shares to the Rollover Shareholders credited as fully paid in the amount equivalent to the aggregate amount of the Cancellation Price of HK\$2.80 per Scheme Share with respect to all the Rollover Scheme Shares pursuant to the terms of the Rollover Agreement and the Scheme
“Rollover Irrevocable Undertakings”	the irrevocable undertakings given by the Rollover Shareholders and the Employee Trustee in respect of the Rollover Scheme Shares as described in the section headed “ <i>Irrevocable Undertakings</i> ” in the letter from the Board in Part V of this Scheme Document
“Rollover Parties”	(a) the Management HoldCos;  (b) the Employee Trustee;  (c) the Senior Management Trust; and  (d) Mr. Fang
“Rollover Scheme Shares”	92,956,400 Scheme Shares (in aggregate) held by the Rollover Shareholders, representing approximately 12.57% of the issued share capital of the Company as at the Latest Practicable Date
“Rollover Shareholders”	the Management HoldCos and Mr. Fang
“SCB”	Standard Chartered Bank (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and licensed under the SFO to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities, and the financial adviser to the Offeror in connection with the Proposal
“SCB Group”	SCB and persons controlling, controlled by or under the same control as SCB
“Scheme”	the scheme of arrangement between the Company and the Scheme Shareholders under Section 86 of the Companies Act involving, amongst other things, the cancellation of all of the Scheme Shares and the restoration of the issued share capital of the Company to the amount immediately before the cancellation of the Scheme Shares (as set out in Appendix IV to the Scheme Document)

“Scheme Consideration”	the applicable consideration payable to the Scheme Shareholders in consideration for the cancellation of their Scheme Shares pursuant to this Scheme being: (i) the Founder Cancellation Consideration payable to the Founder Shareholders; (ii) the Rollover Cancellation Consideration payable to the Rollover Shareholders; and (iii) the Cancellation Price payable to the Disinterested Shareholders as at the Scheme Record Date
“Scheme Document”	this composite scheme document (which contains, among other things, further details of the Proposal), accompanying proxy forms and notices of the Court Meeting and the General Meeting
“Scheme Record Date”	Friday, 10 December 2021 or such other date to be announced to the Shareholders, being the record date to be announced for determining entitlements of the Scheme Shareholders under the Scheme
“Scheme Shareholders”	the registered holders of the Scheme Shares as at the Scheme Record Date
“Scheme Shares”	the Shares in issue on the Scheme Record Date
“Securities Act”	the US Securities Act of 1933
“Senior Management Trust”	an irrevocable discretionary trust established by Mr. Zeng (as the settlor) for the benefit of certain senior management employed or formerly employed by the Group and their dependents, with Employee Trustee as the trustee and which holds the entire issued share capital of the Management HoldCos
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Option Scheme”	the share option scheme of the Company adopted by the Shareholders at the annual general meeting of the Company held on 8 June 2017
“Share(s)”	the ordinary share(s) of a nominal or par value of USD0.000025 each in the issued share capital of the Company
“Shareholder(s)”	the registered holder(s) of the Shares



“Shareholders’ Agreement”	the shareholders’ agreement dated 12 August 2021 entered into between the Founder Shareholders, HoldCo and Affirma HoldCo, the key terms of which are described in the section headed “ <i>Shareholders’ Agreement</i> ” in the letter from the Board in Part V of this Scheme Document
“Singapore”	the Republic of Singapore
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Undisturbed Date”	4 August 2021, being the last trading day prior to which there were irregular trading volumes and price movements in the Shares
“US” or “United States”	the United States of America
“USD”	United States dollars, the lawful currency of the United States
“Valuer”	AVISTA Valuation Advisory Limited, an independent professional valuer
“%”	per cent

All references in this Scheme Document to times and dates are references to Hong Kong times and dates, except as otherwise specified and other than references to the expected date of the Grand Court hearing of the petition for the sanction of the Scheme and the Effective Date, which are the relevant dates in the Cayman Islands. For reference only, Cayman Islands time is 13 hours behind Hong Kong time as at the Latest Practicable Date.

**1. ACTIONS TO BE TAKEN BY REGISTERED OWNERS**

For the purposes of determining the entitlement of the Disinterested Shareholders and the Shareholders to attend and vote at the Court Meeting and the General Meeting, respectively, the register of members of the Company will be closed from Thursday, 25 November 2021 to Tuesday, 30 November 2021 (both dates inclusive) and during such period, no transfer of Shares will be effected. In order to qualify to vote at the Court Meeting and the General Meeting, all transfers of share ownership accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Wednesday, 24 November 2021. A subsequent purchaser of Shares will need to obtain a proxy form from the transferor if he or she wishes to attend or vote at the Court Meeting or the General Meeting.

A **pink** form of proxy for use at the **Court Meeting** and a **white** form of proxy for use at the **General Meeting** are enclosed with this Scheme Document. Subsequent purchasers of Scheme Shares will need to obtain the forms of proxy from the transferor.

Whether or not you are able to attend the Court Meeting and/or the General Meeting or any adjournment(s) thereof in person, if you are a Disinterested Shareholder, you are strongly urged to complete and sign the enclosed **pink** form of proxy in respect of the Court Meeting, and if you are a Shareholder, you are strongly urged to complete and sign the enclosed **white** form of proxy in respect of the General Meeting, in accordance with the instructions printed respectively on them, and to deposit them at the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as but in any case not later than the following respective times in order to be valid:

- (a) the **pink** form of proxy for use at the Court Meeting must be lodged no later than 10:00 a.m. (Hong Kong time) on Sunday, 28 November 2021 but if it is not so lodged, 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) before the taking of the poll at the Court Meeting; and
- (b) the **white** form of proxy for use at the General Meeting must be lodged no later than 10:30 a.m. on Sunday, 28 November 2021, which is 48 hours before the time appointed for holding the General Meeting or any adjournment thereof in order to be accepted, failing which it will not be valid.

Completion and return of a form of proxy for each of the Court Meeting and/or the General Meeting will not preclude you from attending the relevant meeting and voting in person. In such event, the returned form of proxy will be deemed to have been revoked.

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

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

An announcement will be made by the Company and the Offeror in relation to the results of the Court Meeting and the General Meeting by no later than 7:00 p.m. on Tuesday, 30 November 2021 and, if all the resolutions are passed at those meetings, further announcement(s) will be made in relation to, among other things, the results of the Grand Court hearing of the petition to sanction the Scheme and, if the Scheme is sanctioned, the Effective Date and the date of withdrawal of the listing of Shares on the Stock Exchange in accordance with the requirements of the Takeovers Code and the Listing Rules.

## **2. ACTIONS TO BE TAKEN BY BENEFICIAL OWNERS WHOSE SHARES ARE HELD THROUGH TRUST**

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

Any Beneficial Owner whose Shares are held upon trust by, and registered in the name of, a Registered Owner (other than HKSCC Nominees) should contact such Registered Owner to give instructions to and/or to make arrangements with such Registered Owner as to the manner in which the Shares beneficially owned by the Beneficial Owner should be voted at the Court Meeting and/or the General Meeting.

A Beneficial Owner who wishes to attend and vote at the Court Meeting and/or the General Meeting personally, should:

- (a) contact the Registered Owner directly to make the appropriate arrangements with the Registered Owner to enable the Beneficial Owner to attend and vote at the Court Meeting and/or the General Meeting and for such purpose, the Registered Owner may appoint the Beneficial Owner as its proxy; or
- (b) arrange for some or all of the Shares registered in the name of the Registered Owner to be transferred into the Beneficial Owner's name (i.e. the Beneficial Owner becoming the Registered Owner of such Shares).

Instructions to and/or arrangements with the Registered Owner should be given or made in advance of the relevant latest time for the lodgement of forms of proxy in respect of the Court Meeting and the General Meeting or, as applicable, the latest time for lodging transfers of Shares, in order to provide the Registered Owner with sufficient time to complete his/her/its forms of proxy or transfer documents accurately and to submit them by the relevant deadlines. To the extent that any Registered Owner requires instructions from or arrangements to be made with any Beneficial Owner at a particular date or time in advance of the relevant latest time for the lodgement of forms of proxy in respect of the Court Meeting and the General Meeting, any such Beneficial Owner should comply with the requirements of such Registered Owner. The

appointment of a proxy by the Registered Owner at the relevant Court Meeting and/or the General Meeting shall be in accordance with all relevant provisions in the memorandum and 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 before 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 General Meeting 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/her/its forms of proxy, the returned form of proxy will be revoked by operation of law.

### **3. ACTIONS TO BE TAKEN BY BENEFICIAL OWNERS WHOSE SHARES ARE HELD DEPOSITED IN CCASS**

Any Beneficial Owner whose Shares are deposited in CCASS and registered under the name of HKSCC Nominees must, unless such Beneficial Owner is an Investor Participant:

- (a) contact his/her/its broker, custodian, nominee or other relevant person who is, or has in turn deposited such Shares with, an Other CCASS Participant regarding voting instructions to be given to such Other CCASS Participant if the Beneficial Owner wishes to vote at the Court Meeting and/or the General Meeting; or
- (b) arrange for some or all of such Shares to be withdrawn from CCASS and transferred into the Beneficial Owner's name (i.e. the Beneficial Owner becoming the Registered Owner of such Shares), if the Beneficial Owner wishes to vote (in person or by proxy) at the Court Meeting and/or at the General Meeting.

Other CCASS Participants with respect to Shares registered under the name of HKSCC Nominees shall act in accordance with the "*Operating Guide for Investor Participants*", the "*General Rules of CCASS*" and the "*CCASS Operational Procedures*" in effect from time to time. Any Beneficial Owner whose Shares are deposited in CCASS and registered under the name of HKSCC Nominees, must, unless being an Investor Participant, contact his/her/its 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/or the General Meeting, 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 such Beneficial Owner should be voted at the Court Meeting and/or the General Meeting.

For the purpose of voting at the Court Meeting, HKSCC Nominees shall be permitted to vote for and/or against the Scheme in accordance with instructions from CCASS Participants including those admitted to participate as an Investor Participant and the number of Shares so voted shall be counted for the purpose of ascertaining whether or not the requirement that seventy-five per cent (75%) in value of the Disinterested Shareholders voting in person or by proxy approve the Scheme under Section 86 of the Companies Act (the "*majority in value test*") has been satisfied.

For the purpose of ascertaining whether or not the requirement that a majority in number of the Disinterested Shareholders voting in person or by proxy approve the Scheme under Section 86 of the Companies Act (the “*majority in number test*”) has been satisfied, in accordance with the direction from the Grand Court:

- (a) HKSCC Nominees shall be treated as a representative of the CCASS Participants from whom it receives instructions (and shall not have the power to vote on its own absent instructions from the CCASS Participants notwithstanding its status as a Registered Owner) and as a “*multi-headed*” shareholder such that, subject to sub-paragraphs (b) and (c) below, each of the CCASS Participants from whom voting instructions are received shall be counted as a separate shareholder and the number of such CCASS Participants will determine the number of “*heads*” attributable to HKSCC Nominees.
- (b) Each Non-Investor Participant shall inform HKSCC Nominees of the number of Shares which such Non-Investor Participant instructs HKSCC Nominees to vote in favour of the Scheme and/or the number of Shares which such Non-Investor Participant instructs HKSCC Nominees to vote against the Scheme. For the purpose of the “*majority in number test*”, if such Non-Investor Participant has instructed HKSCC Nominees to vote both in favour and against the Scheme, and if HKSCC Nominees votes as instructed, such Non-Investor Participant shall be treated as two “*heads*” attributable to HKSCC Nominees, with one head counted as a single shareholder voting in favour of the Scheme and one head counted as a single shareholder voting against the Scheme. If such Non-Investor Participant has instructed HKSCC Nominees to vote either in favour or against the Scheme, and if HKSCC Nominees votes as instructed, such Non-Investor Participant shall be treated as one “*head*” attributable to HKSCC Nominees, with such head counted as a single shareholder voting on the Scheme in the manner indicated by the vote of HKSCC Nominees cast on the instructions of such Non-Investor Participant.
- (c) Each Investor Participant shall be entitled to instruct HKSCC Nominees to, in respect of all of its Shares, vote in favour of the Scheme, or vote against the Scheme, or abstain from voting, but not a combination of more than one of these options. If HKSCC Nominees receives such voting instructions from an Investor Participant and votes in accordance with those instructions, such Investor Participant shall be treated as one “*head*” attributable to HKSCC Nominees, with such head counted as a single shareholder voting on the Scheme in the manner indicated by the vote of HKSCC Nominees cast on behalf of such Investor Participant.
- (d) Based on the counting methods set out above in sub-paragraphs (b) and (c), HKSCC Nominees shall specify to the Company the following: (i) the aggregate number of “*heads*” that have provided voting instructions to HKSCC Nominees; (ii) the aggregate number of votes cast in favour of the Scheme and the number of Shares to which they relate; and (iii) the aggregate number of votes cast against the Scheme and the number of Shares to which they relate.
- (e) Each Non-Investor Participant shall also inform HKSCC Nominees of the number of proxy(ies) that such Non-Investor Participant instructs and requests (or has instructed and requested) HKSCC Nominees to issue and the Shares in respect of which each proxy is to be (or has been) issued. HKSCC Nominees shall specify to the Company the aggregate number of Non-Investor Participant Proxies issued by HKSCC Nominees upon the instructions and at the

request of Non-Investor Participants and the Shares to which each Non-Investor Participant Proxy relates. Where a vote is cast by and pursuant to a Non-Investor Participant Proxy, no “head” shall be attributed to HKSCC Nominees for the purpose of the “majority in number test”. For the avoidance of doubt, where the holder of a Non-Investor Participant Proxy votes at the Court Meeting, for the purpose of ascertaining whether or not the “majority in value test” has been satisfied, the number of Shares included in and covered by a Non-Investor Participant Proxy shall be counted in the same manner as other Registered Owners voting in person or by proxy.

- (f) Each Investor Participant shall be entitled to instruct HKSCC Nominees to appoint not more than one Investor Participant Proxy in respect of all the Shares beneficially owned by such Investor Participant. Such Investor Participant Proxy shall entitle its holder to vote in favour of the Scheme, or vote against the Scheme, or abstain from voting, but not a combination of more than one of these options. If the holder of such an Investor Participant Proxy is present and votes at the Court Meeting, so long as the holder, prior to the voting taking place at the Court Meeting, (i) brings to the attention of the Company that it is a proxy holder acting under the direction of an Investor Participant; and (ii) provides to the chairman of the Court Meeting the original or printout monthly statement issued by HKSCC Nominees/HKSCC to the relevant Investor Participant (showing the name and participant ID of the Investor Participant and the number of Shares held by such Investor Participant via CCASS for the month in which the date of the Court Meeting falls, or if that is not available, for the month immediately preceding the date of the Court Meeting) and/or other supporting evidence reasonably satisfactory to the chairman of the Court Meeting showing that it is duly appointed to represent such Investor Participant at the Court Meeting (“Investor Participant Proof”), it shall be treated, for the purposes of the “majority in number test”, as one “head” attributable to HKSCC Nominees with such head counted as a single shareholder voting on the Scheme in the manner indicated by the vote of HKSCC Nominees cast on behalf of such Investor Participant.
- (g) Each of the Registered Owners shall be permitted to vote, either in person or by proxy, in favour of the Scheme, or against the Scheme, or abstain from voting, but not a combination of more than one of these options. If such Registered Owner is present and casts its vote in the Court Meeting, whether in person or by proxy, such Registered Owner shall be treated, for the purpose of the “majority in number test”, as one “head”.

For the avoidance of doubt, where a vote is cast by a proxy holder representing an Investor Participant who fails to provide to the chairman of the Court Meeting the Investor Participant Proof, no “head” shall be attributed to HKSCC Nominees for the purpose of the “majority in number test”, but for the purpose of ascertaining whether or not the “majority in value test” has been satisfied, the number of Scheme Shares included in and covered by the vote of such proxy holder shall be counted in the same manner as other Registered Owners voting in person or by proxy.

If you are a Beneficial Owner whose Shares are deposited with a Non-Investor Participant, you should note that, where a vote is cast by and pursuant to a Non-Investor Participant Proxy, the number of Shares in respect of such a Non-Investor Participant Proxy shall be counted for the purpose of ascertaining whether or not the “majority in value test” has been satisfied, but no “head” shall be attributed to HKSCC Nominees for the purpose of the “majority in number test”.

If you are a Beneficial Owner whose Shares are deposited in CCASS, you may also elect to become a Registered Owner, and thereby acquire the right to attend and vote at the Court Meeting (if you are a Disinterested Shareholder) and the General Meeting (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 into your name so as to qualify to attend and vote at the Court Meeting and the General Meeting, in order to provide such broker, custodian, nominee or other relevant person with sufficient time to withdraw the Shares from CCASS and register them in your name. Beneficial Owners who wish to individually vote or be counted for the purpose of ascertaining whether a “*majority in number*” of Disinterested 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 names prior to the Meeting Record Date.

#### **4. EXERCISE YOUR RIGHT TO VOTE**

**IF YOU ARE A DISINTERESTED SCHEME SHAREHOLDER, A SHAREHOLDER OR A BENEFICIAL OWNER WHOSE SHARES ARE HELD IN THE NAME OF A REGISTERED OWNER, YOU ARE STRONGLY ENCOURAGED:**

- (a) **IN THE CASE OF A DISINTERESTED SHAREHOLDER OR A SHAREHOLDER – TO EXERCISE YOUR RIGHT TO VOTE AT THE COURT MEETING AND/OR THE GENERAL MEETING (IF APPLICABLE); OR**
- (b) **IN THE CASE OF A BENEFICIAL OWNER – TO GIVE INSTRUCTIONS TO THE RELEVANT REGISTERED OWNER TO VOTE IN PERSON OR BY PROXY AT THE COURT MEETING AND/OR THE GENERAL MEETING (IF APPLICABLE).**

**IF YOU KEEP ANY SHARES IN A SHARE LENDING PROGRAMME, YOU ARE ENCOURAGED TO RECALL ANY OUTSTANDING SHARES ON LOAN TO AVOID MARKET PARTICIPANTS USING BORROWED STOCK TO VOTE.**

**IF YOU ARE A BENEFICIAL OWNER WHOSE SHARES ARE DEPOSITED IN CCASS, YOU ARE STRONGLY ENCOURAGED TO WITHDRAW SOME OR ALL OF YOUR SHARES FROM CCASS AND BECOME A REGISTERED OWNER OF SUCH SHARES AND EXERCISE YOUR RIGHT TO VOTE (IN PERSON OR BY PROXY) AT THE COURT MEETING AND/OR THE GENERAL MEETING SUCH THAT YOU CAN BE COUNTED FOR THE PURPOSE OF ASCERTAINING WHETHER A “*MAJORITY IN NUMBER*” OF DISINTERESTED SHAREHOLDERS HAVE APPROVED THE SCHEME AT THE COURT MEETING. IN RESPECT OF ANY SHARES OF WHICH YOU ARE THE BENEFICIAL OWNER AND/OR WHICH REMAIN IN CCASS, YOU ARE ENCOURAGED TO CONTACT YOUR BROKER, CUSTODIAN, NOMINEE OR OTHER RELEVANT PERSON WITHOUT DELAY REGARDING VOTING INSTRUCTIONS IN RELATION TO THE MANNER IN WHICH THOSE SHARES SHOULD BE VOTED AT THE COURT MEETING AND/OR THE GENERAL MEETING.**

**IF YOU ARE A REGISTERED OWNER HOLDING SHARES ON BEHALF OF ONE OR MORE BENEFICIAL OWNERS, YOU SHOULD INFORM THE RELEVANT BENEFICIAL OWNER(S) ABOUT THE IMPORTANCE OF EXERCISING THEIR RIGHT TO VOTE AND THE FACT THAT IF THEY WISH TO BE COUNTED INDIVIDUALLY IN THE CALCULATION OF THE “MAJORITY IN NUMBER” REQUIREMENT AT THE COURT MEETING, THEY SHOULD TRANSFER THEIR SHARES INTO THEIR OWN NAME.**

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

## **5. PETITION HEARING IN THE GRAND COURT**

The Company has obtained directions from the Grand Court for the convening of the Court Meeting to consider the Scheme and other procedural matters regarding the Court Meeting.

In accordance with Sections 14 to 16 and Section 86 of the Companies Act (as applicable), if the resolutions are approved at the Court Meeting and the General Meeting, the Company will seek a further hearing before the Grand Court to sanction the Scheme and confirm the Reduction. The Company and the Offeror cannot complete the Scheme and the Proposal without obtaining these approvals. The Company expects that the hearing will take place on or around Thursday, 9 December 2021 (Cayman Islands time). At the hearing of the petition, the Grand Court will determine whether to exercise its discretion to sanction the Scheme. In doing so, the Grand Court will consider, among other things, whether all relevant notice periods were complied with and whether the Scheme was such that a reasonable member would have approved it. At the hearing of the petition, the Grand Court may impose such conditions as it deems appropriate in relation to the Scheme.

If the Grand Court sanctions the Scheme and if all of the other Conditions are fulfilled or waived (as applicable), the Company intends to file the court order sanctioning the Scheme with the Registrar on Friday, 10 December 2021 (Cayman Islands time) or as otherwise directed by the Grand Court, at which time the Scheme will become effective in accordance with its terms.

## **6. PRECAUTIONARY MEASURES FOR THE COURT MEETING AND GENERAL MEETING**

In view of the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation (Chapter 599G of the Laws of Hong Kong) and in order to prevent and control the spread of the novel coronavirus (COVID-19) and to ensure the health and safety of all attendees, the Company will implement precautionary measures at the venue of the Court Meeting and the General Meeting which include but are not limited to the following:

- (a) All Shareholders, proxies and other attendees are subject to a compulsory body temperature check at the entrance of the venue. Any person with a body temperature of over 37.5 degrees Celsius or who has any flu-like symptoms or is otherwise unwell will not be permitted to enter into the venue.



- (b) All attending Shareholders, proxies and other attendees are required to submit at the entrance of the venue a completed declaration form (a copy can be downloaded from the Company's website at <http://www.goldenthroat.com/en/>). Any Shareholder, proxy and other attendee who has travelled to areas outside of Hong Kong at any time in the preceding 14 days of the General Meeting, or is subject to any compulsory quarantine prescribed by Department of Health of Hong Kong, or has close contact with confirmed case(s) and/or probable case(s) of COVID-19 patient(s), or lives with or has close contact with any person under home quarantine or self-quarantine in relation to COVID-19, will be denied entry into the venue.
- (c) All Shareholders, proxies and other attendees are required to clean their hands with alcohol-based hand sanitiser before entering the venue. All participants must wear a surgical mask and observe good personal hygiene throughout the General Meeting.
- (d) Appropriate distance and space will be maintained in the seating plan. As the meeting room is of limited capacity, the Company may have other alternative arrangements at the venue as may be necessary.
- (e) The Company will not provide refreshments and will not distribute corporate gifts.
- (f) If any participant declines to comply with any of the abovementioned measures, the Company reserves the right to deny such person from entering into the venue or to request him/her to leave the venue.
- (g) The Company shall follow the latest directions under the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation and implement further precautionary measures as and when necessary.

The Company strongly advises the Disinterested Shareholders and the Shareholders to appoint the Chairman of the Court Meeting and the Chairman of the General Meeting, respectively, as their proxy to vote on the resolution as an alternative to attending and voting at the Court Meeting and/or the General Meeting in person.

Subject to the development of the COVID-19 situation and any directive that may be further issued by the Hong Kong Government, the Company may implement and/or adjust precautionary measures for the Court Meeting and/or the General Meeting at short notice as the public health situation changes, and may issue further announcements on such measures as and when appropriate. In any event, the Shareholders will not be deprived of their right of voting on the resolutions to be proposed at the Court Meeting and/or the General Meeting.

The timetable set out below is indicative only and is subject to change. Any changes to the timetable will be jointly announced by the Offeror and the Company. Unless otherwise specified, all times and dates refer to Hong Kong local dates and times.

**Hong Kong time  
(unless otherwise specified)**

Date of despatch of this Scheme Document . . . . .	Friday, 29 October 2021
Latest time for lodging transfers of Shares in order to become entitled to vote at the Court Meeting and the General Meeting . . . . .	4:30 p.m. on Wednesday, 24 November 2021
Register of members of the Company closed for determining entitlements of the Disinterested Shareholders to attend and vote at the Court Meeting and entitlements of the Shareholders to attend and vote at the General Meeting ( <i>Note 1</i> ) . . . . .	Thursday, 25 November 2021 to Tuesday, 30 November 2021 (both days inclusive)
Latest time for lodging <b>pink</b> forms of proxy in respect of the Court Meeting ( <i>Note 2</i> ) . . . . .	10:00 a.m. on Sunday, 28 November 2021 (or alternatively to be handed to the chairman of the Court Meeting)
Latest time for lodging <b>white</b> forms of proxy in respect of the General Meeting ( <i>Note 2</i> ) . . . . .	10:30 a.m. on Sunday, 28 November 2021
Meeting Record Date . . . . .	Tuesday, 30 November 2021
Court Meeting ( <i>Note 3</i> ) . . . . .	10:00 a.m. on Tuesday, 30 November 2021
General Meeting ( <i>Note 3</i> ) . . . . .	10:30 a.m. on Tuesday, 30 November 2021 (or immediately after the conclusion or adjournment of the Court Meeting)
Announcement of the results of the Court Meeting and the General Meeting . . . . .	no later than 7:00 p.m. on Tuesday, 30 November 2021
Expected latest time for trading of Shares on the Stock Exchange . . . . .	4:10 p.m. on Wednesday, 1 December 2021

Latest time for lodging transfers of Shares in order to qualify for entitlements under the Scheme . . . . . 4:30 p.m. on Monday, 6 December 2021

Register of members of the Company closed for determining entitlements under the Scheme (*Note 4*) . . . . . from Tuesday, 7 December 2021 onwards

Court hearing of the petition for the sanction of the Scheme . . . . . Thursday, 9 December 2021 (Cayman Islands time)

Announcement of (1) the results of the Grand Court hearing for the petition for the sanction of the Scheme; (2) the expected Effective Date; and (3) the expected date of withdrawal of listing of the Shares on the Stock Exchange . . . . . at or before 8:30 a.m. on Friday, 10 December 2021

Scheme Record Date . . . . . Friday, 10 December 2021

Effective Date (*Note 5*) . . . . . Friday, 10 December 2021 (Cayman Islands time)

Announcement of (1) the Effective Date; and (2) the withdrawal of listing of the Shares on the Stock Exchange . . . . . at or before 8:30 a.m. on Monday, 13 December 2021

Withdrawal of listing of Shares on the Stock Exchange becomes effective (*Note 6*) . . . . . 9:00 a.m. on Wednesday, 15 December 2021

Cheques for the cash payment under the Scheme to be despatched (*Note 7*) . . . . . on or before Tuesday, 21 December 2021

*Notes:*

1. The register of members of the Company will be closed during such period for the purposes of determining the entitlement of the Disinterested Shareholders to attend and vote at the Court Meeting and the entitlement of the Scheme Shareholders to attend and vote at the General Meeting. For the avoidance of doubt, this book closure period 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 General Meeting should be completed and signed in accordance with the instructions respectively printed thereon and lodged with the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, 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 specified in them respectively and in this Scheme Document. The **white** form of proxy in respect of the General Meeting will not be valid if it is not so lodged. In the case of the **pink** form of proxy in respect of the Court Meeting, it may also be handed to the Chairman of the Court Meeting (who will have absolute discretion on whether or not to accept it) at the Court Meeting if it is not so lodged. The completion and return of a form of proxy for the Court

Meeting or the General Meeting will not preclude a Disinterested Shareholder or a Shareholder, respectively, from attending and voting in person at the relevant meeting or any adjournment thereof and, in such event, the relevant form of proxy lodged by such Disinterested Shareholder or Shareholder will be revoked by operation of law.

3. The Court Meeting and the General Meeting will be held at 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong at the times and dates specified above. Please refer to the notice of the Court Meeting and the notice of the General Meeting as set out in pages CM-1 to CM-4 and pages GM-1 to GM-4, respectively, of this Scheme Document. If a tropical cyclone warning 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 General Meeting, the Court Meeting and the General Meeting may be adjourned. The Company may post an announcement on the respective websites of the Stock Exchange and the Company to notify the Scheme Shareholders and the 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 purposes of determining the entitlements of the Scheme Shareholders under the Scheme.
5. The Scheme will become effective upon all the Conditions to the Proposal as set out in the section headed “*Conditions of the Proposal*” in the letter from the Board in Part V of this Scheme Document having been fulfilled or waived (as applicable).
6. If the Proposal becomes unconditional and the Scheme becomes effective, it is expected that the listing of the Shares on the Stock Exchange will be withdrawn at 9:00 a.m. on Wednesday, 15 December 2021.
7. Cheques for cash entitlements to the Scheme Shareholders under the Scheme will be despatched by ordinary post within seven business days of the Effective Date 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 cheques or share certificates will be posted at the risk of the person(s) entitled thereto and none of the Offeror, the Company, SCB, the Independent Financial Adviser, the Hong Kong 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 of delay in despatch.



**GOLDEN THROAT HOLDINGS GROUP COMPANY LIMITED**  
**金嗓子控股集團有限公司**

*(Incorporated under the laws of the Cayman Islands with limited liability of its members)*

**(Stock Code: 6896)**

*Executive Directors:*

Zeng Yong  
Huang Jianping  
Zeng Kexiong  
Lu Xinghong  
He Jinqiang

*Registered office:*

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

*Independent Non-Executive Directors:*

Li Hua  
Zhu Jierong  
Cheng Yiqun

*Principal Place of Business in Hong Kong:*

40th Floor, Dah Sing Financial Center  
No. 248 Queen's Road East  
Wanchai, Hong Kong

*Chairman and Non-Executive Director:*

Jiang Peizhen

29 October 2021

*To the Shareholders*

Dear Sir or Madam,

- (1) PROPOSAL FOR THE TAKE PRIVATE OF  
GOLDEN THROAT HOLDINGS GROUP COMPANY LIMITED  
BY AURELI INVESTMENTS LTD  
BY WAY OF A SCHEME OF ARRANGEMENT  
UNDER SECTION 86 OF THE COMPANIES ACT**
- (2) SPECIAL DEAL RELATING TO ROLLOVER ARRANGEMENT**
- (3) PROPOSED WITHDRAWAL OF LISTING OF GOLDEN THROAT  
HOLDINGS GROUP COMPANY LIMITED**

**INTRODUCTION**

On 12 August 2021, the Offeror and the Company jointly announced that the Offeror and the Company have entered into the Implementation Agreement, pursuant to which the parties have agreed to use all reasonable endeavours to implement the Proposal for the take private of the Company by way of a scheme of arrangement under Section 86 of the Companies Act, which if approved and implemented, will result in the Company being taken private by the Offeror and the withdrawal of the listing of the Shares, subject to the Conditions being fulfilled or waived, as applicable.

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

**TERMS OF THE PROPOSAL**

The Board has put forward the Proposal. Upon the fulfilment of the Conditions and the Scheme becoming effective:

- (a) the Founder Scheme Shares held by the Founder Shareholders will be cancelled in consideration for the Founder Cancellation Consideration, being the crediting of the unpaid HoldCo Shares held by Founder HoldCo as being fully paid in the amount equivalent to the aggregate amount of the Cancellation Price per Scheme Share with respect to all the Founder Scheme Shares;
- (b) the Rollover Scheme Shares held by the Rollover Shareholders will be cancelled in consideration for the Rollover Cancellation Consideration, being the allotment and issue of the Offeror Rollover Shares to the Rollover Shareholders credited as fully paid in the amount equivalent to the aggregate amount of the Cancellation Price per Scheme Share with respect to all the Rollover Scheme Shares;
- (c) all other Scheme Shares will be cancelled in consideration for the Cancellation Price of HK\$2.80 per Scheme Share, which will be paid in cash;
- (d) such number of new Shares as is equal to the number of Scheme Shares cancelled will be issued to the Offeror, credited as fully paid, such that the Company will become wholly owned by the Offeror; and
- (e) the listing of the Shares on the Stock Exchange will be withdrawn with effect as soon as practicable following the Effective Date.

In compliance with Rule 20.1(a) of the Takeovers Code, upon the Scheme becoming effective, the Cancellation Price of HK\$2.80 per Scheme Share for cancellation of the Scheme Shares (other than the Founder Scheme Shares and the Rollover Scheme Shares) will be paid to the relevant Scheme Shareholders whose names appear in the register of members of the Company on the Scheme Record Date as soon as possible, but in any event within seven business days following the Effective Date.

**Cancellation Price per Scheme Share (other than the Founder Scheme Shares and the Rollover Scheme Shares)**

The Cancellation Price of HK\$2.80 per Scheme Share (other than the Founder Scheme Shares and the Rollover Scheme Shares) represents:

- (a) a premium of approximately 4.1% over the closing price of HK\$2.69 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a premium of approximately 55.6% over the closing price of HK\$1.80 per Share as quoted on the Stock Exchange on the Undisturbed Date;
- (c) a premium of approximately 58.0% over the average closing price of approximately HK\$1.77 per Share as quoted on the Stock Exchange for the five trading days up to and including the Undisturbed Date;
- (d) a premium of approximately 54.0% over the average closing price of approximately HK\$1.82 per Share as quoted on the Stock Exchange for the 30 trading days up to and including the Undisturbed Date;
- (e) a premium of approximately 55.3% over the average closing price of approximately HK\$1.80 per Share as quoted on the Stock Exchange for the 60 trading days up to and including the Undisturbed Date;
- (f) a premium of approximately 58.4% over the average closing price of approximately HK\$1.77 per Share as quoted on the Stock Exchange for the 90 trading days up to and including the Undisturbed Date;
- (g) a premium of approximately 62.3% over the average closing price of approximately HK\$1.73 per Share as quoted on the Stock Exchange for the 120 trading days up to and including the Undisturbed Date;
- (h) a premium of approximately 72.6% over the average closing price of approximately HK\$1.62 per Share as quoted on the Stock Exchange for the 180 trading days up to and including the Undisturbed Date;
- (i) a premium of approximately 25.6% over the closing price of HK\$2.23 per Share as quoted on the Stock Exchange on the Last Trading Date;

- (j) a premium of approximately 49.1% over the average closing price of approximately HK\$1.88 per Share as quoted on the Stock Exchange for the five trading days up to and including the Last Trading Date;
- (k) a premium of approximately 52.5% over the average closing price of approximately HK\$1.84 per Share as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Date;
- (l) a premium of approximately 54.6% over the average closing price of approximately HK\$1.81 per Share as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Date;
- (m) a premium of approximately 57.9% over the average closing price of approximately HK\$1.77 per Share as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Date;
- (n) a premium of approximately 61.7% over the average closing price of approximately HK\$1.73 per Share as quoted on the Stock Exchange for the 120 trading days up to and including the Last Trading Date;
- (o) a premium of approximately 72.1% over the average closing price of approximately HK\$1.63 per Share as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Date;
- (p) a premium of approximately 41.1% to the audited consolidated net asset value attributable to Shareholders per Share of approximately HK\$1.98 as at 31 December 2020 (based on a HK\$ to RMB exchange rate of HK\$1 to RMB0.83183, being the exchange rate as quoted by the People's Bank of China on the Last Trading Date);
- (q) a premium of approximately 36.6% to the unaudited consolidated net asset value attributable to Shareholders per Share of approximately HK\$2.05 as at 30 June 2021 (based on a HK\$ to RMB exchange rate of HK\$1 to RMB0.83183, being the exchange rate as quoted by the People's Bank of China on the Last Trading Date); and
- (r) a premium of approximately 31.2% over the Adjusted NAV attributable to Shareholders per Share of approximately HK\$2.13 (based on a HK\$ to RMB exchange rate of HK\$1 to RMB0.83183, being the exchange rate as quoted by the People's Bank of China on the Last Trading Date).

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



**Highest and lowest prices**

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$2.69 on 26 October 2021, and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$1.50 on 16 and 19 February 2021.

**Basis for determining the Cancellation Price**

The Cancellation Price has been determined on a commercial basis after taking into account, among other things, the recent and historic traded prices of the Shares, publicly available financial information of the Company, the trading multiples of comparable trading companies and with reference to other privatisation or take private transactions in Hong Kong in recent years.

**Dividend payment by the Company**

As at the Latest Practicable Date, the Company had not declared any dividend which remained unpaid. The Company does not intend to declare and/or pay any dividend before the Effective Date or the date on which the Scheme is not approved, or the Proposal otherwise lapses (as the case may be). For the avoidance of doubt, the Cancellation Price does not include any dividend that may be declared by the Company (subject to the approval of the Shareholders) prior to the Effective Date and the Cancellation Price will not be affected or reduced by the Shareholders' entitlement to such dividend (if any).

**Events following the Scheme becoming effective**

On the basis of the number of Scheme Shares in issue as at the Latest Practicable Date, if the Conditions are fulfilled or waived (as applicable) and upon the Scheme becoming effective:

- (a) all of the Scheme Shares will be cancelled;
- (b) the issued share capital of the Company will be reduced by the cancellation of all the Scheme Shares. Immediately after such reduction, the Company will issue to the Offeror such number of new Shares as is equal to the number of Scheme Shares cancelled such that the issued share capital of the Company will be restored to its amount in issue immediately before the capital reduction. The reserve created in the books of accounts of the Company as a result of the cancellation of the Scheme Shares will be applied in paying up in full at par the new Shares so issued, credited as fully paid; and
- (c) the listing of the Shares on the Stock Exchange will be withdrawn pursuant to Rule 6.15(2) of the Listing Rules.

Assuming that the Scheme becomes effective on Friday, 10 December 2021 (Cayman Islands time), cheques for cash entitlements under the Scheme will be despatched as soon as possible, but in any event within seven business days following the Effective Date and accordingly, the cheques are expected to be despatched on or before Tuesday, 21 December 2021. Cheques shall be posted at the risk of the addressees and none of the Offeror, the Company, SCB, the Independent Financial Adviser and the Company's Hong

Kong Share Registrar and their respective directors, employees, officers, agents, advisers, associates and affiliates and any other persons involved in the Proposal shall be responsible for any loss or delay in the despatch of the same.

### **CONFIRMATION OF FINANCIAL RESOURCES**

Taking into account that the Founder Scheme Shares and the Rollover Scheme Shares will be cancelled in consideration for the Founder Cancellation Consideration and the Rollover Cancellation Consideration respectively, the Proposal will involve making an offer to cancel 189,269,300 Scheme Shares, in exchange for the Cancellation Price of HK\$2.80 per Scheme Share in cash.

The total amount of cash required to implement the Proposal in full would be approximately HK\$529,954,040. The Offeror proposes to finance the cash consideration payable under the Proposal with equity commitments from the Affirma Funds.

SCB, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror for satisfying in full its payment obligations in respect of the cash consideration payable under the Proposal.

### **CONDITIONS OF THE PROPOSAL**

The Proposal and the Scheme will only become effective and binding on the Company and all of the Scheme Shareholders if the following Conditions are fulfilled or waived (as applicable):

- (a) the approval of the Scheme (by way of poll) by a majority in number of the Disinterested Shareholders representing not less than 75% in value of the Scheme Shares held by the Disinterested Shareholders on the Meeting Record Date, present and voting either in person or by proxy at the Court Meeting (and the Founder Shareholders and the Rollover Shareholders having provided undertakings to the Grand Court as set out herein to be bound by the Scheme and to receive the Founder Cancellation Consideration or the Rollover Cancellation Consideration (as the case may be) in consideration for cancellation of the Founder Scheme Shares or the Rollover Scheme Shares (as the case may be) under the Scheme – see the section headed “*Irrevocable Undertakings*” below), provided that:
  - (i) the Scheme is approved (by way of poll) by the Disinterested Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by the Disinterested Shareholders that are voted either in person or by proxy at the Court Meeting; and
  - (ii) the number of votes cast (by way of poll) by the 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 Scheme Shares held by all the Disinterested Shareholders;
- (b) (i) the passing of a special resolution by a majority of not less than three-fourths of the votes cast by the Shareholders present and voting in person or by proxy at the General Meeting to approve and give effect to the reduction of the share capital of the Company by cancelling and

- extinguishing the Scheme Shares; and (ii) the passing of an ordinary resolution by a simple majority of the votes cast by the Shareholders present and voting at the General Meeting to immediately thereafter increase the issued share capital of the Company 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 new Shares as is equal to the number of Scheme Shares cancelled, credited as fully paid, for issuance to the Offeror;
- (c) the Grand Court's sanction of the Scheme (with or without modifications) and its confirmation of the reduction of the share capital of the Company, and the delivery to the Registrar of Companies in the Cayman Islands of a copy of the order of the Grand Court for registration;
  - (d) compliance, to the extent necessary, with the procedural requirements and conditions, if any, under Sections 14 and 17 of the Companies Act in relation to the reduction of the issued share capital of the Company;
  - (e) in relation to the Rollover Arrangement: (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 as far as the Disinterested Shareholders are concerned; (ii) the passing of an ordinary resolution by the Disinterested Shareholders at the General Meeting to approve the Rollover Arrangement; and (iii) the grant of consent under Rule 25 of the Takeovers Code from the Executive to the Rollover Arrangement;
  - (f) all Approvals which are (i) required in connection with the Proposal 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;
  - (g) no Authority in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order), in each case, which would make the Proposal void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Proposal);
  - (h) all Applicable Laws having been complied with and no legal or regulatory requirement having been imposed by any Authority which is not expressly provided for, or is in addition to the requirements expressly provided for, in the Applicable Laws in connection with the Proposal which are material in the context of the Group (taken as a whole), in each case up to and as at the Effective Date;
  - (i) as at the Latest Practicable Date, there having been no material adverse change to the business, financial or trading position of the Group, each taken as a whole; and

- (j) save in connection with the implementation of the Proposal, the listing of the Company on the Stock Exchange not having been withdrawn, and no indication having been received from the Executive and/or the Stock Exchange to the effect that the listing of the Shares on the Stock Exchange is or is likely to be withdrawn.

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

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions as a basis for not proceeding with the Proposal if the circumstances which give rise to the right to invoke such Condition are of material significance to the Offeror in the context of the Proposal. As at the Latest Practicable Date, none of the Conditions in paragraphs (a) to (j) (inclusive) have been satisfied or waived.

As at the Latest Practicable Date and based on the information available to the Offeror and the Company, other than pursuant to the Conditions in paragraphs (a) to (e) (inclusive), the Offeror and the Company are not aware of any Approvals which are required as set out in the Condition in paragraph (f) above, and the Offeror and the Company are also not aware of any other circumstances which may result in any of the Conditions in paragraphs (f) to (j) (inclusive) not being satisfied. In particular, as at the Latest Practicable Date, the Company is not aware of any Authority in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry as set out in the Condition in paragraph (g).

If the Conditions are satisfied or validly waived (as applicable), 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 General Meeting.

An announcement will be made by the Company and the Offeror in relation to the results of the Court Meeting and the General Meeting on Tuesday, 30 November 2021 by no later than 7:00 p.m. and, if all the resolutions are passed at those meetings, further announcements will be made in relation to, among other things, the results of the hearing of the petition for the sanction of the Scheme by the Grand Court, the Effective Date and the date of withdrawal of listing of Shares from the Stock Exchange in accordance with the requirements of the Takeovers Code and the Listing Rules.

**Warning: Shareholders and potential investors should be aware that the Proposal is subject to the Conditions being fulfilled or waived, as applicable, and therefore the Proposal may or may not be implemented. Shareholders and potential investors 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.**

**VOTING AT THE COURT MEETING AND THE GENERAL MEETING**

Only Disinterested Shareholders as at the Meeting Record Date will be entitled to attend and vote at the Court Meeting to approve the Scheme. Each of the Founder Shareholders and the Rollover Shareholders, in lieu of a class meeting or meetings to approve the Scheme, has provided an undertaking to the Grand Court to be bound by the Scheme and to receive the Founder Cancellation Consideration or the Rollover Cancellation Consideration (as the case may be) in consideration for cancellation of the Founder Scheme Shares or the Rollover Scheme Shares (as the case may be) under the Scheme. The Offeror and HoldCo have also provided undertakings to the Grand Court to be bound by the Scheme.

All Shareholders will be entitled to attend the General Meeting and vote on the restoration of the share capital of the Company (as described in the Condition in paragraph (b) above), but for the purposes of the Takeovers Code, only the Disinterested Shareholders will be entitled to vote at the General Meeting on the ordinary resolution to approve the Rollover Arrangement (as described in the Condition in paragraph (e) above) and the Founder Shareholders and the Rollover Shareholders shall abstain from voting on such resolution.

**IRREVOCABLE UNDERTAKINGS**

On 12 August 2021, (i) each of the Founder Shareholders has given irrevocable undertakings under the Consortium Agreement in favour of the Offeror, Affirma HoldCo and/or HoldCo; and (ii) each of the Rollover Shareholders and the Employee Trustee has given irrevocable undertakings under the Rollover Agreement in favour of the Offeror, HoldCo, the Founder Group and/or Affirma HoldCo, in each case, to take certain actions, including (among other things):

- (a) in the case of the Founder Shareholders:
  - (i) to agree to and assist in implementing the cancellation of the Founder Scheme Shares in consideration for the Founder Cancellation Consideration; and
  - (ii) in lieu of a class meeting to approve the Scheme, to provide undertakings to the Grand Court to agree to and be bound by the Scheme and to receive the Founder Cancellation Consideration in consideration for cancellation of their Founder Scheme Shares under the Scheme; and
- (b) in the case of the Rollover Shareholders and the Employee Trustee:
  - (i) to agree to and assist in implementing the cancellation of the Rollover Scheme Shares in consideration for the Rollover Cancellation Consideration; and
  - (ii) (in respect of the Rollover Shareholders only) in lieu of a class meeting to approve the Scheme, to provide undertakings to the Grand Court to agree to and be bound by the Scheme and to receive the Rollover Cancellation Consideration in consideration for cancellation of their Rollover Scheme Shares under the Scheme;

- (c) (in respect of the Founder Shareholders and the Rollover Shareholders only) to the extent permitted by Applicable Laws (including the Takeovers Code), to vote any Shares held by them in favour of any resolutions proposed at the General Meeting to implement the Scheme or which are necessary for the Scheme to become effective; and
- (d) not to: (i) dispose of any interest in any Shares held by them; (ii) accept any other offer to acquire such Shares; or (iii) vote in favour of any resolution which is proposed in competition with the Scheme, until the Scheme becomes effective, lapses or is withdrawn.

The Founder Irrevocable Undertakings and the Rollover Irrevocable Undertakings will be terminated if the Scheme is not approved or the Proposal otherwise lapses or is withdrawn.

As at the Latest Practicable Date, other than the Founder Irrevocable Undertakings and the Rollover Irrevocable Undertakings, neither the Offeror nor any Offeror Concert Parties had received any irrevocable commitment to vote for or against the Proposal.

## **ARRANGEMENTS MATERIAL TO THE PROPOSAL**

### **Consortium Agreement**

On 12 August 2021, the Founder Shareholders, Affirma HoldCo, HoldCo and the Offeror entered into the Consortium Agreement, pursuant to which the parties have agreed to implement the Proposal.

Under the Consortium Agreement:

- (a) Affirma HoldCo shall fund or shall procure the funding by way of capital contribution in cash to the Offeror at such time as is required to enable the Offeror to satisfy its obligations in respect of the cash consideration payable under the Scheme;
- (b) immediately upon the aforementioned capital contribution by Affirma HoldCo to the Offeror:
  - (i) HoldCo shall credit all of the unpaid HoldCo Shares held by Affirma HoldCo as fully paid; and
  - (ii) the Offeror shall credit such number of Offeror Shares being the portion of the unpaid Offeror Shares represented by the interest of Affirma HoldCo in HoldCo as fully paid;
- (c) on the Effective Date immediately upon the Scheme becoming effective;
  - (i) all issued and outstanding Scheme Shares (and for the avoidance of doubt, including all the Founder Scheme Shares and the Rollover Scheme Shares) as at the Scheme Record Date will be cancelled;
  - (ii) the Offeror shall subscribe for, and the Company shall allot and issue to the Offeror, such number of new Shares as is equal to the aggregate number of the Scheme Shares cancelled pursuant to paragraph (c)(i);

- (iii) as consideration for the allotment and issue of the new Shares pursuant to paragraph (c)(ii), the Offeror shall credit such number of Offeror Shares being the portion of the unpaid Offeror Shares represented by the interest of Founder HoldCo in HoldCo as fully paid; and
- (iv) as consideration for the crediting of the unpaid Offeror shares pursuant to paragraph (c)(iii) above, HoldCo shall credit all the unpaid HoldCo Shares held by Founder HoldCo and the unpaid HoldCo Shares held by Affirma HoldCo as fully paid;
- (d) each of the Founder Shareholders has given irrevocable undertakings in favour of the Offeror, Affirma HoldCo and/or HoldCo to take certain actions as described in the section headed “*Irrevocable Undertakings*” above; and
- (e) each of the members of the Founder Group has agreed to indemnify the Offeror, HoldCo and Affirma HoldCo and their respective affiliates, and each of their respective officers, directors, employees, agents, representatives, successors and assigns for all losses which any such indemnitee may suffer as a result of any taxes of any member of the Founder Group and/or any member of the Group arising from any written notifications after the Effective Date in respect of any material tax and penalties from any tax authority (i) with respect to taxable periods ending on or before the Effective Date; or (ii) attributable to any income, profits or gains earned, accrued or received on or before the Effective Date.

The Consortium Agreement (including the Founder Irrevocable Undertakings but excluding, among other things, the tax indemnity set out in paragraph (e) above) will be terminated if the Scheme is not approved or the Proposal otherwise lapses or is withdrawn.

### **Shareholders’ Agreement**

On 12 August 2021, the Founder Shareholders, HoldCo and Affirma HoldCo entered into the Shareholders’ Agreement in respect of the future governance of the Offeror Group after the Scheme becomes effective. A summary of the key terms of the Shareholders’ Agreement which will take effect upon the Scheme becoming effective is set out below:

- (a) **Shareholding:** Immediately upon the Scheme becoming effective: (i) Founder HoldCo will hold a majority (approximately 70.72%) of the ordinary shares in HoldCo; and (ii) Affirma HoldCo will hold a minority (29.28%) of the ordinary shares in HoldCo. For further detail, please refer to the section headed “*Information of the Offeror Group*” below.
- (b) **Board composition:** With effect from the Scheme becoming effective, Ms. Jiang, the chairman of the Board, shall have the right to nominate, appoint and replace all members of the board of directors of any member of the Offeror Group.
- (c) **Quorum of the general meetings:** The quorum of all general meetings of HoldCo must include at least Founder HoldCo.

- (d) **Reserved matters:** The management and operation of HoldCo and the Offeror Group shall be vested in Founder HoldCo, while Affirma HoldCo shall have a veto right over a number of customary minority protection reserved matters.
- (e) **Distributions:** The directors of HoldCo or any member of the Offeror Group shall take into account the cashflow, cash resources and future business plan of the relevant member of the Offeror Group before making any distribution.
- (f) **Exit:** The Founder Shareholders and HoldCo shall regularly discuss with Affirma HoldCo on matters relating to the qualified listing of the Group on a recognised stock exchange (including the Shanghai Stock Exchange, the Shenzhen Stock Exchange, or any other PRC or internationally recognised stock exchange mutually agreed between the parties). Affirma HoldCo shall co-operate with and provide assistance to the Founder Shareholders as reasonably required by the Founder Shareholders. If a qualified listing of the Group is not completed within 60 months after the Effective Date, Affirma HoldCo has the right to require the Founder Shareholders or the relevant members of the Offeror Group to redeem or acquire all shares in HoldCo held by Affirma HoldCo. In relation to the potential qualified initial public offering, as at the Latest Practicable Date, Founder HoldCo and Affirma HoldCo had not agreed on any proposal to implement any separate listing of the Group, nor the expected offer price, the post-market valuation, or the method of such listing.
- (g) **Restrictions on transfer of securities by Affirma HoldCo:** Affirma HoldCo is restricted from transferring securities of any member of the Offeror Group (whether directly or indirectly) from the Effective Date until (i) the date falling on 60 months from the Effective Date or (ii) the date of completion of a qualified listing of the Group, whichever is the earlier, unless the prior written consent of Founder HoldCo is obtained. After the aforementioned lock-up period, Affirma HoldCo and Founder HoldCo may jointly identify and select potential third-party purchaser(s) to whom Affirma HoldCo may sell its shares in HoldCo, provided that Founder HoldCo has a right of first offer in respect of Affirma HoldCo's shares in HoldCo.
- (h) **Restriction on transfer of securities by the Founder Shareholders:** The transfer of securities in any member of the Offeror Group by the Founder Shareholders shall be subject to a right of first offer and a tag-along right of Affirma HoldCo.
- (i) **Pre-emption right:** Each shareholder of HoldCo has a pre-emption right to participate in any future issuance of new securities by HoldCo.
- (j) **Management incentive plan:** At any time after six months from the Effective Date, HoldCo may implement a management incentive plan, pursuant to which it may issue new shares representing not more than 13.67% of the issued share capital in HoldCo (representing an indirect shareholding of 3.5% of the issued share capital in the Company) (on a fully diluted basis) to members of the senior management of the Group.



- (k) **Non-compete and non-solicit:** For so long as Affirma HoldCo holds any shares in HoldCo or any interest in the Offeror Group, the Founder Shareholders (on their behalf and on behalf of the members of the Offeror Group) must not solicit the employment of the senior managers of the Offeror Group or carry on any businesses which may compete with the businesses of the Offeror Group.
- (l) **Termination:** The Shareholders' Agreement shall terminate (i) by the parties' written agreement; (ii) if Affirma HoldCo ceases to hold any shares in HoldCo; and (iii) upon the completion of a qualified listing.

### **Rollover Agreement and Rollover Arrangement**

On 12 August 2021, the Offeror, HoldCo and each of the Rollover Shareholders and the Employee Trustee entered into the Rollover Agreement in relation to the Rollover Arrangement, pursuant to which:

- (a) on the Effective Date:
  - (i) the Rollover Scheme Shares will be cancelled in consideration for the Rollover Cancellation Consideration, being the allotment and issue of the Offeror Rollover Shares to the Rollover Shareholders credited as fully paid in the amount equivalent to the aggregate amount of the Cancellation Price per Scheme Share with respect to all the Rollover Scheme Shares; and
  - (ii) each of the Rollover Shareholders and the Employee Trustee has given irrevocable undertakings in favour of the Offeror, HoldCo, the Founder Group and/or Affirma HoldCo to take certain actions as described in the section headed "*Irrevocable Undertakings*" above; and
- (b) each of the Rollover Shareholders and the Employee Trustee has agreed to indemnify the Offeror, HoldCo, the Founder Group and Affirma HoldCo and their respective affiliates, and each of their respective officers, directors, employees, agents, representatives, successors and assigns for all losses which any such indemnitee may suffer as a result of any breach of any of the representations, warranties and/or undertakings provided by the relevant Rollover Party and any non-performance by the relevant Rollover Party of any obligations to be performed by or on the part of it thereunder.

The Rollover Agreement (including the Rollover Irrevocable Undertakings) will be terminated if the Scheme is not approved or the Proposal otherwise lapses or is withdrawn.

The Rollover Parties comprise:

- (a) the Management HoldCos, which in turn are wholly owned by the Employee Trustee as the trustee of the Senior Management Trust. The beneficiaries of the Senior Management Trust include certain members of senior management employed or formerly employed by the Group and their dependents;

- (b) the Employee Trustee, which is a private trust company incorporated in Gibraltar holding 100% of the issued share capital of Management HoldCo 1 and Management HoldCo 2 and the trustee of the Senior Management Trust;
- (c) the Senior Management Trust, which is an irrevocable discretionary trust established by Mr. Zeng (as the settlor) for the benefit of certain senior management employed or formerly employed by the Group and their dependents, with Employee Trustee as the trustee; and
- (d) Mr. Fang, who controls entities which are key suppliers of the Group and has been a Shareholder since the initial public offering of the Company.

As at the Latest Practicable Date, the Rollover Shareholders directly hold 92,956,400 Shares (in aggregate) (representing approximately 12.57% of the issued share capital of the Company as at the Latest Practicable Date).

The Founder Group believes that (i) the beneficiaries of the Senior Management Trust (the majority of which are current employees of the Group) have made a significant and invaluable contribution to the business of the Group over the past decades, and continue to be instrumental to the daily operations of the Group (in the case of current employees of the Group) or continue to provide valuable strategic advice or services to the development of the Group (in the case of former employees of the Group); and (ii) Mr. Fang has made significant contribution to the business of the Group since the initial public offering of the Company and continues to bring strategic benefits to the Group following completion of the Scheme, and as such it would be important to offer the Rollover Arrangement to the Rollover Parties and to allow the Rollover Parties to retain their shareholding interests in the Group in order to secure their continued support for the future of the Group.

As the Rollover Arrangement is not offered to all Shareholders, the Rollover Arrangement constitutes a special deal under Rule 25 of the Takeovers Code 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 to the Rollover Arrangement conditional on (a) the Independent Financial Adviser to the Independent Board Committee confirming that the Rollover Arrangement is fair and reasonable as far as the Disinterested Shareholders are concerned; and (b) the passing of an ordinary resolution by the Disinterested Shareholders at the General Meeting to approve the Rollover Arrangement.

The Proposal and the Scheme are therefore subject to:

- (a) the receipt of an opinion from the Independent Financial Adviser to the Independent Board Committee confirming that the Rollover Arrangement is fair and reasonable as far as the Disinterested Shareholders are concerned;
- (b) the passing of an ordinary resolution by the Disinterested Shareholders at the General Meeting to approve the Rollover Arrangement; and
- (c) the grant of consent from the Executive to the Rollover Arrangement, which will be conditional on satisfaction of the matters in paragraphs (a) and (b) above.

The Independent Financial Adviser has stated in the letter from the Independent Financial Adviser that it considers that the terms of the Proposal, including the Scheme and the Rollover Arrangement, are fair and reasonable so far as the Disinterested Shareholders are concerned. Accordingly, the Independent Financial Adviser has recommended the Independent Board Committee to advise the Disinterested Shareholders to vote in favour of the Scheme at the Court Meeting and the Rollover Arrangement and the resolutions in connection with the implementation of the Proposal at the General Meeting. Please refer to the full text of the letter from the Independent Financial Adviser as set out in Part VII of this Scheme Document. If the Rollover Arrangement is not approved by the Disinterested Shareholders at the General Meeting, the Rollover Arrangement will not be implemented, and the Scheme will not proceed.

**Warning: Shareholders and potential investors should be aware that as the approval of the Rollover Agreement by the Disinterested Shareholders at the General Meeting is a non-waivable Condition, if the Rollover Arrangement is not approved by the Disinterested Shareholders at the General Meeting, the Rollover Arrangement and the Proposal will not be implemented, and the Scheme will not proceed.**

### **Implementation Agreement**

On 12 August 2021, the Offeror and the Company entered into the Implementation Agreement, pursuant to which the parties have agreed to use all reasonable endeavours to do all such things within their power to implement the Proposal and co-operate to obtain all Approvals required in connection with the Proposal.

Under the Implementation Agreement, the Company has undertaken to the Offeror to:

- (a) use all reasonable endeavours to implement the Scheme;
- (b) procure that, prior to the earlier of the Effective Date and the termination of the Implementation Agreement, the Group shall not take certain actions, including (among other things):
  - (i) carrying on its business, other than in the ordinary and usual course;
  - (ii) issuing any Shares;
  - (iii) entering into any merger or acquiring or disposing of any material assets; and
  - (iv) entering into any transaction with any shareholder and/or director of any member of the Group, other than in the ordinary and usual course.

In addition, pursuant to the Implementation Agreement, the Company undertakes to terminate the Share Option Scheme immediately upon the Scheme becoming effective. Since the date of the adoption of the Share Option Scheme, no share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme and the Company does not have any outstanding share options in issue as at the Latest Practicable Date.

Nothing in the Implementation Agreement is intended to prevent or deprive: (a) the Shareholders from having the opportunity to consider, or (b) the Company from considering, in each case, any unsolicited alternative offers, proposals or transactions in respect of, or for, the issued ordinary share capital or assets or undertakings (whether the whole or a substantial part) of the Company or the Group from any person other than the Offeror.

The Implementation Agreement will be terminated if the Scheme is not approved or the Proposal otherwise lapses or is withdrawn.

**Other arrangements**

As at the Latest Practicable Date:

- (a) save for the Proposal, the Scheme, the Rollover Arrangement, the Rollover Agreement, the Irrevocable Undertakings, the Shareholders' Agreement, the Consortium Agreement and the Implementation Agreement, there is no agreement or arrangement (whether by way of option, indemnity or otherwise) in relation to the Shares or shares of the Offeror or any Offeror Concert Parties which might be material to the Proposal;
- (b) there is no agreement or arrangement to which the Offeror or any of the Offeror Concert Parties is a party which relates to circumstances in which the Offeror may or may not invoke or seek to invoke a Condition to the Proposal;
- (c) save for the Founder Irrevocable Undertakings under the Consortium Agreement and the Rollover Irrevocable Undertakings under the Rollover Agreement, neither the Offeror nor any Offeror Concert Parties have received any irrevocable commitment to vote for or against the Proposal;
- (d) save for the Founder Irrevocable Undertakings, the Rollover Irrevocable Undertakings and the arrangements disclosed in this section headed "*Arrangements Material to the Proposal*", there is no understanding, arrangement or agreement or special deal between (i) any Shareholder of the Company; and (ii) either (A) the Offeror or any Offeror Concert Parties (including the Founder Group and the Affirma Group); or (B) the Company or the Company's subsidiaries or associated companies; and
- (e) save for the Founder Cancellation Consideration, the Rollover Cancellation Consideration or the Cancellation Price of HK\$2.80 per Scheme Share payable under the Scheme to the Founder Shareholders, the Rollover Shareholders or the other Scheme Shareholders (as the case may be), the Offeror or the Offeror Concert Parties have not paid and will not pay any other consideration, compensation or benefit in whatever form to the Scheme Shareholders or persons acting in concert with them in relation to the cancellation of the Scheme Shares.

**SHAREHOLDING STRUCTURE OF THE COMPANY AND EFFECT OF THE PROPOSAL**

As at the Latest Practicable Date:

- (a) the issued share capital of the Company comprised 739,302,000 Shares;
- (b) the Offeror does not legally or beneficially own, control or have direction over any Shares;
- (c) as detailed in this section and the shareholding table below, the Founder Group, through Mr. Zeng directly and Founder HoldCo, legally and/or beneficially owns, controls or has direction over a total of 457,076,300 Shares, representing approximately 61.83% of the total Shares, all of which are the Founder Scheme Shares;
- (d) additionally, the Founder Group, through Mr. Zeng in his capacity as the settlor of the Senior Management Trust, is also deemed to be interested in 58,937,400 Shares held by Management HoldCos, representing approximately 7.97% of the total Shares. For the avoidance of doubt, given the ultimate beneficial owners of these Shares are not Mr. Zeng or any member of the Founder Group, such 58,937,400 Shares have not been included as part of the Founder Scheme Shares, but have been included as part of the Rollover Scheme Shares;
- (e) the Rollover Parties together legally and/or beneficially own, control or have direction over a total of 92,956,400 Shares (in aggregate), representing approximately 12.57% of the total Shares, all of which are the Rollover Scheme Shares. For the avoidance of doubt, such 92,956,400 Shares include the 58,937,400 Shares described in paragraph (d) above;
- (f) the Affirma Group does not legally or beneficially own, control or have direction over any Shares;
- (g) members of the SCB Group (except those members who are exempt principal traders for the purpose of the Takeovers Code), being an Offeror Concert Party, do not legally or beneficially own, control or have direction over any Shares;
- (h) save as disclosed above and below in this section, none of the other Offeror Concert Parties legally or beneficially owns, controls or has direction over any Shares;
- (i) the Disinterested Shareholders legally or beneficially own, control or have direction over a total of 189,269,300 Shares, representing approximately 25.60% of the total Shares;
- (j) save as disclosed below, none of the Offeror nor any of the Offeror Concert Parties have had any dealings for value in the Shares during the period commencing six months prior to the offer period;

<b>Name</b>	<b>Date of transactions</b>	<b>Purchase/Sale</b>	<b>On/off the Stock Exchange</b>	<b>No. of Shares involved</b>	<b>Transaction price per Share (HK\$)</b>
Mr. Fang	30 July 2021	Purchase	On	61,000	1.8606
	2 August 2021	Purchase	On	55,000	1.8000
	3 August 2021	Purchase	On	159,000	1.8123

- (k) neither the Offeror nor any of the Offeror Concert Parties have entered into any outstanding derivative in respect of the securities in the Company; and
- (l) neither the Offeror nor any of the Offeror Concert Parties have borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

The Founder Scheme Shares will be cancelled in consideration for the Founder Cancellation Consideration. The Rollover Scheme Shares will be cancelled in consideration for the Rollover Cancellation Consideration. All other Scheme Shares will be cancelled in consideration for the Cancellation Price in cash upon the Scheme becoming effective.

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

Shareholder	As at the Latest Practicable Date		Immediately upon the Scheme becoming effective	
	Number of Shares	Approximate % of total Shares	Number of Shares	Approximate % of total Shares
<b>(A1) Founder Group</b>				
<b>Founder Scheme Shares that will be     cancelled in consideration for the     Founder Cancellation Consideration</b>				
Founder HoldCo <sup>(1)</sup>	453,025,800	61.28%	-	-
Mr. Zeng <sup>(2)</sup>	4,050,500	0.55%	-	-
<b>(A2) Affirma HoldCo</b>	-	-	-	-
<b>(A3) Offeror</b>	-	-	739,302,000	100%
<b>(A) Sub-total (A1) + (A2) + (A3)</b>	<u>457,076,300</u>	<u>61.83%</u>	<u>739,302,000</u>	<u>100%</u>
<b>(B) Rollover Shareholders</b>				
<b>Rollover Scheme Shares that will be     cancelled in consideration for the     Rollover Cancellation Consideration</b>				
Mr. Fang <sup>(3)</sup>	34,019,000	4.60%	-	-
Management HoldCo 1 <sup>(4)</sup>	41,837,400	5.66%	-	-
Management HoldCo 2 <sup>(4)</sup>	17,100,000	2.31%	-	-
<b>(B) Subtotal</b>	<u>92,956,400</u>	<u>12.57%</u>	<u>-</u>	<u>-</u>
<b>(C) Concert parties of the Offeror<sup>(5)</sup></b>	-	-	-	-
<b>(D) Disinterested Shareholders</b>	<u>189,269,300</u>	<u>25.60%</u>	<u>-</u>	<u>-</u>
<b>TOTAL (A) + (B) + (C) + (D)</b>	<u><b>739,302,000</b></u>	<u><b>100.00%</b></u>	<u><b>739,302,000</b></u>	<u><b>100.00%</b></u>

*Note (1):* Founder HoldCo is directly wholly owned by Founder Trust Company, which in turn is directly wholly owned by the Founder Trustee as the trustee of the Founder Trust. The Founder Trust is an irrevocable discretionary trust established by Mr. Zeng as the settlor pursuant to a trust arrangement dated 25 February 2015 in respect of the shares in Founder Trust Company for the benefit of Mr. Zeng and his children and descendants.

*Note (2):* Mr. Zeng is the vice chairman of the Board and an executive Director and the general manager of the Group. Mr. Zeng is deemed to be interested in an aggregate of 516,013,700 Shares, representing approximately 69.79% of the issued share capital of the Company as at the Latest Practicable Date, which consist of (i) 453,025,800 Shares held by Founder HoldCo, in his capacity as the settlor of the Founder Trust; (ii) 58,937,400 Shares held by the Management HoldCos, in his capacity as the settlor of the Senior Management Trust; and (iii) 4,050,500 Shares directly held by Mr. Zeng.

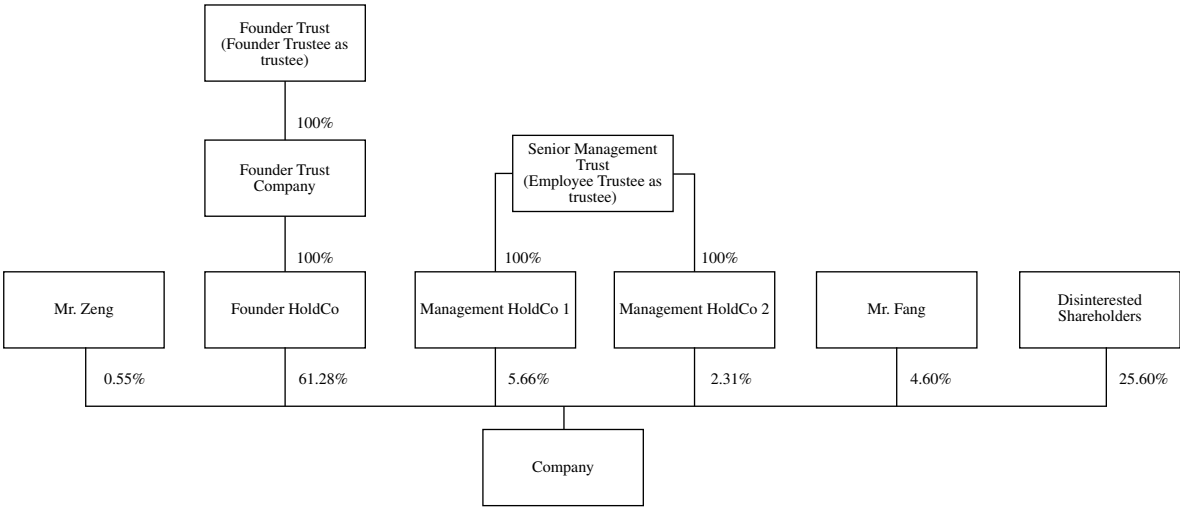
Note (3): Mr. Fang controls entities which are key suppliers of the Group and has been a Shareholder since the initial public offering of the Company.

Note (4): Each of Management HoldCo 1 and Management HoldCo 2 is wholly owned by the Employee Trustee as trustee of the Senior Management Trust. The Senior Management Trust was established by Mr. Zeng (as the settlor) for the benefit of certain senior management employed or formerly employed by the Group and their dependents. Mr. Huang Jianping, Mr. Zeng Kexiong, Mr. Lu Xinghong and Mr. He Jinqiang are executive Directors and are the beneficiaries of the Senior Management Trust in respect of the Shares held by Management HoldCo 2. As such, each of them is deemed to be interested in 17,100,000 Shares held by Management HoldCo 2, representing approximately 2.31% of the issued share capital of the Company as at the Latest Practicable Date. Ms. Jiang, the chairman of the Board and a non-executive Director, is the protector of the Senior Management Trust. For so long as the Employee Trustee holds or controls Shares in the Company, all voting rights attaching to such Shares shall be exercised by an investment review panel consisting of Ms. Jiang and/or such other person(s) as they may wish to appoint. As a result, Ms. Jiang is deemed to be interested in 58,937,400 Shares held by Management HoldCos under the Senior Management Trust, representing approximately 7.97% of the issued share capital of the Company as at the Latest Practicable Date. Save as disclosed in note (2) above and this note (4), no other Director has, or is deemed to have, interests in the Shares, underlying Shares and debentures of the Company as at the Latest Practicable Date.

Note (5): SCB is the financial adviser to the Offeror in relation to the Proposal. Accordingly, members of the SCB Group which hold Shares on their own account or on a discretionary managed basis are presumed to be acting in concert with the Offeror in relation to the Company in accordance with class 5 of the definition of "acting in concert" under the Takeovers Code (except in respect of the Shares held by exempt principal traders or exempt fund managers recognised by the Executive).

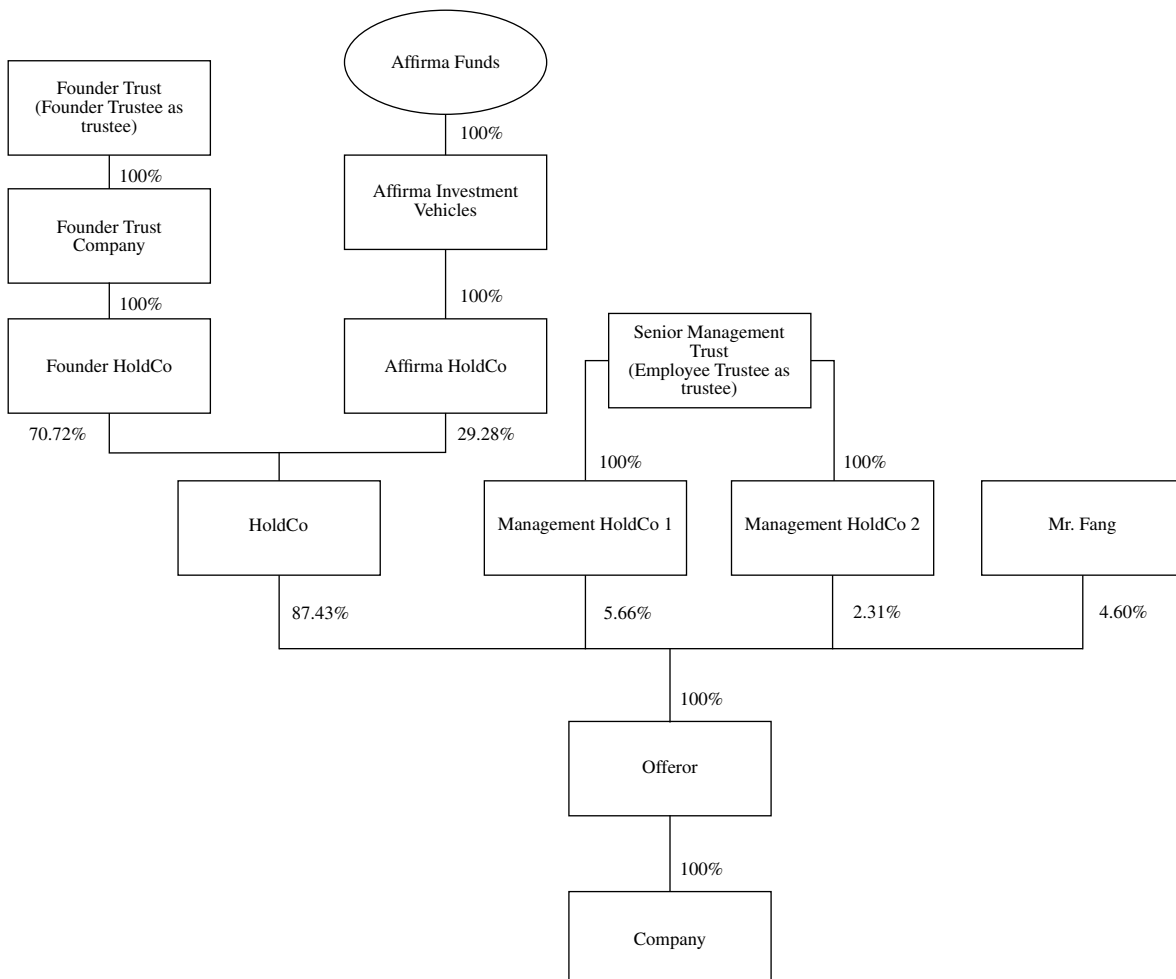
Note (6): The shareholding percentage in the table is subject to rounding adjustment.

The chart below sets out the illustrative shareholding structure of the Company as at the Latest Practicable Date:





The chart below sets out the illustrative shareholding structure of the Company immediately upon the Scheme becoming effective:



### INFORMATION ON THE GROUP

The Company is an exempted company with limited liability incorporated in the Cayman Islands, the shares of which have been listed on the Stock Exchange since 2015 with the stock code 6896.

The Group's history dates back to 1956 when Liuzhou No. 2 Sweet Factory (柳州市糖果二廠), the predecessor of Guangxi Golden Throat Co., Ltd. (an indirect wholly owned subsidiary of the Company), was established. Currently, the Group has developed into a comprehensive modern group mainly engaging in the manufacture and sale of lozenges and other pharmaceutical and food products.

Your attention is drawn to Appendix I headed "*Financial Information of the Group*", Appendix II headed "*Property Valuation*" and Appendix III headed "*General Information*" to this Scheme Document.

**INFORMATION ON THE OFFEROR GROUP**

The Offeror Group comprises HoldCo, the Offeror and the Offeror's subsidiaries (which will include the Group upon the Scheme becoming effective).

- (a) HoldCo is an exempted company incorporated in the Cayman Islands with limited liability and set up for the implementation of the Proposal. As at the Latest Practicable Date, HoldCo has 646,345,600 ordinary shares in issue, among which:
  - (i) Founder HoldCo holds 457,076,300 shares on an unpaid basis; and
  - (ii) Affirma HoldCo holds (i) one share credited as fully paid; and (ii) 189,269,299 shares on an unpaid basis.

Under the articles of association of HoldCo, no ordinary share held on an unpaid basis shall entitle its holder to any voting right. Accordingly, as at the Latest Practicable Date and until all the unpaid shares in HoldCo are credited as fully paid on the Effective Date pursuant to the terms of the Scheme and the Consortium Agreement, Affirma HoldCo shall be entitled to exercise 100% of the voting rights in HoldCo.

Please refer to the section headed "*Shareholding Structure of the Company and Effect of the Proposal*" and "*Information on the Founder Group*" for further information on the Founder HoldCo. Please refer to the section headed "*Information on the Affirma Group*" for further information on the Affirma HoldCo.

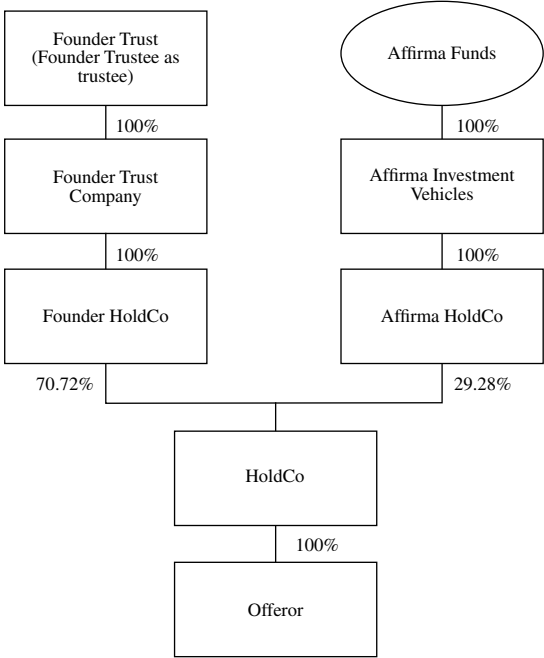
- (b) The Offeror is an exempted company incorporated in the Cayman Islands with limited liability and set up for the implementation of the Proposal. As at Latest Practicable Date, the Offeror is wholly owned by HoldCo.
- (c) As at the Latest Practicable Date, the board of directors of each of HoldCo and the Offeror comprised of Ivo Laurence Philipps, Gilbert Zeng and Taeyub Kim.

Ivo Laurence Philipps is a founding partner at Affirma and Affirma's chief operating officer. Prior to Affirma, Mr. Philipps was the chief operating officer of Standard Chartered Private Equity (SCPE) having previously managed the mezzanine and alternative solutions business, structuring mezzanine growth capital and balance sheet solutions for clients. He joined SCPE in 2009. Prior to joining Standard Chartered Bank, Mr. Philipps also worked at Barclays in the United Kingdom, Misys Plc in London and the United Nations in East Africa. Mr. Philipps has an MBA from INSEAD and a BSc in Politics and Economics from Bristol University.

Gilbert Zeng is a founding partner at Affirma and Affirma's Head of China. Prior to Affirma, Mr. Gilbert Zeng was the managing director and the Head of China for SCPE. He has over 16 years of experience in private equity, investment banking and corporate law. Prior to joining SCPE, Mr. Gilbert Zeng worked at Houlihan Lokey in Hong Kong and Jones Day. Mr. Gilbert Zeng holds a Master of Law degree from Columbia Law School.

Taeyub Kim is a founding partner, and the Head of Korea for Affirma. Mr. Kim has 18 years of experience in consulting and private equity investment, and raised five private equity funds in Korea. Prior to joining Affirma, Mr. Kim was the managing director and the Head of Korea for SCPE and was with the platform since 2008. Prior to joining SCPE, Mr. Kim played an integral role as a founding member of Shinhan Private Equity and a specialist in corporate finance at the Boston Consulting Group. Mr. Kim received a BS in psychology and an MBA from Seoul National University, and a MPA in International Development from the John F. Kennedy School of Government at Harvard University.

The chart below sets out the illustrative shareholding structure of the Offeror as at the Latest Practicable Date:



**INFORMATION ON THE FOUNDER GROUP**

The Founder Group comprises Mr. Zeng, Founder HoldCo, Founder Trust Company and the Founder Trust.

- (a) Mr. Zeng is the vice chairman of the Board and an executive Director and the general manager of the Group. Mr. Zeng was appointed as a Director in 2015 and is primarily responsible for overseeing the management and strategic development of the Group. Mr. Zeng is the son of Ms. Jiang, the chairman of the Board.
- (b) Founder HoldCo is an investment holding company incorporated in the British Virgin Islands on 3 April 2012. Founder HoldCo is wholly owned by Founder Trust Company, which is wholly owned by the Founder Trustee as trustee of the Founder Trust.

- (c) Founder Trust Company is a BVI business company incorporated in the British Virgin Islands on 23 September 2014. Founder Trust Company is directly wholly owned by the Founder Trustee as trustee of the Founder Trust.
- (d) The Founder Trust is an irrevocable discretionary trust established by Mr. Zeng as the settlor pursuant to a trust arrangement dated 25 February 2015 in respect of the shares in Founder Trust Company for the benefit of Mr. Zeng and his children and descendants.

#### **INFORMATION ON THE AFFIRMA GROUP**

The Affirma Group comprises Affirma HoldCo, Affirma, the Affirma Funds and the Affirma Investment Vehicles.

- (a) Affirma HoldCo is a company incorporated in Singapore with limited liability and set up for the implementation of the Proposal. Affirma HoldCo is ultimately wholly owned by the Affirma Funds. Affirma HoldCo is an independent third party and is not connected with and is not a person acting in concert with the Company or its subsidiaries or any connected persons of the Company (other than members of the Founder Group).
- (b) Affirma is an independent emerging market private equity firm owned and operated by the former senior leadership of Standard Chartered Private Equity and manages over USD3.5 billion in assets. Affirma has a 19-year history of investing in emerging markets and has deployed over USD6 billion in more than 100 companies across Asia, Africa and the Middle East. For more information, please visit <https://affirmacapital.com/index.html>.
- (c) Each of Affirma Investment Vehicle 1 and Affirma Investment Vehicle 3 is a company incorporated in Singapore with limited liability, which is indirectly wholly owned by Augusta GP Pte. Ltd., which is the general partner of Augusta Fund I. Affirma Investment Vehicle 4 is a company incorporated in Singapore with limited liability, which is directly wholly owned by Augusta GP Pte. Ltd., which is the general partner of Augusta Fund I. Affirma Investment Vehicle 2 is a limited liability company incorporated in the Republic of Korea, which is directly wholly owned by Ascenta V.
- (d) Each of the Affirma Funds is advised or managed by Affirma.
  - (i) Save as disclosed below, the Affirma Funds are widely held among a large number of investors, including pension funds, financial institutions and various other partners.
  - (ii) ICG indirectly holds the majority of the limited partnership interests in Augusta Fund I, being one of the Affirma Funds. ICG manages third party funds and proprietary capital principally in closed-end funds. It was founded in 1989 and was listed on the London Stock Exchange in 1994, with stock code ICG. ICG has a network of 14 offices throughout Europe, Asia Pacific and the United States. To date, ICG manages USD56.2 billion third-party assets globally, including corporate, secondary, capital market and real asset investments. For more information, please visit <https://www.icgam.com/>.

- (iii) Augusta GP Pte. Ltd. is the general partner of Augusta Fund I, which is ultimately controlled by Affirma Capital Limited, an exempted company incorporated in Cayman Islands with limited liability. Affirma Capital Managers Korea Limited is the general manager of Ascenta V, which is ultimately controlled by Affirma Capital Limited.

**INFORMATION ON THE ROLLOVER PARTIES**

The Rollover Parties comprise the Management HoldCos, Employee Trustee, the Senior Management Trust and Mr. Fang.

- (a) Management HoldCo 1 (being one of the Management HoldCos) is a BVI business company incorporated in the British Virgin Islands. Management HoldCo 2 (being one of the Management HoldCos) is a BVI business company incorporated in the British Virgin Islands.
- (b) Employee Trustee is the trustee of the Senior Management Trust and holds 100% of issued the share capital of Management HoldCo 1 and Management HoldCo 2, which holds, in aggregate, 58,937,400 Shares in the Company.
- (c) The Senior Management Trust is an irrevocable discretionary trust established by Mr. Zeng (as the settlor) with Employee Trustee as the trustee for the benefit of certain senior management employed or formerly employed by the Group and their dependents.
- (d) Mr. Fang (being a Rollover Shareholder) controls entities which are key suppliers of the Group, and has been a Shareholder since the initial public offering of the Company.

**REASONS FOR AND BENEFITS OF THE PROPOSAL**

Your attention is drawn to the section headed “14. *Reasons for and Benefits of the Proposal*” in the Explanatory Memorandum in Part VIII of this Scheme Document.

**THE OFFEROR'S INTENTION REGARDING THE GROUP**

Your attention is drawn to the section headed “15. *The Offeror's Intention Regarding the Group*” in the Explanatory Memorandum in Part VIII of this Scheme Document.

The Board is aware of and welcomes the Offeror's intention regarding the Group as set out in the section headed “15. *The Offeror's Intention Regarding the Group*” in the Explanatory Memorandum in Part VIII of this Scheme Document.

**FINANCIAL ADVISER**

The Offeror has appointed SCB as its financial adviser in connection with the Proposal.

**INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

An Independent Board Committee, which comprises the following independent non-executive Directors: Mr. Li Hua, Mr. Zhu Jierong and Mr. Cheng Yiqun, has been established by the Board to make a recommendation to the Disinterested Shareholders as to whether (i) the Proposal, and in particular the Scheme and the Rollover Arrangement, are fair and reasonable to the Disinterested Shareholders; and (ii) to vote in favour of the Scheme at the Court Meeting and the Rollover Arrangement and the resolutions in connection with the implementation of the Proposal at the General Meeting.

Ms. Jiang, the chairman of the Board and a non-executive Director of the Company, is the mother of Mr. Zeng. In addition, Ms. Jiang is the protector of the Senior Management Trust, one of the Rollover Parties. For so long as the Employee Trustee holds or controls Shares in the Company, all voting rights attaching to such Shares shall be exercised by an investment review panel consisting of Ms. Jiang and/or such other person(s) as they may wish to appoint. Furthermore, Ms. Jiang is the sole director of Founder HoldCo. Accordingly, the Board considers Ms. Jiang to be interested in the Proposal and the Rollover Arrangement and as such should not be a member of the Independent Board Committee in accordance with Rule 2.8 of the Takeovers Code.

The Independent Financial Adviser has been appointed by the Company with the approval of the Independent Board Committee to advise the Independent Board Committee on the Proposal, the Scheme and the Rollover Arrangement. The full text of the letter from the Independent Financial Adviser is set out in Part VII of this Scheme Document.

**WITHDRAWAL OF LISTING OF THE SHARES**

Upon the Scheme becoming effective, all Scheme Shares will be cancelled (with the equivalent number of new Shares being simultaneously issued and credited as fully paid to the Offeror) and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. The Company will make an application for the listing of the Shares to be withdrawn from the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules, with effect following the Effective Date at 9:00 a.m. on Wednesday, 15 December 2021.

The Scheme Shareholders will be notified by way of an announcement of the dates of the last day for dealing in the Shares and the day on which the Scheme and the withdrawal of the listing of the Shares on the Stock Exchange will become effective.

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

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with

any of them) may, within 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.

### **OVERSEAS SHAREHOLDERS**

Your attention is drawn to the section headed “20. *Overseas Shareholders*” in the Explanatory Memorandum in Part VIII of this Scheme Document.

### **TAXATION ADVICE**

Your attention is drawn to the section headed “21. *Taxation Advice*” in the Explanatory Memorandum in Part VIII of this Scheme Document.

### **REGISTRATION AND PAYMENT**

Your attention is drawn to the section headed “22. *Registration and Payment*” in the Explanatory Memorandum in Part VIII of this Scheme Document.

### **ACTIONS TO BE TAKEN**

The actions which you are required to take in relation to the Proposal are set out in Part III of this Scheme Document headed “*Actions to be Taken*”.

### **COURT MEETING AND GENERAL MEETING**

For the purpose of exercising your right to vote at the Court Meeting and/or the General Meeting, you are requested to read carefully the section headed “25. *Court Meeting and General Meeting*” in the Explanatory Memorandum in Part VIII of this Scheme Document, Part III of this Scheme Document headed “*Actions to be Taken*”, and the notices of the Court Meeting and the General Meeting on pages CM-1 to CM-4 and pages GM-1 to GM-4, respectively, of this Scheme Document.

### **RECOMMENDATION**

Your attention is drawn to the advice and recommendation of the Independent Financial Adviser to the Independent Board Committee in respect of the Proposal, the Scheme and the Rollover Arrangement as set out in the letter from the Independent Financial Adviser in Part VII of this Scheme Document. Your attention is also drawn to the recommendation of the Independent Board Committee in respect of the Proposal, the Scheme and the Rollover Arrangement as set out in the letter from the Independent Board Committee in Part VI of this Scheme Document.

**FURTHER INFORMATION**

You are urged to read carefully the letter from the Independent Board Committee as set out in Part VI of this Scheme Document, the letter from the Independent Financial Adviser as set out in Part VII of this Scheme Document, the Explanatory Memorandum as set out in Part VIII of this Scheme Document, the appendices to this Scheme Document, the notice of the Court Meeting as set out on pages CM-1 to CM-4 of this Scheme Document and the notice of the General Meeting as set out on pages GM-1 to GM-4 of this Scheme Document. In addition, a **pink** form of proxy in respect of the Court Meeting and a **white** form of proxy in respect of the General Meeting are enclosed with this Scheme Document.

By order of the Board of  
**Golden Throat Holdings Group Company Limited**  
**Ms. Jiang Peizhen**  
*Chairman*



**GOLDEN THROAT HOLDINGS GROUP COMPANY LIMITED**  
**金嗓子控股集團有限公司**

*(Incorporated under the laws of the Cayman Islands with limited liability of its members)*

**(Stock Code: 6896)**

29 October 2021

*To the Shareholders*

Dear Sir or Madam,

**(1) PROPOSAL FOR THE TAKE PRIVATE OF  
GOLDEN THROAT HOLDINGS GROUP COMPANY LIMITED  
BY AURELI INVESTMENTS LTD  
BY WAY OF A SCHEME OF ARRANGEMENT  
UNDER SECTION 86 OF THE COMPANIES ACT**

**(2) SPECIAL DEAL RELATING TO ROLLOVER ARRANGEMENT**

**(3) PROPOSED WITHDRAWAL OF LISTING OF GOLDEN THROAT  
HOLDINGS GROUP COMPANY LIMITED**

Reference is made to the announcement dated 12 August 2021 jointly issued by the Offeror and the Company in relation to the Proposal and the scheme document dated 29 October 2021 jointly issued by the Offeror and the Company in relation to the Proposal (the “**Scheme Document**”), the latter 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 as to whether (a) the terms of the Proposal, and in particular the Scheme and the Rollover Arrangement, are fair and reasonable to the Disinterested Shareholders; and (b) to vote in favour of the Scheme at the Court Meeting and the Rollover Arrangement and the resolutions in connection with the implementation of the Proposal at the General Meeting. Details of the Proposal, the Scheme and the Rollover Arrangement are set out in the letter from the Board and the Explanatory Memorandum of the Scheme Document.

Opus Capital Limited, the Independent Financial Adviser, has been appointed by the Company with our approval, to advise us on the Proposal, the Scheme and the Rollover Arrangement. The details of its advice and the principal factors taken into consideration in arriving at their advice are set out in the letter from the Independent Financial Adviser in the Scheme Document.

In the letter from the Independent Financial Adviser as set out in the Scheme Document, the Independent Financial Adviser states that it considers that the terms of the Proposal, including the Scheme and the Rollover Arrangement, are fair and reasonable so far as the Disinterested Shareholders are concerned, and recommend the Independent Board Committee to advise the Disinterested Shareholders to vote in favour of the Scheme at the Court Meeting and the Rollover Arrangement and the resolutions in connection with the implementation of the Proposal at the General Meeting.

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

Accordingly, the Independent Board Committee recommends:

- (1) at the Court Meeting, the Disinterested Shareholders to vote in favour of the Scheme;
- (2) at the General Meeting,
  - (a) the Shareholders to vote in favour of:
    - (i) the special resolution to approve any reduction of the issued share capital of the Company by the cancellation of the Scheme Shares; and
    - (ii) the ordinary resolution to approve the application of the reserve created by the cancellation of the Scheme Shares to simultaneously maintain the issued share capital of the Company by allotting and issuing to the Offeror such number of new Shares (credited as fully paid) as is equal to the number of the Scheme Shares cancelled and the authorisation of the directors of the Company to do all acts and things considered by them to be necessary or desirable in connection with the implementation of the Scheme; and
  - (b) the Disinterested Shareholders to vote in favour of the ordinary resolution to approve the Rollover Arrangement which constitutes a special deal under Rule 25 of the Takeovers Code.

The Independent Board Committee draws the attention of the Disinterested Shareholders to (i) the letter from the Board as set out in Part V of the Scheme Document; (ii) the letter from the Independent Financial Adviser, which sets out the principal factors taken into consideration in arriving at their advice to the Independent Board Committee, as set out in Part VII of the Scheme Document; and (iii) the Explanatory Memorandum as set out in Part VIII of the Scheme Document.

Yours faithfully,  
**Independent Board Committee**

**Mr. Li Hua**  
*Independent*  
*Non-Executive Director*

**Mr. Zhu Jierong**  
*Independent*  
*Non-Executive Director*

**Mr. Cheng Yiqun**  
*Independent*  
*Non-Executive Director*

*Set out below is the letter of advice from the Independent Financial Adviser, Opus Capital Limited, to the Independent Board Committee, in respect of the Proposal, the Scheme and the Rollover Arrangement (including recommendations to the Disinterested Shareholders with respect to voting relating to the Scheme at the Court Meeting and the Rollover Arrangement and the resolutions in connection with the implementation of the Proposal at the General Meeting), which has been prepared for the purpose of inclusion in this Scheme Document.*



18<sup>th</sup> Floor, Fung House  
19-20 Connaught Road Central  
Central, Hong Kong

29 October 2021

*To: The Independent Board Committee of Golden Throat Holdings Group Company Limited*

Dear Sirs,

**(1) PROPOSAL FOR THE TAKE PRIVATE OF  
GOLDEN THROAT HOLDINGS GROUP COMPANY LIMITED  
BY AURELI INVESTMENTS LTD  
BY WAY OF A SCHEME OF ARRANGEMENT  
UNDER SECTION 86 OF THE COMPANIES ACT  
(2) SPECIAL DEAL RELATING TO ROLLOVER ARRANGEMENT  
(3) PROPOSED WITHDRAWAL OF LISTING OF GOLDEN THROAT  
HOLDINGS GROUP COMPANY LIMITED**

**INTRODUCTION**

We refer to our appointment by the Company, with the approval of the Independence Board Committee, to advise the Independent Board Committee in connection with the Proposal, the Scheme and the Rollover Arrangement. Details of the Proposal, the Scheme and the Rollover Arrangement are set out in the letter from the Board (the “**Letter from the Board**”) in Part V of the scheme document dated 29 October 2021 jointly issued by the Company and the Offeror in relation to the Proposal (the “**Scheme Document**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Scheme Document unless the context requires otherwise.

Reference is made to the Joint Announcement. On 12 August 2021, the Offeror and the Company entered into the Implementation Agreement, pursuant to which the parties agreed to use all reasonable endeavours to implement the Proposal for the take private of the Company by way of a scheme of arrangement under Section 86 of the Companies Act, which if approved and implemented will result in the Company being taken private by the Offeror and the withdrawal of the listing of the Shares from the Stock Exchange, subject to the Conditions being fulfilled or waived, as applicable.

**THE INDEPENDENT BOARD COMMITTEE**

An Independent Board Committee, which comprises the following independent non-executive Directors: Mr. Li Hua, Mr. Zhu Jierong and Mr. Cheng Yiqun, has been established by the Board to make a recommendation to the Disinterested Shareholders as to whether (i) the Proposal, and in particular the Scheme and the Rollover Arrangement, are fair and reasonable to the Disinterested Shareholders; and (ii) to vote in favour of the Scheme at the Court Meeting and the Rollover Arrangement as a special deal and the resolutions in connection with the implementation of the Proposal at the General Meeting. We have been appointed by the Company with the approval of the Independent Board Committee to advise the Independent Board Committee with respect to the same.

Ms. Jiang, the chairman of the Board and a non-executive Director, is the mother of Mr. Zeng. In addition, Ms. Jiang is the protector of the Senior Management Trust, one of the Rollover Parties. For so long as the Employee Trustee holds or controls Shares in the Company, all voting rights attaching to such Shares shall be exercised by an investment review panel consisting of Ms. Jiang and/or such other person(s) as they may wish to appoint. Furthermore, Ms. Jiang is the sole director of Founder HoldCo. Accordingly, the Board considers Ms. Jiang to be interested in the Proposal, the Scheme and the Rollover Arrangement and as such should not be a member of the Independent Board Committee in accordance with Rule 2.8 of the Takeovers Code.

**OUR INDEPENDENCE**

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

**BASIS OF OUR OPINION**

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

- (i) the Joint Announcement;
- (ii) the Company's interim report for the six months ended 30 June ("1H") 2021 (the "2021 Interim Report");

- (iii) the Company's annual reports for the two years ended 31 December ("FY") 2019 (the "**2019 Annual Report**") and 2020 (the "**2020 Annual Report**");
- (iv) the property valuation report (including the summary of values and the valuation certificates) dated 29 October 2021 (the "**Valuation Report**") issued by the Valuer in relation to its valuation of the properties interests held by the Group as at 31 August 2021, which is set out in Appendix II to the Scheme Document); and
- (v) other information as set out in the Scheme Document.

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

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

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

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

The Directors have jointly and severally accepted full responsibility for the accuracy of the information disclosed in the Scheme Document (including the relevant information concerning the Company provided by the Management and as set out in our letter) and confirmed, having made all reasonable enquiries that, to the best of their knowledge and belief, there are no other facts disclosed in the Scheme Document (including those relevant information concerning the Company as set out in our letter as provided by the Management), the omission of which would make any statement therein misleading.

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

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

### **PRINCIPAL TERMS OF THE PROPOSAL, THE SCHEME AND THE ROLLOVER ARRANGEMENT**

The terms set out below are summarised from the Explanatory Memorandum. Disinterested Shareholders are encouraged to read the Scheme Document and the appendices in full.

#### **1. Terms of the Proposal**

The Board has put forward the Proposal. Upon the fulfilment of the Conditions and the Scheme becoming effective:

- (a) the Founder Scheme Shares held by the Founder Shareholders will be cancelled in consideration for the Founder Cancellation Consideration, being the crediting of the unpaid HoldCo Shares held by Founder HoldCo as being fully paid in the amount equivalent to the aggregate amount of the Cancellation Price per Scheme Share with respect to all the Founder Scheme Shares;
- (b) the Rollover Scheme Shares held by the Rollover Shareholders will be cancelled in consideration for the Rollover Cancellation Consideration, being the allotment and issue of the Offeror Rollover Shares to the Rollover Shareholders credited as fully paid in the amount equivalent to the aggregate amount of the Cancellation Price per Scheme Share with respect to all the Rollover Scheme Shares;
- (c) all other Scheme Shares will be cancelled in consideration for the Cancellation Price of HK\$2.80 per Scheme Share, which will be paid in cash;
- (d) such number of new Shares as is equal to the number of Scheme Shares cancelled will be issued to the Offeror, credited as fully paid, such that the Company will become wholly owned by the Offeror; and
- (e) the listing of the Shares on the Stock Exchange will be withdrawn with effect as soon as practicable following the Effective Date.

In compliance with Rule 20.1(a) of the Takeovers Code, upon the Scheme becoming effective, the Cancellation Price of HK\$2.80 per Scheme Share for cancellation of the Scheme Shares (other than the Founder Scheme Shares and the Rollover Scheme Shares) will be paid to the relevant Disinterested Shareholders whose names appear in the register of members of the Company on the Scheme Record Date as soon as possible, but in any event within seven business days following the Effective Date.

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

## **2. Total consideration**

As at the Latest Practicable Date, there were 739,302,000 Shares in issue, among which 550,032,700 Shares were held by the Founder Group and the Rollover Shareholders (representing approximately 74.40% of the issued share capital of the Company as at the Latest Practicable Date) and the Disinterested Shareholders were interested in 189,269,300 Shares (representing approximately 25.60% of the issued share capital of the Company as at the Latest Practicable Date).

Taking into account that the Founder Scheme Shares and the Rollover Scheme Shares will be cancelled in consideration for the Founder Cancellation Consideration and the Rollover Cancellation Consideration respectively, the Proposal will involve making an offer to cancel 189,269,300 Scheme Shares, in exchange for the Cancellation Price of HK\$2.80 per Scheme Share in cash.

Based on the Cancellation Price of HK\$2.80 per Scheme Share, the Company's entire issued share capital under the Proposal is valued at approximately HK\$2,070.0 million.

Assuming no other Shares are issued before the Scheme Record Date (i.e. Friday, 10 December 2021), the total amount of cash required to implement the Proposal in full would be HK\$529,954,040.

## **3. Approvals**

Only Disinterested Shareholders as at the Meeting Record Date (i.e. Tuesday, 30 November 2021, or such other date to be announced to the Shareholders) will be entitled to attend and vote at the Court Meeting to approve the Scheme. Each of the Founder Shareholders and the Rollover Shareholders, in lieu of a class meeting or meetings to approve the Scheme, has provided an undertaking to the Grand Court to be bound by the Scheme and to receive the Founder Cancellation Consideration or the Rollover Cancellation Consideration (as the case may be) in consideration for cancellation of the Founder Scheme Shares or the Rollover Scheme Shares (as the case may be) under the Scheme. The Offeror and HoldCo have also provided undertakings to the Grand Court to be bound by the Scheme.

All Shareholders will be entitled to attend the General Meeting and vote on the restoration of the share capital of the Company, but for the purposes of the Takeovers Code, the Disinterested Shareholders will be entitled to vote at the General Meeting on the ordinary resolution to approve the Rollover Arrangement and the Founder Shareholders and the Rollover Shareholders shall abstain from voting on such resolution.



**4. Conditions of the Proposal**

The Proposal will become effective and binding on the Company, the Offeror and all the Scheme Shareholders, subject to the fulfilment or waiver (as applicable) of the Conditions, on or before the Long Stop Date (i.e. 12 February 2022, or any other date as may be agreed by the Offeror and the Company and as permitted by the Executive), failing which the Proposal and the Scheme will lapse.

One of the key Conditions requires the approval of the Scheme (by way of poll) by a majority in number of the Disinterested Shareholders representing not less than 75% in value of the Scheme Shares held by the Disinterested Shareholders on the Meeting Record Date present and voting either in person or by proxy at the Court Meeting provided that: (i) the Scheme is approved (by way of a poll) by the Disinterested Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by the Disinterested Shareholders that are voted at the Court Meeting (either in person or by proxy); and (ii) the number of votes cast (by way of poll) by the 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 Scheme Shares held by all the Disinterested Shareholders.

Please refer to the paragraph headed “Conditions of the Proposal” in the Letter from the Board and the Explanatory Memorandum for further details of the Conditions. As at the Latest Practicable Date, none of the Conditions has been fulfilled or waived.

**5. Rollover Arrangement**

On 12 August 2021, the Offeror, HoldCo and each of the Rollover Shareholders and the Employee Trustee entered into the Rollover Agreement in relation to the Rollover Arrangement, pursuant to which:

- (a) on the Effective Date:
  - (i) the Rollover Scheme Shares will be cancelled in consideration for the Rollover Cancellation Consideration, being the allotment and issue of the Offeror Rollover Shares to the Rollover Shareholders credited as fully paid in the amount equivalent to the aggregate amount of the Cancellation Price per Scheme Share with respect to all the Rollover Scheme Shares; and
  - (ii) each of the Rollover Shareholders and the Employee Trustee has given irrevocable undertakings in favour of the Offeror, HoldCo, the Founder Group and/or Affirma HoldCo to take certain actions as described in the paragraph headed “Irrevocable Undertakings” as set out in the Letter from the Board; and
- (b) each of the Rollover Shareholders and the Employee Trustee has agreed to indemnify the Offeror, HoldCo, the Founder Group and Affirma HoldCo and their respective affiliates, and each of their respective officers, directors, employees, agents, representatives, successors and assigns for all losses which any such indemnitee may suffer as a result of any breach of any of the representations, warranties and/or undertakings provided by the relevant Rollover Party and any non-performance by the relevant Rollover Party of any obligations to be performed by or on the part of it thereunder.

The Rollover Agreement (including the Rollover Irrevocable Undertakings) will be terminated if the Scheme is not approved or the Proposal otherwise lapses or is withdrawn.

For the analysis of the Rollover Arrangement, please refer to the paragraph headed “3. Analysis on the Rollover Arrangement” under the section headed “Principal factors and reasons considered” below.

## **PRINCIPAL FACTORS AND REASONS CONSIDERED**

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

### **1. Business information, financial performance and prospects of the Group**

#### **A. Business of the Group**

The Company is an exempted company with limited liability incorporated in the Cayman Islands, the shares of which have been listed on the Stock Exchange since 15 July 2015. The Group’s history dates back to 1956 when 柳州市糖果二廠 (Liuzhou No. 2 Sweet Factory\*), the predecessor of Guangxi Golden Throat Co., Ltd. (an indirect wholly owned subsidiary of the Company), was established. The Group is a leading manufacturer of lozenges in China. In April 2021, Golden Throat Lozenges (金嗓子喉片), the Group’s flagship product which is approved as a type of over-the-counter medicine (“**Golden Throat Lozenges (OTC)**”), stood out amongst many products and was awarded No. 1 amongst Chinese traditional medicines (Throat) in the ranking of China nonprescription medicines and was awarded the honorary title of 2020 China Nonprescriptive Golden Product. Currently, the Group has developed into a modern integrated group mainly engaging in the manufacture and sale of lozenges and other pharmaceutical and food products. As disclosed in the 2020 Annual Report, the Group has one operating segment with three major product categories with details as below.

#### *Golden Throat Lozenges – over-the-counter medicine*

Golden Throat Lozenges (OTC) was launched in 1994. In FY2020, the revenue of Golden Throat Lozenges (OTC) accounted for approximately 89.9% of the Group’s total revenue.

Golden Throat Lozenges (OTC) is a type of lozenge mainly designed to relieve symptoms of sore and dry throat and hoarse voice caused by acute pharyngitis. It was approved as over-the-counter medicine by the National Medical Products Administration of the PRC (國家藥品監督管理局) (the “**NMPA**”). As such it can be purchased by the public in pharmacies without requiring a prescription from a qualified medical professional.

As of 31 December 2020, Golden Throat Lozenges (OTC) were exported to the United States, Canada, Russia, the European Union, Australia, Southeast Asia, Middle East, Mexico and Africa, across five continents of the world.

*Golden Throat Lozenge series products – food products*

The Group's other key products are Golden Throat Lozenge series products (“**Golden Throat Lozenges Series Products**”) which include seven products comprising of Dule Lozenges (都樂含片), sugar-free Dule Lozenges and five other sugar free flavours of this series, namely orange (香橙), fructus momordicae (羅漢果), chrysanthemum (桑菊), American ginseng (西洋參) and hawthorn (山楂). In FY2020, the revenue of Golden Throat Lozenges Series Products accounted for approximately 8.3% of the Group's total revenue.

As stated in the 2020 Annual Report, a major difference between Golden Throat Lozenges (OTC) and Golden Throat Lozenge Series Products is that the former is approved as over-the-counter medicine, whereas the latter is approved as food products.

As of 31 December 2020, Golden Throat Lozenge Series Products were exported to 17 countries and regions.

*Other products*

The Group's revenue of other products accounted for remaining and approximately 1.8% of its total revenue in FY2020.

Two of the Group's other products are Yinxingye Tablet (銀杏葉片) and Herbal Vegetable Beverages. Yinxingye Tablet is mainly designed to facilitate blood circulation, remove blood stasis and dredge energy channels and was approved as a prescription medicine by the NMPA, while the main function of Herbal Vegetable Beverages is soothing voices and relieving sore throats.

***B. Financial information of the Group***

Set forth below is a summary of the: (i) audited consolidated financial information of the Group for FY2018, FY2019 and FY2020 as extracted from the 2019 Annual Report and the 2020 Annual Report; and (ii) unaudited consolidated financial information for 1H2020 and 1H2021 as extracted from the 2021 Interim Report. Further details of the financial information of the Group are set out in Appendix I to the Scheme Document.

Table 1: Consolidated financial results of the Group

	<b>1H2021</b>	<b>1H2020</b>	<b>FY2020</b>	<b>FY2019</b>	<b>FY2018</b>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Revenue</b>	<b>373,290</b>	<b>203,920</b>	<b>646,941</b>	<b>797,129</b>	<b>694,194</b>
Cost of sales	(97,684)	(51,609)	(171,298)	(198,673)	(177,679)
<b>Gross profit</b>	<b>275,606</b>	<b>152,311</b>	<b>475,643</b>	<b>598,456</b>	<b>516,515</b>
<i>Gross profit margin (%)</i>	<i>73.8%</i>	<i>74.7%</i>	<i>73.5%</i>	<i>75.1%</i>	<i>74.4%</i>
Other income and gains	20,092	18,580	66,087	26,814	24,254
Selling and distribution expenses	(147,891)	(106,649)	(253,309)	(308,447)	(290,027)
Administrative expenses	(46,658)	(28,956)	(83,526)	(77,540)	(65,877)
Other expenses	(586)	(6,261)	(3,506)	(9,556)	(30,242)
Finance costs	(2,943)	(6,327)	(11,503)	(9,807)	(5,169)
<b>Profit before tax</b>	<b>97,620</b>	<b>22,698</b>	<b>189,886</b>	<b>219,920</b>	<b>149,454</b>
Income tax expenses	(16,109)	(6,860)	(35,834)	(52,307)	(47,268)
<b>Profit for the period/year</b>	<b>81,511</b>	<b>15,838</b>	<b>154,052</b>	<b>167,613</b>	<b>102,186</b>
<b>Profit attributable to the Shareholders</b>	<b>81,511</b>	<b>15,838</b>	<b>154,052</b>	<b>167,613</b>	<b>102,186</b>

Sources: the 2019 Annual Report, the 2020 Annual Report and the 2021 Interim Report

### FY2019

The Group recorded a total revenue of approximately RMB797.1 million in FY2019, representing an increase of approximately RMB102.9 million or approximately 14.8% as compared to the total revenue of approximately RMB694.2 million in FY2018.

In FY2019, the Group's revenue generated from sales of Golden Throat Lozenges (OTC) amounted to approximately RMB721.2 million, representing an increase of approximately RMB93.2 million or 14.8% as compared to approximately RMB628.0 million in FY2018. The increase was mainly attributable to the fact that the Group further improved the restructuring of the national channel of Golden Throat Lozenges (OTC) in 2019 and the enhancement of the Company's channel achieved satisfactory results. Further, the Group's revenue from the sales of the Golden Throat Lozenge Series Products in FY2019 amounted to approximately RMB66.8 million as compared to approximately RMB54.1 million for FY2018, representing an increase of approximately RMB12.7 million or 23.5%, which was mainly attributable to the Group's further strengthening of the marketing and distribution network of Golden Throat Lozenge Series Products. As disclosed in the 2019 Annual Report, the Group has adjusted its operation policy from 2018 to 2019 with the objective to expand channels and increase types, number and profit of products to be sold, which aims to improve the distribution system.

Cost of sales of the Group increased from approximately RMB177.7 million in FY2018 to approximately RMB198.7 million in FY2019, representing an increase of approximately RMB21.0 million or approximately 11.8% which was in line with the abovementioned rise in the total revenue of the Group.

During the year, the Group's gross profit increased by approximately 15.9% from approximately RMB516.5 million for FY2018 to approximately RMB598.5 million for FY2019 which was mainly attributable to the aforementioned increase in revenue. The gross profit margin slightly increased from approximately 74.4% in FY2018 to approximately 75.1% in FY2019.

Other income and gains increased slightly by approximately RMB2.5 million or 10.3% from approximately RMB24.3 million in FY2018 to approximately RMB26.8 million in FY2019. The increase was mainly due to the increase in government grants and bank interest income which were the major components of other income and gains.

Selling and distribution expenses slightly increased from approximately RMB290.0 million in FY2018 to approximately RMB308.4 million for FY2019, representing an increase of approximately RMB18.4 million or approximately 6.3% which was primarily due to the increase in sales expenses paid by the Group in relation to the in-depth implementation of the enhancement of the Group's channel.

Administrative expenses slightly increased from approximately RMB65.9 million in FY2018 to approximately RMB77.5 million in FY2019, representing an increase of approximately RMB11.6 million or approximately 17.6% which was primarily due to the increase in salary for management and administrative personnel of the Group.

Other expenses decreased from approximately RMB30.2 million in FY2018 to approximately RMB9.6 million for FY2019, representing a decrease of approximately RMB20.6 million or approximately 68.2% which was primarily due to the decrease in exchange loss arising from the effect of the Group's exchange rate fluctuations.

Resulting from the abovementioned increase in gross profit and other income and gains which was partially offset by the increase in selling and distribution expenses and administrative expenses, the profit attributable to the Shareholders increased by approximately 64.0% from approximately RMB102.2 million in FY2018 to approximately RMB167.6 million in FY2019.

#### **FY2020**

During FY2020, the revenue of the Group amounted to approximately RMB646.9 million, representing a decrease of approximately RMB150.2 million or 18.8% from approximately RMB797.1 million in FY2019.

In FY2020, the Group's revenue generated from sales of Golden Throat Lozenges (OTC) amounted to approximately RMB581.8 million, representing a decrease of approximately RMB139.4 million or 19.3% as compared to approximately RMB721.2 million in FY2019. Such a significant decrease was mainly due to the impact of the COVID-19 pandemic (the "Pandemic") in the PRC, which caused a significant reduction in the number of customers nationwide in retail outlets such as pharmacies and supermarkets, which in turn adversely affected the sales of Golden Throat Lozenges (OTC). On the other hand, the Group's revenue from the sales of the Golden Throat Lozenge Series Products in FY2020 also decreased which decreased from approximately RMB66.8 million for FY2019 to approximately RMB53.7 million in FY2020, representing a decrease of approximately RMB13.1 million or 19.6%, which was mainly attributable to the impact of the Pandemic in the PRC leading to the sales decrease.

Cost of sales of the Group decreased from approximately RMB198.7 million in FY2019 to approximately RMB171.3 million in FY2020, representing a decrease of approximately RMB27.4 million or approximately 13.8% which was generally in line with the abovementioned drop in revenue during the year. The net effect of the abovementioned changes in revenue and cost of sales resulted in the Group's gross profit decreasing by approximately 20.5% from approximately RMB598.5 million for FY2019 to approximately RMB475.6 million for FY2020. The gross profit margin decreased from approximately 75.1% in FY2019 to approximately 73.5% in FY2020 given that the decrease in revenue outpaced the decrease in cost of sales.

Other income and gains increased significantly by approximately RMB39.3 million or 146.6% from approximately RMB26.8 million in FY2019 to approximately RMB66.1 million in FY2020. The increase was mainly due to the increase in the gain on settlement of the Group's litigation amounted to approximately RMB30.0 million in FY2020 while there was no such gain in FY2019.

Selling and distribution expenses amounted to approximately RMB253.3 million for FY2020, representing a decrease of approximately RMB55.1 million or approximately 17.9%, compared to approximately RMB308.4 million in FY2019. It was primarily due to the Pandemic leading to the decrease in the promotion expenses.

Administrative expenses amounted to approximately RMB83.5 million for FY2020, representing an increase of approximately RMB6.0 million or approximately 7.7%, compared to approximately RMB77.5 million in FY2019. It was primarily due to the newly built plants and office buildings which have started depreciating in FY2020.

Resulting from the abovementioned significant decrease in gross profit and increase in administrative expenses, although there was an increase in other income and decrease in selling and distribution expenses, the profit attributable to the Shareholders decreased by approximately RMB13.5 million or 8.1% from approximately RMB167.6 million in FY2019 to approximately RMB154.1 million in FY2020.

**1H2021**

Despite the great challenges from the external economic environment brought by the Pandemic in FY2020, the overall Pandemic situation in the PRC was relatively stable in 1H2021. During 1H2021, the revenue of the Group amounted to approximately RMB373.3 million, representing a substantial increase of approximately RMB169.4 million or 83.1% from approximately RMB203.9 million for 1H2020 which was mainly attributable to the resumption of production of the distributors in the PRC and the recovery of customer flow in pharmacies and supermarkets which, in turn, improved the offline business of Golden Throat Lozenges (OTC) and Golden Throat Lozenges Series Products. As such, the Group's sales in 1H2021 have recovered to the level prior to the outbreak of the Pandemic.

Cost of sales of the Group increased from approximately RMB51.6 million in 1H2020 to approximately RMB97.7 million in 1H2021, representing an increase of approximately RMB46.1 million or approximately 89.3% which was in line with the abovementioned rise in revenue during the period. Owing to the changes in revenue and cost of sales stated above, the Group's gross profit increased substantially by approximately 81.0% from approximately RMB152.3 million for 1H2020 to approximately RMB275.6 million for 1H2021.

Other income and gains was approximately RMB20.1 million for 1H2021, representing a slight increase of approximately RMB1.5 million or approximately 8.1%, compared to approximately RMB18.6 million in 1H2020. It was primarily due to exchange gains and the gain from settlement of the Group's litigation.

Selling and distribution expenses was approximately RMB147.9 million for 1H2021, representing an increase of approximately RMB41.3 million or approximately 38.7%, compared to approximately RMB106.6 million in 1H2020. It was primarily due to the increase in promotion expenses as the Group enhanced promotion in order to recover the sales.

Administrative expenses was approximately RMB46.7 million for 1H2021, representing an increase of approximately RMB17.7 million or approximately 61.0%, compared to approximately RMB29.0 million in 1H2020. It was primarily due to the increase in depreciation and salaries for administrative personnel.

Due to (i) the abovementioned substantial increase in gross profit; (ii) the Pandemic coming under control in the PRC; and (iii) the business of the Group in the PRC has resumed to normal and the level before the outbreak of the Pandemic, the Group's net profit attributable to the Shareholders has substantially increased by approximately RMB65.7 million or fivefold from approximately RMB15.8 million recorded in 1H2020 to approximately RMB81.5 million recorded in 1H2021.

Table 2: Consolidated financial position of the Group

	As at 30 June 2021 <i>(Unaudited)</i> RMB'000	As at 31 December 2020 <i>(Audited)</i> RMB'000
<b>Non-current assets</b>		
Property, plant and equipment	453,854	461,460
Advance payments for property, plant and equipment	1,389	1,411
Right-of-use assets	54,849	48,808
Deferred tax assets	22,920	17,201
<b>Total non-current assets</b>	<b>533,012</b>	<b>528,880</b>
<b>Current assets</b>		
Inventories	69,990	38,843
Trade and bills receivables	290,908	364,067
Prepayments, other receivables and other assets	85,603	47,761
Due from related parties	250	–
Financial assets at fair value through profit or loss	121,990	–
Pledged deposits	15,879	–
Cash and cash equivalents	647,630	705,537
<b>Total current assets</b>	<b>1,232,250</b>	<b>1,156,208</b>
<b>Current liabilities</b>		
Trade payables	27,428	16,081
Other payables and accruals	225,843	237,980
Interest-bearing bank and other borrowings	210,348	152,450
Due to a director	220	222
Due to related parties	861	609
Tax payable	38,483	52,139
Government grants	341	366
<b>Total current liabilities</b>	<b>503,524</b>	<b>459,847</b>
<b>Net current assets</b>	<b>728,726</b>	<b>696,361</b>
<b>Total assets less current liabilities</b>	<b>1,261,738</b>	<b>1,225,241</b>
<b>Non-current liabilities</b>		
Other payables and accruals	604	684
Government grants	474	632
Deferred tax liabilities	–	3,583
<b>Total non-current liabilities</b>	<b>1,078</b>	<b>4,899</b>
<b>Net assets</b>	<b>1,260,660</b>	<b>1,220,342</b>



	As at 30 June 2021 <i>(Unaudited)</i> RMB'000	As at 31 December 2020 <i>(Audited)</i> RMB'000
<b>Equity</b>		
Equity attributable to owners of the parent		
Share capital	113	113
Share premium	675,410	675,410
Reserves	585,137	544,819
<b>Total equity</b>	<b>1,260,660</b>	<b>1,220,342</b>

*Sources: the 2021 Interim Report*

As disclosed in the 2021 Interim Report, the Group's non-current assets as at 30 June 2021 mainly consisted of property, plant and equipment, right-of-use assets and deferred tax assets which accounted for approximately 85.1%, 10.3% and 4.3% of the Group's non-current assets respectively. The Group's current assets as at 30 June 2021 mainly consisted of cash and cash equivalents, trade and bills receivables and financial assets at fair value through profit or loss which accounted for approximately 52.6%, 23.6% and 9.9% of the Group's current assets respectively. The Group's non-current liabilities as at 30 June 2021 mainly consisted of other payables and accruals and government grants which accounted for approximately 56.0% and 44.0% of the Group's non-current liabilities respectively. The Group's current liabilities as at 30 June 2021 mainly consisted of other payables and accruals and interest-bearing bank and other borrowings which accounted for approximately 44.9% and 41.8% of the Group's current liabilities respectively.

#### *Property, plant and equipment*

Property, plant and equipment of the Group ("PPE") which principally includes buildings, machinery and equipment, computer and office equipment, motor vehicles and construction in progress accounted for approximately 25.7% of the total assets of the Group as at 30 June 2021 and was the second largest asset balance of the Group. PPE of the Group decreased slightly by approximately RMB7.6 million or 1.6% during 1H2021, from approximately RMB461.5 million as at 31 December 2020 to approximately RMB453.9 million as at 30 June 2021.

#### *Trade and bills receivables*

Trade and bills receivables of the Group accounted for approximately 16.5% of the total assets of the Group as at 30 June 2021 which was the third largest asset balance of the Group. Trade and bills receivables of the Group decreased by approximately RMB73.2 million or 20.1% during 1H2021, from approximately RMB364.1 million as at 31 December 2020 to approximately RMB290.9 million as at 30 June 2021.

*Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss of the Group accounted for approximately 6.9% of the total assets of the Group as at 30 June 2021 which was the fourth largest asset balance of the Group. Financial assets at fair value through profit or loss of the Group recorded a balance of approximately RMB122.0 million as at 30 June 2021 while there was nil as at 31 December 2020 due to all financial assets purchased in 2020 have been redeemed as of 31 December 2020.

*Cash balance*

The Group's cash balance (including cash and cash equivalents, restricted cash and deposits) was the largest asset balance of the Group. Cash balance decreased by approximately RMB57.9 million or 8.2% during 1H2021, from approximately RMB705.5 million as at 31 December 2020 to approximately RMB647.6 million as at 30 June 2021. As disclosed in the 2021 Interim Report, the portion of the cash balance pledged to secure bank and other borrowings was approximately RMB64.1 million.

*Other payables and accruals*

The other payables and accruals accounted for approximately 44.8% and 51.2% of the total liabilities of the Group as at 30 June 2021 and 31 December 2020 respectively which was the most significant portion of the Group's liabilities. The other payables and accruals decreased slightly by approximately RMB12.2 million or 5.1% during 1H2021, from approximately RMB238.0 million as at 31 December 2020 to approximately RMB225.8 million as at 30 June 2021.

*Interest-bearing bank and other borrowings*

Interest-bearing bank and other borrowings of the Group (the "**Borrowings**") amounted to approximately RMB210.3 million which represented approximately 41.7% of the total liabilities of the Group as at 30 June 2021 which increased from approximately RMB152.5 million as at 31 December 2020, representing a rise of approximately 37.9%. As at 30 June 2021, all the Borrowings were repayable within one year. As disclosed in the 2021 Interim Report, as at 30 June 2021, the Group had secured bank loans amounted to approximately RMB130.3 million, representing more than 60% of the total bank loans, of which certain of the bank loans were secured by (i) the pledge of the Group's bills amounting to of approximately RMB64.1 million; (ii) mortgages over the Group's leasehold land, which had a net carrying value as at 30 June 2021 of approximately RMB18.0 million; and (iii) mortgages over the Group's buildings, which had a net carrying value as at 30 June 2021 of approximately RMB3.6 million.

*NAV attributable to the Shareholders*

The net asset value (“NAV”) attributable to the Shareholders increased slightly by approximately RMB40.4 million or 3.3%, from approximately RMB1,220.3 million as at 31 December 2020 to approximately RMB1,260.7 million as at 30 June 2021.

According to our review of the Valuation Report, we note that the market value of the property interests held by the Group amounted to approximately RMB472.7 million as at 31 August 2021, represented a revaluation surplus of approximately RMB51.8 million (the “**Property Revaluation Surplus**”) over the corresponding book value as at 30 June 2021 of approximately RMB420.9 million. Taking into account the Property Revaluation Surplus, the NAV attributable to the Shareholders as at 30 June 2021 would increase from approximately RMB1,260.7 million to approximately RMB1,312.5 million (equivalent to approximately HK\$1,577.8 million based on a HK\$ to RMB exchange rate of HK\$1 to RMB0.83183, being the exchange rate as quoted by the People’s Bank of China on the Last Trading Date) (the “**Adjusted NAV**”) while the Adjusted NAV attributable to the Shareholders per Share as at 30 June 2021 would increase from HK\$2.05 to HK\$2.13.

*C. Prospects of the Group*

As stated in the 2021 Interim Report, in 1H2021, against the backdrop of the Pandemic, the overall situation in the PRC was stable despite some regional breaks of the Pandemic. With the increase in the COVID-19 vaccination rate, the prevention and control of the outbreak in the PRC was strengthened and the national economy has had a stable recovery. We note from the World Bank’s economic update published in June 2021 that China’s economy is expected to post strong growth in 2021 which assuming the continued suppression of the Pandemic, growth is projected to reach 8.5% in 2021. For 2021, the World Bank expects China’s economic growth will slow down to 5.4%, as low base effects dissipate, and the Chinese economy would revert to its pre-Pandemic growth trend. Against this background, the sales of the Group’s products during 1H2021 had also returned to the pre-Pandemic level.

In future, the Group will continue to optimise and enrich its product portfolio based on consumer demand. The Group will also continue to strengthen its organisational capabilities, allocate resources based on customer-focused operations and digital marketing, with a view to achieving the sound and healthy development of the Group in future. We note that the Group had been resilient during the Pandemic as evidenced by its net profit only recording a slight decrease during FY2020 compared to FY2021 and a strong rebound of net profit during 1H2021. However, although the Group had resilient financial performance during FY2020 and 1H2021, Disinterested Shareholders should note that the net profit attributable to the Shareholders for 1H2021, when annualised (for illustrative purpose only), as well as that of FY2020, would still fall short of the net profit attributable to the Shareholders for FY2019, being the Company’s full financial year prior to the outbreak of the Pandemic. As such, we are also of the view that the future prospects of the Group much depends on whether the Group could succeed in optimising and enriching its product portfolio based on consumer demand in the post-Pandemic business environment to achieve greater earnings beyond the level achieved by the Group during FY2019.

**2. Analysis on the terms of the Proposal and the Scheme****A. Cancellation price comparisons**

The Cancellation Price of HK\$2.80 per Scheme Share (other than the Founder Scheme Shares and the Rollover Scheme Shares) represents:

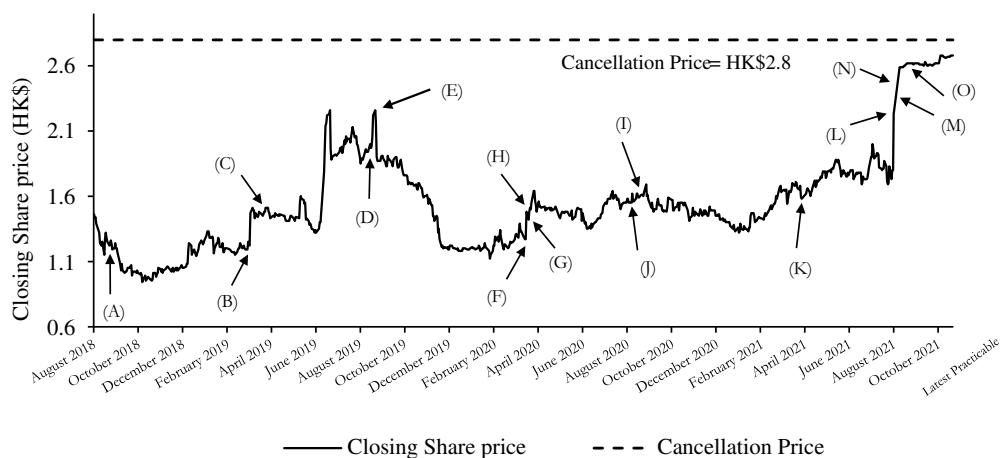
- (i) a premium of approximately 4.1% over the closing price of HK\$2.69 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 55.6% over the closing price of HK\$1.80 per Share as quoted on the Stock Exchange on the Undisturbed Date (i.e. 4 August 2021, being the last trading day prior to which there were irregular trading volumes and price movements in the Shares);
- (iii) a premium of approximately 58.0% over the average closing price of approximately HK\$1.77 per Share as quoted on the Stock Exchange for the five trading days up to and including the Undisturbed Date;
- (iv) a premium of approximately 54.0% over the average closing price of approximately HK\$1.8 per Share as quoted on the Stock Exchange for the 30 trading days up to and including the Undisturbed Date;
- (v) a premium of approximately 55.3% over the average closing price of approximately HK\$1.80 per Share as quoted on the Stock Exchange for the 60 trading days up to and including the Undisturbed Date;
- (vi) a premium of approximately 58.4% over the average closing price of approximately HK\$1.77 per Share as quoted on the Stock Exchange for the 90 trading days up to and including the Undisturbed Date;
- (vii) a premium of approximately 62.3% over the average closing price of approximately HK\$1.73 per Share as quoted on the Stock Exchange for the 120 trading days up to and including the Undisturbed Date;
- (viii) a premium of approximately 72.6% over the average closing price of approximately HK\$1.62 per Share as quoted on the Stock Exchange for the 180 trading days up to and including the Undisturbed Date;
- (ix) a premium of approximately 25.6% over the closing price of HK\$2.23 per Share as quoted on the Stock Exchange on the Last Trading Date (i.e. 5 August 2021);
- (x) a premium of approximately 49.1% over the average closing price of approximately HK\$1.88 per Share as quoted on the Stock Exchange for the five trading days up to and including the Last Trading Date;

- (xi) a premium of approximately 52.5% over the average closing price of approximately HK\$1.84 per Share as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Date;
- (xii) a premium of approximately 54.6% over the average closing price of approximately HK\$1.81 per Share as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Date;
- (xiii) a premium of approximately 57.9% over the average closing price of approximately HK\$1.77 per Share as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Date;
- (xiv) a premium of approximately 61.7% over the average closing price of approximately HK\$1.73 per Share as quoted on the Stock Exchange for the 120 trading days up to and including the Last Trading Date;
- (xv) a premium of approximately 72.1% over the average closing price of approximately HK\$1.63 per Share as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Date;
- (xvi) a premium of approximately 41.1% over the audited consolidated net asset value attributable to Shareholders per Share of approximately HK\$1.98 as at 31 December 2020 (based on a HK\$ to RMB exchange rate of HK\$1 to RMB0.83183, being the exchange rate as quoted by the People's Bank of China on the Last Trading Date);
- (xvii) a premium of approximately 36.6% over the unaudited consolidated net asset value attributable to Shareholders per Share of approximately HK\$2.05 as at 30 June 2021 (based on a HK\$ to RMB exchange rate of HK\$1 to RMB0.83183, being the exchange rate as quoted by the People's Bank of China on the Last Trading Date); and
- (xviii) a premium of approximately 31.2% over the Adjusted NAV attributable to Shareholders per Share of approximately HK\$2.13 (based on a HK\$ to RMB exchange rate of HK\$1 to RMB0.83183, being the exchange rate as quoted by the People's Bank of China on the Last Trading Date).

***B. Historical price performance of the Shares***

Set out below is the chart showing the daily closing Share prices as quoted on the Stock Exchange during the period commencing from 6 August 2018 up to and including the Latest Practicable Date (the “**Review Period**”), being: (i) a three-year period prior to and including the Last Trading Date; and (ii) the period between the Last Trading Date and the Latest Practicable Date. In determining the length of the Review Period, we have considered: (i) if the length is too long such as more than three years prior to the Last Trading Date, it may not provide a good reference as it may not reflect the latest market conditions; and (ii) if the length is too short such as one year prior to the Last Trading Date, it may not be able to provide a holistic view of the general performance of the Share prices. Based on the above, we consider the Review period we adopted is fair and reasonable.

Chart 1: Closing Share prices during the Review Period



Item	Date	Announcement
(A)	30 August 2018	Interim results announcement for 1H2018
(B)	7 March 2019	Positive profit alert announcement
(C)	29 March 2019	Annual results announcement for FY2018
(D)	12 August 2019	Positive profit alert announcement
(E)	27 August 2019	Interim results announcement for 1H2019
(F)	19 March 2020	Positive profit alert announcement
(G)	25 March 2020	Positive profit alert supplemental announcement
(H)	31 March 2020	Annual results announcement for FY2019
(I)	12 August 2020	Profit warning announcement
(J)	28 August 2020	Interim results announcement for 1H2020
(K)	31 March 2021	Annual results announcement for FY2020
(L)	5 August 2021	Trading halt announcement
(M)	10 August 2021	Positive profit alert announcement
(N)	12 August 2021	Joint Announcement
(O)	26 August 2021	Interim results announcement for 1H2021

During the Review Period, the Shares traded between a range of the lowest of HK\$0.94 per Share on 11 October 2018 to the highest of HK\$2.69 per Share on the Latest Practicable Date (i.e. 26 October 2021) with an average closing Share price of approximately HK\$1.55 per Share. The Cancellation Price is higher than the closing Share prices throughout the entire Review Period and represents premiums of approximately 197.9% and 4.1% over the lowest and highest closing Share prices respectively during the Review Period.

We have reviewed the Share price movement during the Review Period and noted that the closing Share prices were in a general decreasing trend which decreased from HK\$1.46 per Share on 6 August 2018 to HK\$0.94 per Share on 11 October 2018. During this period, we note that the Company released an interim results announcement for 1H2018 on 31 August 2018. Despite the Company's revenue and profit attributable to the Shareholders increased by 22.8% and 41.4% as compared to 1H2017, it appeared that the market did not respond positively. The closing Share price then increased from HK\$0.94 per Share on 11 October 2018 to HK\$1.33 per Share on 9 January 2019 and 10 January 2019 followed by a decreasing trend and closed at HK\$1.22 per Share on 7 March 2019. When the Company released a positive profit alert announcement on 7 March 2019 in relation to the annual results of the Company for FY2018, the closing Share price rose sharply and closed at HK\$1.51 per Share on 29 March 2019.

Since the Company released its annual results announcement for FY2018 on 29 March 2019, the closing Share prices experienced a fluctuate between HK\$1.32 per Share and HK\$1.60 per Share until 6 June 2019, when the Share price closed at HK\$1.32 per Share. From 6 June 2019 till 25 June 2019, the closing Share price increased from HK\$1.32 per Share to a peak of HK\$2.26 per Share, though we did not notice any notable events which might have caused such spike in closing Share price.

The closing Share prices then decreased to HK\$1.88 per Share on 27 June 2019 and gradually reached another peak of HK\$2.26 per Share on 26 August 2019. This might have been due to the release of a positive profit alert announcement on 12 August 2019 in relation to the release of the interim results of the Company for FY2019. The closing Share prices then gradually decreased to HK\$1.12 per Share on 30 January 2020.

The closing Share price increased from HK\$1.12 per Share on 30 January 2020 to HK\$1.64 per Share on 31 March 2020. During such period, we note the following notable events: (i) the release of a positive profit alert announcement on 19 March 2020 in relation to the annual results of the Company for FY2019; and (ii) the release of the annual results announcement of the Company for FY2019 on 31 March 2021. The closing Share prices then started to fluctuate between HK\$1.35 per Share and HK\$1.63 per Share until 28 August 2020. During that period, the Company released a profit warning announcement in relation to an expected decrease of approximately 65% in the profit for 1H2020 as a result of the outbreak of the Pandemic as well as its interim results announcement for 1H2020 on 12 August 2020 and 28 August 2020 respectively. The closing Share price then gradually decreased to HK\$1.33 per Share on 18 January 2021.

Starting from the middle of January 2021, the closing Share prices followed a gradual increasing trend and spiked up to a HK\$2.23 per Share just prior to the trading halt on 5 August 2021. During that period, we note that the Company released its annual results announcement for FY2020 on 31 March 2021. There had also been some very notable irregular trading volumes and price movements in the Shares recorded on 5 August 2021.

Trading in the Shares was suspended with effect from 10:49 a.m. on 5 August 2021 to 12 August 2021. After the resumption of trading in the Shares on 13 August 2021, being the first trading day after the resumption of trading in the Shares, and up until the Latest Practicable Date, the closing Share prices had been trading below the Cancellation Price within a narrow band of between HK\$2.59 per Share and HK\$2.69 per Share. This price range is significantly above the average closing Share price during the period from 6 August 2018 to the Last Trading Date (the “**Pre-announcement Period**”) of HK\$1.48 per Share. However, Disinterested Shareholders should note that there is no assurance that the Share price will remain at the current level if the Proposal and the Scheme lapse.

### C. Trading liquidity of the Shares

The following table sets out the trading volume of the Shares during the Review Period:

**Table 3: Trading volume of the Company**

	Total trading volume (No. of Shares)	No. of trading days	Average daily trading volume (No. of Shares)	Average daily trading volume to the total number of Shares in issue (Approximate %) <i>Note 1</i>	Average daily trading volume to the number of Shares held by public Shareholders (Approximate %) <i>Note 2</i>
2018					
August (6 August 2018 to 31 August 2018)	15,758,030	20	787,902	0.1066	0.3466
September	10,752,000	19	565,895	0.0765	0.2489
October	7,586,038	21	364,883	0.0494	0.1605
November	2,765,000	22	125,682	0.0170	0.0553
December	5,971,823	19	314,306	0.0425	0.1383
2019					
January	5,378,170	22	244,462	0.0331	0.1075
February	6,517,979	17	383,411	0.0519	0.1687
March	29,112,707	21	1,386,319	0.1875	0.6098
April	24,545,500	19	1,291,868	0.1747	0.5683
May	16,582,882	21	789,661	0.1068	0.3474
June	38,149,500	9	946,056	0.1280	0.4161



	Total trading volume (No. of Shares)	No. of trading days	Average daily trading volume (No. of Shares)	Average daily trading volume to the total number of Shares in issue (Approximate %) <i>Note 1</i>	Average daily trading volume to the number of Shares held by public Shareholders (Approximate %) <i>Note 2</i>
July	11,327,772	22	514,899	0.0696	0.2265
August	25,849,479	22	1,174,976	0.1589	0.5168
September	6,399,091	21	319,955	0.0433	0.1407
October	11,310,500	21	538,595	0.0729	0.2369
November	8,154,420	21	407,721	0.0551	0.1793
December	7,207,000	20	450,438	0.0609	0.1981
2020					
January	27,348,000	20	1,367,400	0.1850	0.6015
February	15,921,500	20	796,075	0.1077	0.3502
March	17,726,000	22	805,727	0.1090	0.3544
April	6,917,000	19	364,053	0.0492	0.1601
May	10,602,500	20	558,026	0.0755	0.2455
June	18,621,000	21	886,714	0.1199	0.3900
July	5,829,500	22	277,595	0.0375	0.1221
August	6,052,541	21	302,627	0.0409	0.1331
September	5,114,000	22	243,524	0.0329	0.1071
October	1,323,000	18	82,688	0.0112	0.0364
November	1,076,500	21	56,658	0.0077	0.0249
December	1,445,000	22	90,313	0.0122	0.0397
2021					
January	2,187,500	20	115,132	0.0156	0.0506
February	3,583,000	18	199,056	0.0269	0.0876
March	2,644,500	23	124,500	0.0168	0.0548
April	3,285,000	19	182,500	0.0247	0.0803
May	3,680,000	20	193,684	0.0262	0.0852
June	2,280,250	21	120,013	0.0162	0.0528
July	4,396,500	21	219,825	0.0297	0.0967
August	17,724,750	17	1,107,797	0.1498	0.4873
September	11,287,500	21	537,500	0.0727	0.2364
October (up to and including the Latest Practicable Date)	8,284,500	15	552,300	0.0747	0.2429

Source: the Stock Exchange

*Notes:*

1. The calculation is based on the average of the daily trading volume of the Shares divided by the total number of Shares in issue in the relevant period.
2. The calculation is based on the average daily trading volume of the Shares divided by the number of Shares held by the public Shareholders.

As illustrated in the table above, the average daily trading volume for the respective month/period during the Review Period ranged from approximately 56,658 Shares to approximately 1,386,319 Shares, representing: (i) approximately 0.0077% to approximately 0.1875% of the total number of issued Shares; and (ii) approximately 0.0249% to approximately 0.6098% of the number of Shares held by public Shareholders.

The average daily trading volume for the period from 6 August 2018 to the Last Trading Date was approximately 507,455 Shares, representing approximately 0.2232% of the Shares held by the public Shareholders. The highest daily trading volume was recorded on 8 March 2019, when the trading volume reached approximately 10.9 million Shares, representing approximately 4.7986% of the number of Shares held by the public Shareholders. However, we did not note any notable event which led to such high trading volume.

On the first trading day after the release of the Joint Announcement (i.e. 13 August 2021), the daily trading volume of the Shares increased to approximately 5.6 million Shares from approximately 1.8 million Shares as recorded on the Last Trading Date, representing approximately 2.4840% of the number of Shares held by public Shareholders. This increase in the trading volume of the Shares would have been the initial market reaction to the Joint Announcement. Although the trading volume of the Shares was active on 13 August 2021, it dropped significantly to 874,000 Shares on the next trading day (i.e. 16 August 2021), representing approximately 0.3845% of the number of Shares held by public Shareholders. The average daily trading volume in July was approximately 219,825 Shares, representing: (i) approximately 0.0297% of the total number of issued Shares; and (ii) approximately 0.0967% of the number of Shares held by the public Shareholders

Given the very thin trading liquidity of the Shares during the Review Period, it is uncertain whether there would be sufficient liquidity in the trading of the Shares for the Disinterested Shareholders to dispose of a significant number of the Shares in the open market without depressing the Share price. We therefore consider that the Proposal provides the Disinterested Shareholders, particularly those who hold a large number of Shares, with an assured exit to dispose of all of their Shares at the Cancellation Price if they wish to (subject to the Conditions of the Proposal being satisfied).

The high level of trading volume subsequent to the Joint Announcement in relation to, among others, the Proposal and the Scheme may not be sustainable if the Proposal and the Scheme lapse. The Proposal and the Scheme, therefore, provide an opportunity for the Disinterested Shareholders, especially those holding a large block of the Shares, to dispose of their entire holdings at a fixed cash price.

#### D. Industry Comparables

As discussed in the paragraph headed “1. Business information, financial performance and prospects of the Group” under the section headed “Principal factors and reasons considered” above, the Group is a manufacturer of lozenges in China, and principally engaged in the manufacture and sale of pharmaceutical, healthcare food and other products which is a relatively unique industry among companies listed on the Stock Exchange. We have tried to identify companies: (i) whose shares are listed on the Main Board of Stock Exchange; (ii) which are principally involved in the speciality and generic pharmaceuticals industry; and (iii) which are primarily engaged in the manufacture and sale of Chinese medicine products with over 90% of its total revenue generated from such business in its latest financial year. Based on the information extracted from the Bloomberg terminal and the abovementioned selection criteria, we have exhaustively identified seven comparable companies (the “**Industry Comparables**”). After considering that: (i) the Industry Comparables are selected from all the companies whose shares are listed on the Main Board of Stock Exchange; (ii) the Industry Comparables are in a comparable industry to that of the Company; and (iii) the Industry Comparables generated over 90% of their corresponding total revenue in its latest financial year from the manufacture and sale of Chinese medicine products which is comparable to that of the Company, we consider that the sample is fair and representative.

In conducting our analysis, we compared the price-to-earnings multiple (“**P/E Multiple**”) and price-to-book multiple (“**P/B Multiple**”) of the Company implied by the Cancellation Price against those of the Industry Comparables using the latest publicly available financial information. For the selection of the valuation multiple, given the fact that (i) the Company has been consistently recording positive earnings for the three years ended 31 December 2020; (ii) the P/E Multiple is a commonly-used valuation multiple to analyse companies which have a track record of generating profits; and (iii) the P/B Multiple is effective in valuing manufacturing companies where the property, plant and equipment are crucial for the production of the company’s products and account for a significant portion of the total assets of the Group, we consider that P/E Multiple and P/B Multiple are appropriate valuation multiples for our analysis.

**Table 4: List of Industry Comparables**

No.	Name	Stock code	Principal business activities	Market	P/E Multiple	P/B Multiple
				Capitalisation (HK\$’ million) <i>Note 1</i>		
1	Beijing Tong Ren Tang Chinese Medicine Co Ltd.	3613	The principal activities of the company are manufacturing, retail and wholesale of Chinese medicine products and healthcare products and provision of Chinese medical consultation and treatments.	8,270.55	14.18	2.68

No.	Name	Stock code	Principal business activities	Market		
				Capitalisation (HK\$' million) <i>Note 1</i>	P/E Multiple (x) <i>Note 2</i>	P/B Multiple (x) <i>Note 3</i>
2	Tong Ren Tang Technologies Co Ltd.	1666	The company is principally engaged in the production and distribution of Chinese medicine in Mainland China and Hong Kong. Through its subsidiaries, the company is also engaged in cultivating, purchasing and selling Chinese medicinal raw materials.	7,223.62	11.75 <i>Note 4</i>	1.03 <i>Note 4</i>
3	PuraPharm Corporation Ltd.	1498	The company principally engaged in the concentrated Chinese medicine granule (CCMG) businesses. The company operates through five business segments including the China CCMG segment; the Hong Kong CCMG segment; the Chinese healthcare products segment; the Clinics segment and the plantation segment.	327.76	10.16	0.62
4	China Traditional Chinese Medicine Holdings Co Ltd.	570	The company is principally engaged in the manufacture and sales of traditional Chinese medicine.	18,984.97	8.49 <i>Note 4</i>	0.83 <i>Note 4</i>
5	Zhongzhi Pharmaceutical Holdings Ltd.	3737	The company is a China-based investment holding company. The company is principally engaged in the research and development, manufacturing and sales of Chinese patent medicines and decoction pieces (consisting of traditional decoction pieces and modern decoction pieces).	949.96	5.94 <i>Note 4</i>	0.89 <i>Note 4</i>

No.	Name	Stock code	Principal business activities	Market		
				Capitalisation (HK\$' million) <i>Note 1</i>	P/E Multiple (x) <i>Note 2</i>	P/B Multiple (x) <i>Note 3</i>
6	Consun Pharmaceutical Group Ltd.	1681	The company is an investment holding company principally engaged in the manufacture and sale of pharmaceuticals products including kidney medicines, contrast medium and others. Through its subsidiaries, the Company is also engaged in the research and development of pharmaceutical products.	2,876.11	4.43 <i>Note 4</i>	1.01 <i>Note 4</i>
7	Modern Chinese Medicine Group Co Ltd.	1643	The company is a China-based investment holding company that mainly produces Chinese patent medicines. The Company is also engaged in the production of other traditional Chinese medicines designed to treat or relieve other conditions such as psychological, respiratory, and pediatric conditions.	408.00	5.01 <i>Note 4</i>	1.13 <i>Note 4</i>
			<b>Maximum</b>		14.18	2.68
			<b>Minimum</b>		4.43	0.62
			<b>Median</b>		8.49	1.01
			<b>Average</b>		8.56	1.17
	<b>The Company</b>		The Company is principally engaged in the manufacture and sales of pharmaceutical, healthcare food and other products.	<b>2,070.05</b> <i>Note 5</i>	<b>7.84</b> <i>Note 6</i>	<b>1.37</b> <i>Note 7</i>
					<b>Adjusted Implied P/B Multiple</b>	<b>1.31</b> <i>Note 8</i>

Sources: Bloomberg terminal and the website of the Stock Exchange

Notes:

1. The market capitalisations were those as at the Latest Practicable Date.
2. The P/E Multiples of the Industry Comparables are calculated by dividing the respective market capitalisation of the Industry Comparable as at the Latest Practicable Date, by the profit attributable to the shareholders of the Industry on a trailing twelve months ("TTM") basis.

3. The P/B Multiples of the Industry Comparables are calculated by dividing the respective market capitalisation of the Industry Comparable as at the Latest Practicable Date, by the most recently published NAV attributable to the shareholders of the Industry Comparables.
4. The profit and NAV attributable to the shareholders were reported in RMB and converted into HK\$ based on the exchange rate of HK\$1 to RMB0.83183 as at the Last Trading Date, being the exchange rate as quoted by the People's Bank of China on the Last Trading Date.
5. The implied market capitalisation of the Company (the "**Implied Market Value**") under the Proposal of approximately HK\$2,070.0 million is calculated by multiplying the Cancellation Price and the number of issued Shares of 739,302,000 Shares as at the Latest Practicable Date.
6. The implied P/E Multiple (the "**Implied P/E Multiple**") of 7.84 times is calculated by dividing the Implied Market Value by the profit attributable to the Shareholders on a TTM basis which was reported in RMB and converted into HK\$ based on the exchange rate of HK\$1 to RMB0.83183 as at the Last Trading Date, being the exchange rate as quoted by the People's Bank of China on the Last Trading Date.
7. The implied P/B Multiple (the "**Implied P/B Multiple**") of 1.37 times is calculated by dividing the Implied Market Value by the NAV attributable to the Shareholders as at 30 June 2021.
8. The adjusted implied P/B Multiple (the "**Adjusted Implied P/B Multiple**") of 1.31 times is calculated by dividing the Implied Market Value by the Adjusted NAV.

As set out above, the P/E Multiples of the Industry Comparables ranged from approximately 4.43 times to approximately 14.18 times with the average and median P/E Multiples of approximately 8.56 times and 8.49 times respectively. The Implied P/E Multiple of 7.84 times is within the range and slightly below the average and median P/E Multiples of the Industry Comparables. The P/B Multiples of the Industry Comparables ranged from approximately 0.62 time to approximately 2.68 times with the average and median P/B Multiples of approximately 1.17 times and 1.01 times respectively. Both the Implied P/B Multiple of 1.37 times and the Adjusted Implied P/B Multiple of 1.31 times are within the range and above the average and median P/B Multiples of the Industry Comparables.

Given that the Implied P/E Multiple of 7.84 times is within the range and slightly below the average and median P/E Multiples of the Industry Comparables, and the Implied P/B Multiple of 1.37 times and the Adjusted Implied P/B Multiple of 1.31 times are within the range and above the average and median P/B Multiples of the Industry Comparables, we consider that valuation implied by the Cancellation Price is more favourable compared to those of the Industry Comparable.

#### ***E. Privatisation Comparables***

We have reviewed successful privatisation proposals to identify comparable privatisation transactions (the "**Privatisation Comparables**") in order to assess the fairness and reasonableness of the Cancellation Price.

Taking into account the unprecedented outbreak of the Pandemic and the fact it is now under control in the PRC (which is the major market of the Group), we consider that the Privatisation Comparables which were announced and successfully completed during the period from 1 January

2021 up to and including the Latest Practicable Date (the “PC Review Period”) is the most appropriate metric and time period to conduct our analysis. Further, as the Group is principally engaging in the manufacture and sale of lozenges and other pharmaceutical and food products which are relatively niche, we are unable to identify a sufficient sample size of the Privatisation Comparables in which the target companies’ business is similar to that of the Group. As such, we have identified all the Privatisation Comparables which meet the following selection criteria as at the Latest Practicable Date:

- (i) the privatisation transaction was announced and successfully completed in the PC Review Period;
- (ii) the shares of the target company were listed on the Main Board of the Stock Exchange;
- (iii) the privatisation was conducted by way of a scheme of arrangement or general cash offer; and
- (iv) the shares of the target company had not been suspended for trading for more than three months during the PC Review Period.

Based on the above selection criteria, we have exhaustively identified 11 Privatisation Comparables. In view of the fact that: (i) the PC Review Period is considered a sufficient period of time to identify Privatisation Comparables; and (ii) the sample size of the Privatisation Comparables is considered sufficient, we consider that the 11 Privatisation Comparables identified by us, though they may have different scales of operation, product/market features and capital structures, are an exhaustive, appropriate and representative sample for the purpose of arriving at a meaningful comparison to the Cancellation Price.

The table below illustrates the premiums or discounts of the cancellation prices offered by the corresponding offerors in each of the Privatisation Comparables over or to the corresponding prevailing share prices prior to the issue of the relevant privatisation announcements:

**Table 5: Privatisation Comparables**

Date of the announcement	Company name and stock code	Principal Business(es)	Cancellation price (HK\$)	Last trading day %	Last 5 trading days %	Last 30 trading days %	Last 60 trading days %	Last 90 trading days %	Last 120 trading days %	Last 180 trading days %
27-Jul-21	Nature Home Holding Co. Ltd (2083)	Engaged in the manufacture and sale of flooring products and customised home decoration products.	1.70	39.34	38.21	31.78	30.77	38.45	45.30	53.09
25-Jun-21	Bestway Global Holding Inc. (3358)	Engaged in the manufacturing and sales of high quality and innovative polyvinyl chloride sporting and leisure products.	4.38	26.96	29.51	47.10	62.80	72.08	84.29	101.67

Date of the announcement	Company name and stock code	Principal Business(es)	Cancellation price (HK\$)	Last trading day %	Last 5 trading days %	Last 30 trading days %	Last 60 trading days %	Last 90 trading days %	Last 120 trading days %	Last 180 trading days %
18-May-21	Chong Hing Bank Limited (1111)	Engaged in the provision of banking and related financial services.	20.8	51.16	88.41	104.72	108.32	112.5	114.11	118.84
22-Mar-21	Sichuan Languang Justbon Services Group Company Limited (2606)	Engaged in the provision of property management services, consultancy services and community value-added services.	51.0571	3.25	4.97	21.36	32.00	41.93	37.38	21.23
8-Mar-21	Creative Enterprise Holdings Limited (3992)	Engaged in providing property management services and other related services in Hong Kong for both public and private properties.	1.456	(5.45)	2.97	3.51	1.40	7.16	10.25	22.27
28-Feb-21	Xiezhong International Holdings Limited (3663)	Engaged in the development, production and sales of automotive heating, ventilation and air conditioning systems and a range of automotive heating, ventilation and air conditioning components, provide technical testing and related services and operate 4S dealership stores in the PRC.	0.80	17.65	17.65	25.85	38.67	41.83	36.03	15.63
22-Jan-21	Zhuhai Holdings Investment Group Limited (908)	Engaged in investment holding, provision of port facilities, provision of ferry services, management of a holiday resort, a theme park and an amusement park, property development and the operation of a golf club, provision of factoring services, construction of river-regulating facilities and provision of river maintenance services and the trading and distribution of fuel oil.	3.06	37.84	36.73	52.37	56.14	57.44	63.62	82.65



Date of the announcement	Company name and stock code	Principal Business(es)	Cancellation price (HK\$)	Last trading day %	Last 5 trading days %	Last 30 trading days %	Last 60 trading days %	Last 90 trading days %	Last 120 trading days %	Last 180 trading days %
21-Jan-21	Polytec Asset Holdings Limited (208)	Engaged in property investment and development, oil exploration and production, manufacturing of ice, provision of cold storage services and financial investments.	1.50	61.29	58.56	72.55	94.22	104.14	105.81	99.13
20-Jan-21	Zhejiang New Century Hotel Management Company Limited (1158)	Engaged in the operation and management of mid-scale to upscale hotel chains business.	18.15	24.66	23.94	20.78	19.74	20.34	22.80	27.74
18-Jan-21	Rivera (Holdings) Limited (281)	Engaged in property development and investment, and securities trading and investment.	0.65	12.07	14.04	26.34	43.59	54.52	59.13	58.23
17-Jan-21	HKC (Holdings) Limited (190)	Engaged in the business of property development and investment mainly in the PRC.	8.00	120.39	122.35	119.54	109.30	100.25	93.72	79.05
		<b>Maximum</b>		120.39	122.35	119.54	109.30	112.50	114.11	118.84
		<b>Minimum</b>		(5.45)	2.97	3.51	1.40	7.16	10.25	15.63
		<b>Average</b>		35.38	39.76	47.81	54.27	59.15	61.13	61.78
		<b>Median</b>		26.96	29.51	31.78	43.59	54.52	59.13	58.23
		<b>The Cancellation Price</b>								
		<b>Undisturbed Date</b>		<b>55.60</b>	<b>58.00</b>	<b>54.00</b>	<b>55.30</b>	<b>58.40</b>	<b>62.30</b>	<b>72.60</b>
		<b>Last Trading Date</b>		<b>25.60</b>	<b>49.10</b>	<b>52.50</b>	<b>54.60</b>	<b>57.90</b>	<b>61.70</b>	<b>72.10</b>

As shown in the table above, the premiums represented by the Cancellation Price over the Undisturbed Date are all within ranges and more favourable than both the median and average premiums of the Privatisation Comparables in all types of comparisons (except slightly below the 90 trading day average premium of the Privatisation Comparables). Further, the premiums represented by the Cancellation Price over the Last Trading Date are all within ranges and more favourable than both the median and average premiums of the Privatisation Comparables in all types of comparisons (except slightly below the last trading day and the 90 trading day average premiums of the Privatisation Comparables). In view of the above, we are of the view that the Cancellation Price is fair and reasonable.

**3. Analysis on the Rollover Arrangement*****Background***

On 12 August 2021, the Offeror, HoldCo and each of the Rollover Shareholders and the Employee Trustee entered into the Rollover Agreement in relation to the Rollover Arrangement with details set out in paragraph headed “5. Rollover Arrangement” under the section headed “Principal terms of the Proposal, the Scheme and the Rollover Arrangement” above. The Rollover Parties comprise:

- (a) the Management HoldCos, which in turn are wholly owned by the Employee Trustee as the trustee of the Senior Management Trust. The beneficiaries of the Senior Management Trust include certain members of senior management employed or formerly employed by the Group and their dependents;
- (b) the Employee Trustee, which is a private trust company incorporated in Gibraltar holding 100% of the issued share capital of Management HoldCo 1 and Management HoldCo 2 and the trustee of the Senior Management Trust;
- (c) the Senior Management Trust, which is an irrevocable discretionary trust established by Mr. Zeng (as the settlor) for the benefit of certain senior management employed or formerly employed by the Group and their dependents, with Employee Trustee as the trustee; and
- (d) Mr. Fang, who controls entities which are key suppliers of the Group, and has been a Shareholder since the initial public offering of the Company.

As at the Latest Practicable Date, the Rollover Shareholders directly hold 92,956,400 Shares (in aggregate) (representing approximately 12.57% of the issued share capital of the Company as at the Latest Practicable Date). The Founder Group believes that (i) the beneficiaries of the Senior Management Trust (the majority of which are current employees of the Group) have made a significant and invaluable contributions to the business of the Group over the past decades, and continue to be instrumental to the daily operations of the Group (in the case of current employees of the Group) or continue to provide valuable strategic advice or services to the development of the Group (in the case of former employees of the Group); and (ii) Mr. Fang has made significant contributions to the business of the Group since the initial public offering of the Company and continues to bring strategic benefits to the Group following completion of the Scheme, and as such it would be important to offer the Rollover Arrangement to the Rollover Parties and to allow the Rollover Parties to retain their shareholding interests in the Group in order to secure their continued support for the future of the Group.

As the Rollover Arrangement is not offered to all Shareholders, the Rollover Arrangement constitutes a special deal under Rule 25 of the Takeovers Code 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 to the Rollover Arrangement conditional on (a) the receipt of an opinion from the Independent Financial Adviser to the Independent Board Committee confirming that the Rollover

Arrangement is fair and reasonable as far as the Disinterested Shareholders are concerned; and (b) the passing of an ordinary resolution by the Disinterested Shareholders at the General Meeting to approve the Rollover Arrangement.

The Proposal and the Scheme are therefore subject to:

- (a) the receipt of an opinion from the Independent Financial Adviser to the Independent Board Committee confirming that the Rollover Arrangement is fair and reasonable as far as the Disinterested Shareholders are concerned;
- (b) the passing of an ordinary resolution by the Disinterested Shareholders at the General Meeting to approve the Rollover Arrangement; and
- (c) the grant of consent from the Executive to the Rollover Arrangement, which will be conditional on satisfaction of the matters in paragraphs (a) and (b) above.

### ***Assessment***

To assess whether the Rollover Arrangement is fair and reasonable, we have examined the following principal factors:

(A) *Risks associated with minority protection in the Company as a private company*

As advised by the Management, given the Rollover Shareholders will be issued equivalent amount of Offeror Shares upon the Effective Date should the Scheme be approved by the Disinterested Shareholders, save for the memorandum and articles of association of the Company or the memorandum and articles of association of the Offeror, there is no other shareholders agreement between the Rollover Shareholders and other Shareholders which offers minority protection. The memorandum and articles of association of the Company or the memorandum and articles of association of the Offeror do not provide for any reserved matters or other special rights for minority shareholders, and ordinary resolutions require approval only with the simple majority of votes by shareholders, and special resolutions require approval by a majority of not less than three-fourths of votes by shareholders of the Company or two-thirds of votes by shareholders of the Offeror. Therefore, should the Disinterested Shareholders be given the opportunity to take part in the Rollover Arrangement and remain as Shareholders after the Scheme becomes effective (the “**Hypothetical Scenario**”), the Disinterested Shareholders’ interests in the Company upon the Hypothetical Scenario would no longer be safeguarded by regulations to protect minority shareholders applicable to listed companies on the Stock Exchange, as detailed below. As a private company, the Company would not be subject to the same level of corporate governance and minority protection requirements as set out in the Listing Rules. In particular, protection under the general principles of the Listing Rules (including the fair and equal treatment of all shareholders), information rights for shareholders under the Listing Rules (such as the release of financial results/reports), and Chapter 14 and Chapter 14A of the Listing Rules regarding notifiable transactions and connected transactions that are currently applicable to the Company as company listed on the Stock Exchange would no longer apply so far as the Disinterested Shareholders are concerned.

Under the Listing Rules, company listed on the Stock Exchange would require a general mandate for issuing new shares which is limited to a maximum of 20% of the issued share capital and specific shareholders' approval is required if such limit is to be exceeded. In addition, the Takeovers Code would only remain applicable to the Company should the Company remain a public company in Hong Kong. In the event that the Company ceases to be a public company, for example due to having fewer than 50 members, it would no longer be subject to the Takeovers Code. In that case, the interests of the Disinterested Shareholders would be primarily safeguarded by the constitutional documents of the Company and the Offeror (i.e. the memorandum and articles of association of the Company and the Offeror, with no shareholders agreement), provisions regarding the protection of minority shareholders' rights under the Companies Act and at common law (but not by the Listing Rules and the Takeovers Code).

*(B) Investment risks associated with holding the Shares as a private investment*

Under the Hypothetical Scenario, the Disinterested Shareholders might find it difficult to realise their shareholdings as no public trading in the Shares would be available. To realise their investment under the Hypothetical Scenario, the Disinterested Shareholders might wait for the Shares to be listed again on an exchange for a future disposal of the relevant Shares or they may dispose of the relevant Shares by way of a private transaction. None of the above alternatives offers any certainty. It would be particularly difficult for individual Disinterested Shareholders to find potential buyers for the Shares through private transactions. Disinterested Shareholders should note that although it is stated in the Scheme Document that the Founder Group, Affirma HoldCo and the Company may seek to implement an initial public offering of the Company on a recognised stock exchange in the future, no definitive timetable is given. Furthermore, by committing to the Hypothetical Scenario, the Disinterested Shareholders would be forfeiting the opportunity to dispose of their Shares upon completion of the Scheme. In other words, under the Hypothetical Scenario, the Disinterested Shareholders may be left with the Shares that are highly illiquid and difficult to dispose of. All in all, if Disinterested Shareholders retain the Shares as a private investment, this would arguably not represent a sound investment decision and would inevitably expose them to future investment risks as discussed above.

*(C) Reliance on the Rollover Shareholders in the contributions of the future development of the Group*

The Rollover Shareholders include: (i) Employee Trustee as trustee of the Senior Management Trust established by Mr. Zeng (as the settlor) for the benefit of certain senior management employed or formerly employed by the Group; and (ii) Mr. Fang who controls entities which are the key suppliers of the Group and has been a Shareholder since the initial public offering of the Company.

The purposes of the Rollover Arrangement are, among others, to motivate the Rollover Shareholders to continue to serve the Group and to maintain their economic interests in the Group after the implementation of the Scheme so that the Rollover Shareholders will be incentivised to contribute to the future development and growth of the Group. The Rollover

Shareholders include: (i) senior management of the Group who have extensive operation expertise and experience in the manufacture and sale of lozenges and other pharmaceutical and food products; and (ii) a supplier of the Group which forms the upstream and downstream alliance with the Group to create synergy. As stated under section headed “15. The Offeror’s intention regarding the Group” in the Explanatory Memorandum, HoldCo and the Offeror plan to implement the Proposal in order for the Founder Group, Affirma HoldCo and the Group to focus their resources on the development of the manufacture and sale of lozenges and other pharmaceutical and food products. The prospects and future performance of the Group would therefore, to a certain extent and among other things, hinge on the capabilities and performance of its management and the synergy created with the suppliers which are the Rollover Shareholders while the Disinterested Shareholders under the Hypothetical Scenario may not have the in-depth knowledge of the strategic directions of the Group and would unlikely be able to shape important strategic decisions and to take part in the future development of the Group.

*(D) Imminent pay-out at premiums over market*

Under the Scheme, the Disinterested Shareholders will soon be offered an opportunity to realise their holdings at the Cancellation Price of HK\$2.80 per Scheme Share, whereas the Rollover Shareholders will not be enjoying the same kind of imminent pay-out under the Scheme. Such Cancellation Price is priced at a premium over a range of closing Share price averages as discussed in this letter above.

***Discussion and analysis***

The Proposal will be conditional upon the fulfilment or waiver (as applicable) of the Conditions which include, among others, (i) the approval of the Rollover Arrangement by the Disinterested Shareholders at the General Meeting; and (ii) the Executive granting a special deal consent under Rule 25 of the Takeovers Code in relation to the Rollover Arrangement. Considering that, among others, (i) under the Hypothetical Scenario, the Disinterested Shareholders may not enjoy the same kind of minority protections which are applicable to companies listed on the Stock Exchange under the Listing Rules and Takeovers Code; (ii) the retention of the Shares by the Disinterested Shareholders as a private investment would arguably not represent a sound investment decision and would inevitably expose them to future investment risks; (iii) the Disinterested Shareholders under the Hypothetical Scenario would likely not have the in-depth knowledge of the strategic directions of the Group and would likely not be able to shape important strategic decisions and to take part in the future development of the Group; and (iv) should they approve the Scheme at the Court Meeting, the Disinterested Shareholders will soon be offered an opportunity to realise their holdings for an imminent pay-out at premiums over market, whereas the Rollover Shareholders will not be enjoying the same kind of imminent pay-out under the Scheme, such that we are of the view that the Rollover Arrangement is fair and reasonable. After taking into account the above considerations, we are of the view that the Rollover Arrangement is fair and reasonable as far as the Disinterested Shareholders are concerned.

Disinterested Shareholders should note that the effectiveness of the Scheme is subject to the implementation of the Scheme, which in turn is conditional upon, among others, the approval by the Disinterested Shareholders of the Rollover Arrangement as a special deal at the General Meeting and the consent from the Executive to the Rollover Arrangement, otherwise the Proposal will not be implemented and the Scheme will not become effective.

#### **OPINION AND RECOMMENDATION**

Based on the above principal factors and reasons, in particular:

- (i) although the net profit attributable to the Shareholders for 1H2021 had returned to the pre-Pandemic level, the future prospects of the Group much depends on whether the Group could succeed in optimising and enriching its product portfolio based on consumer demand in the post-Pandemic business environment to achieve greater earnings beyond the level achieved by the Group during FY2019;
- (ii) the Cancellation Price represents significant premiums over the prevailing market prices of the Shares, in particular, the Cancellation Price has been at all times higher than the closing Share prices during the Review Period (i.e. since 6 August 2018 and up to and including the Latest Practicable Date). In addition, the Cancellation Price of HK\$2.80 per Scheme Share is significantly higher the average closing price of the Shares during the Pre-announcement Period of HK\$1.48 per Share;
- (iii) given the very thin trading volume of the Shares as discussed in the sub-paragraph headed “C. Trading liquidity of the Shares” under the paragraph headed “2. Analysis on the terms of the Proposal and the Scheme” above, it is uncertain whether there would be sufficient liquidity in the trading of the Shares for the Disinterested Shareholders to dispose of a significant number of the Shares in the open market without depressing the Share price. We therefore consider that the Proposal provides the Disinterested Shareholders, particularly those who hold a large number of Shares, with an assured exit to dispose of all of their Shares at the Cancellation Price if they wish to (subject to the Conditions of the Proposal being satisfied);
- (iv) the Implied P/E Multiple of 7.84 times is within the range and slightly below the average and median P/E Multiples of the Industry Comparables while the Implied P/B Multiple of 1.37 time and the Adjusted Implied P/B Multiple of 1.31 times are within the range and above the average and median P/B Multiples of the Industry Comparables;
- (v) the premiums represented by the Cancellation Price over the Undisturbed Date are all within ranges and more favourable than both the median and average premiums of the Privatisation Comparables in all types of comparisons (except slightly below the 90 trading day average premium of the Privatisation Comparables). Further, the premiums represented by the Cancellation Price over the Last Trading Date are all within ranges and more favourable than both the median and average premiums of the Privatisation Comparables in all types of comparisons (except slightly below the last trading day and the 90 trading day average premiums of the Privatisation Comparables); and

- (vi) as discussed in the paragraph headed “3. Analysis on the Rollover Arrangement” under the section headed “Principal factors and reasons considered” above, after taking into account the above considerations, we are of the view that the Rollover Arrangement is fair and reasonable as far as the Disinterested Shareholders are concerned,

we consider the terms of the Proposal, the Scheme and the Rollover Arrangement are fair and reasonable so far as the Disinterested Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Disinterested Shareholders to vote in favour of the Scheme at the Court Meeting and the Rollover Arrangement as a special deal and the resolutions in connection with the implementation of the Proposal at the General Meeting.

Disinterested Shareholders should note that the closing Share prices have been trading below the Cancellation Price within a narrow band around HK\$2.59 per Share to HK\$2.69 per Share since the publication of the Joint Announcement but significantly above the average closing Share price during the Pre-announcement Period of HK\$1.48 per Share. Therefore, there is no assurance that the Share price will remain at the current level if the Proposal and the Scheme lapse.

Further details regarding the procedures of the Proposal and the Scheme are set out in the Explanatory Memorandum. Disinterested Shareholders are urged to act according to the timetable set out in the Scheme Document if they wish to qualify for entitlements under the Scheme.

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

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

\* *For identification purpose only*

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

**SCHEME OF ARRANGEMENT  
(UNDER SECTION 86 OF THE COMPANIES ACT)**

**1. INTRODUCTION**

On 12 August 2021, the Offeror and the Company jointly announced that the Offeror and the Company have entered into the Implementation Agreement, pursuant to which the parties have agreed to use all reasonable endeavours to implement the Proposal for the take private of the Company by way of a scheme of arrangement under Section 86 of the Companies Act, which if approved and implemented will result in the Company being taken private by the Offeror and the withdrawal of the listing of the Shares, subject to the Conditions being fulfilled or waived, as applicable.

The purpose of this Explanatory Memorandum is to set out the terms and effects of the Proposal (in particular the Scheme and the Rollover Arrangement). Particular attention is also drawn to (i) the letter from the Board set out in Part V of this Scheme Document; (ii) the letter from the Independent Board Committee set out in Part VI of this Scheme Document; (iii) the letter from the Independent Financial Adviser set out in Part VII of this Scheme Document; and (iv) the Scheme set out in Appendix IV headed “*Scheme of Arrangement*” to this Scheme Document.

**2. TERMS OF THE PROPOSAL**

The Board has put forward the Proposal. Upon the fulfilment of the Conditions and the Scheme becoming effective:

- (a) the Founder Scheme Shares held by the Founder Shareholders will be cancelled in consideration for the Founder Cancellation Consideration, being the crediting of the unpaid HoldCo Shares held by Founder HoldCo as being fully paid in the amount equivalent to the aggregate amount of the Cancellation Price per Scheme Share with respect to all the Founder Scheme Shares;
- (b) the Rollover Scheme Shares held by the Rollover Shareholders will be cancelled in consideration for the Rollover Cancellation Consideration, being the allotment and issue of the Offeror Rollover Shares to the Rollover Shareholders credited as fully paid in the amount equivalent to the aggregate amount of the Cancellation Price per Scheme Share with respect to all the Rollover Scheme Shares;
- (c) all other Scheme Shares will be cancelled in consideration for the Cancellation Price of HK\$2.80 per Scheme Share, which will be paid in cash;
- (d) such number of new Shares as is equal to the number of Scheme Shares cancelled will be issued to the Offeror, credited as fully paid, such that the Company will become wholly owned by the Offeror; and



- (e) the listing of the Shares on the Stock Exchange will be withdrawn with effect as soon as practicable following the Effective Date.

In compliance with Rule 20.1(a) of the Takeovers Code, upon the Scheme becoming effective, the Cancellation Price of HK\$2.80 per Scheme Share for cancellation of the Scheme Shares (other than the Founder Scheme Shares and the Rollover Scheme Shares) will be paid to the relevant Scheme Shareholders whose names appear in the register of members of the Company on the Scheme Record Date as soon as possible, but in any event within seven business days (as defined in the Takeovers Code) following the Effective Date.

**Cancellation Price per Scheme Share (other than the Founder Scheme Shares and the Rollover Scheme Shares)**

The Cancellation Price of HK\$2.80 per Scheme Share (other than the Founder Scheme Shares and the Rollover Scheme Shares) represents:

- (a) a premium of approximately 4.1% over the closing price of HK\$2.69 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a premium of approximately 55.6% over the closing price of HK\$1.80 per Share as quoted on the Stock Exchange on the Undisturbed Date;
- (c) a premium of approximately 58.0% over the average closing price of approximately HK\$1.77 per Share as quoted on the Stock Exchange for the five trading days up to and including the Undisturbed Date;
- (d) a premium of approximately 54.0% over the average closing price of approximately HK\$1.82 per Share as quoted on the Stock Exchange for the 30 trading days up to and including the Undisturbed Date;
- (e) a premium of approximately 55.3% over the average closing price of approximately HK\$1.80 per Share as quoted on the Stock Exchange for the 60 trading days up to and including the Undisturbed Date;
- (f) a premium of approximately 58.4% over the average closing price of approximately HK\$1.77 per Share as quoted on the Stock Exchange for the 90 trading days up to and including the Undisturbed Date;
- (g) a premium of approximately 62.3% over the average closing price of approximately HK\$1.73 per Share as quoted on the Stock Exchange for the 120 trading days up to and including the Undisturbed Date;
- (h) a premium of approximately 72.6% over the average closing price of approximately HK\$1.62 per Share as quoted on the Stock Exchange for the 180 trading days up to and including the Undisturbed Date;

- (i) a premium of approximately 25.6% over the closing price of HK\$2.23 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (j) a premium of approximately 49.1% over the average closing price of approximately HK\$1.88 per Share as quoted on the Stock Exchange for the five trading days up to and including the Last Trading Date;
- (k) a premium of approximately 52.5% over the average closing price of approximately HK\$1.84 per Share as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Date;
- (l) a premium of approximately 54.6% over the average closing price of approximately HK\$1.81 per Share as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Date;
- (m) a premium of approximately 57.9% over the average closing price of approximately HK\$1.77 per Share as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Date;
- (n) a premium of approximately 61.7% over the average closing price of approximately HK\$1.73 per Share as quoted on the Stock Exchange for the 120 trading days up to and including the Last Trading Date;
- (o) a premium of approximately 72.1% over the average closing price of approximately HK\$1.63 per Share as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Date;
- (p) a premium of approximately 41.1% to the audited consolidated net asset value attributable to Shareholders per Share of approximately HK\$1.98 as at 31 December 2020 (based on a HK\$ to RMB exchange rate of HK\$1 to RMB0.83183, being the exchange rate as quoted by the People's Bank of China on the Last Trading Date);
- (q) a premium of approximately 36.6% to the unaudited consolidated net asset value attributable to Shareholders per Share of approximately HK\$2.05 as at 30 June 2021 (based on a HK\$ to RMB exchange rate of HK\$1 to RMB0.83183, being the exchange rate as quoted by the People's Bank of China on the Last Trading Date); and
- (r) a premium of approximately 31.2% over the Adjusted NAV attributable to Shareholders per Share of approximately HK\$2.13 (based on a HK\$ to RMB exchange rate of HK\$1 to RMB0.83183, being the exchange rate as quoted by the People's Bank of China on the Last Trading Date).

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

**Highest and lowest prices**

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$2.69 on 26 October 2021, and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$1.50 on 16 and 19 February 2021.

**Basis for determining the Cancellation Price**

The Cancellation Price has been determined on a commercial basis after taking into account, among other things, the recent and historic traded prices of the Shares, publicly available financial information of the Company, the trading multiples of comparable trading companies and with reference to other privatisation or take private transactions in Hong Kong in recent years.

**Dividend payment by the Company**

As at the Latest Practicable Date, the Company had not declared any dividend which remained unpaid. The Company does not intend to declare and/or pay any dividend before the Effective Date or the date on which the Scheme is not approved, or the Proposal otherwise lapses (as the case may be). For the avoidance of doubt, the Cancellation Price does not include any dividend that may be declared by the Company (subject to the approval of the Shareholders) prior to the Effective Date and the Cancellation Price will not be affected or reduced by the Shareholders' entitlement to such dividend (if any).

**Events following the Scheme becoming effective**

On the basis of the number of Scheme Shares in issue as at the Latest Practicable Date, if the Conditions are fulfilled or waived (as applicable) and upon the Scheme becoming effective:

- (a) all of the Scheme Shares will be cancelled;
- (b) the issued share capital of the Company will be reduced by the cancellation of all the Scheme Shares. Immediately after such reduction, the Company will issue to the Offeror such number of new Shares as is equal to the number of Scheme Shares cancelled such that the issued share capital of the Company will be restored to its amount in issue immediately before the capital reduction. The reserve created in the books of accounts of the Company as a result of the cancellation of the Scheme Shares will be applied in paying up in full at par the new Shares so issued, credited as fully paid; and
- (c) the listing of the Shares on the Stock Exchange will be withdrawn pursuant to Rule 6.15(2) of the Listing Rules.

Assuming that the Scheme becomes effective on Friday, 10 December 2021, cheques for cash entitlements under the Scheme will be despatched as soon as possible, but in any event within seven business days following the Effective Date and accordingly, the cheques are expected to be despatched on or before Tuesday, 21 December 2021. Cheques shall be posted at the risk of the addressees and none of the Offeror, the Company, SCB, the Independent Financial Adviser and the

Company's Hong Kong Share Registrar and their respective directors, employees, officers, agents, advisers, associates and affiliates and any other persons involved in the Proposal shall be responsible for any loss or delay in the despatch of the same.

### **3. CONFIRMATION OF FINANCIAL RESOURCES**

Taking into account that the Founder Scheme Shares and the Rollover Scheme Shares will be cancelled in consideration for the Founder Cancellation Consideration and the Rollover Cancellation Consideration respectively, the Proposal will involve making an offer to cancel 189,269,300 Scheme Shares, in exchange for the Cancellation Price of HK\$2.80 per Scheme Share in cash.

The total amount of cash required to implement the Proposal in full would be approximately HK\$529,954,040. The Offeror proposes to finance the cash consideration payable under the Proposal with equity commitments from the Affirma Funds.

SCB, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror for satisfying in full its payment obligations in respect of the cash consideration payable under the Proposal.

### **4. CONDITIONS OF THE PROPOSAL**

The Proposal and the Scheme will only become effective and binding on the Company and all of the Scheme Shareholders if the following Conditions are fulfilled or waived (as applicable):

- (a) the approval of the Scheme (by way of poll) by a majority in number of the Disinterested Shareholders representing not less than 75% in value of the Scheme Shares held by the Disinterested Shareholders on the Meeting Record Date, present and voting either in person or by proxy at the Court Meeting (and the Founder Shareholders and the Rollover Shareholders having provided undertakings to the Grand Court as set out herein to be bound by the Scheme and to receive the Founder Cancellation Consideration or the Rollover Cancellation Consideration (as the case may be) in consideration for cancellation of the Founder Scheme Shares or the Rollover Scheme Shares (as the case may be) under the Scheme – see the section headed “*Irrevocable Undertakings*” below), provided that:
  - (i) the Scheme is approved (by way of poll) by the Disinterested Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by the Disinterested Shareholders that are voted either in person or by proxy at the Court Meeting; and
  - (ii) the number of votes cast (by way of poll) by the 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 Scheme Shares held by all the Disinterested Shareholders;
- (b) (i) the passing of a special resolution by a majority of not less than three-fourths of the votes cast by the Shareholders present and voting in person or by proxy at the General Meeting to approve and give effect to the reduction of the share capital of the Company by cancelling and

- extinguishing the Scheme Shares; and (ii) the passing of an ordinary resolution by a simple majority of the votes cast by the Shareholders present and voting at the General Meeting to immediately thereafter increase the issued share capital of the Company 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 new Shares as is equal to the number of Scheme Shares cancelled, credited as fully paid, for issuance to the Offeror;
- (c) the Grand Court's sanction of the Scheme (with or without modifications) and its confirmation of the reduction of the share capital of the Company, and the delivery to the Registrar of Companies in the Cayman Islands of a copy of the order of the Grand Court for registration;
  - (d) compliance, to the extent necessary, with the procedural requirements and conditions, if any, under Sections 14 and 17 of the Companies Act in relation to the reduction of the issued share capital of the Company;
  - (e) in relation to the Rollover Arrangement: (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 as far as the Disinterested Shareholders are concerned; (ii) the passing of an ordinary resolution by the Disinterested Shareholders at the General Meeting to approve the Rollover Arrangement; and (iii) the grant of consent under Rule 25 of the Takeovers Code from the Executive to the Rollover Arrangement;
  - (f) all Approvals which are (i) required in connection with the Proposal 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;
  - (g) no Authority in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order), in each case, which would make the Proposal void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Proposal);
  - (h) all Applicable Laws having been complied with and no legal or regulatory requirement having been imposed by any Authority which is not expressly provided for, or is in addition to the requirements expressly provided for, in the Applicable Laws in connection with the Proposal which are material in the context of the Group (taken as a whole), in each case up to and as at the Effective Date;
  - (i) as at the Latest Practicable Date, there having been no material adverse change to the business, financial or trading position of the Group, each taken as a whole; and

- (j) save in connection with the implementation of the Proposal, the listing of the Company on the Stock Exchange not having been withdrawn, and no indication having been received from the Executive and/or the Stock Exchange to the effect that the listing of the Shares on the Stock Exchange is or is likely to be withdrawn.

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

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions as a basis for not proceeding with the Proposal if the circumstances which give rise to the right to invoke such Condition are of material significance to the Offeror in the context of the Proposal. As at the Latest Practicable Date, none of the Conditions in paragraphs (a) to (j) (inclusive) have been satisfied or waived.

As at the Latest Practicable Date and based on the information available to the Offeror and the Company, other than pursuant to the Conditions in paragraphs (a) to (e) (inclusive), the Offeror and the Company are not aware of any Approvals which are required as set out in the Condition in paragraph (f) above, and the Offeror and the Company are also not aware of any other circumstances which may result in any of the Conditions in paragraphs (f) to (j) (inclusive) not being satisfied. In particular, as at the Latest Practicable Date, the Company is not aware of any Authority in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry as set out in the Condition in paragraph (g).

If the Conditions are satisfied or validly waived (as applicable), 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 General Meeting.

An announcement will be made by the Company and the Offeror in relation to the results of the Court Meeting and the General Meeting on Tuesday, 30 November 2021 by no later than 7:00 p.m. and, if all the resolutions are passed at those meetings, further announcements will be made in relation to, among other things, the results of the hearing of the petition for the sanction of the Scheme by the Grand Court, the Effective Date and the date of withdrawal of listing of Shares from the Stock Exchange in accordance with the requirements of the Takeovers Code and the Listing Rules.

**Warning: Shareholders and potential investors should be aware that the Proposal is subject to the Conditions being fulfilled or waived, as applicable, and therefore the Proposal may or may not be implemented. Shareholders and potential investors 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. VOTING AT THE COURT MEETING AND THE GENERAL MEETING**

Only Disinterested Shareholders as at the Meeting Record Date will be entitled to attend and vote at the Court Meeting to approve the Scheme. Each of the Founder Shareholders and the Rollover Shareholders, in lieu of a class meeting or meetings to approve the Scheme, has provided an undertaking to the Grand Court to be bound by the Scheme and to receive the Founder Cancellation Consideration or the Rollover Cancellation Consideration (as the case may be) in consideration for cancellation of the Founder Scheme Shares or the Rollover Scheme Shares (as the case may be) under the Scheme. The Offeror and HoldCo have also provided undertakings to the Grand Court to be bound by the Scheme.

All Shareholders will be entitled to attend the General Meeting and vote on the restoration of the share capital of the Company (as described in the Condition in paragraph (b) above), but for the purposes of the Takeovers Code, the Disinterested Shareholders will be entitled to vote at the General Meeting on the ordinary resolution to approve the Rollover Arrangement (as described in the Condition in paragraph (e) above) and the Founder Shareholders and the Rollover Shareholders shall abstain from voting on such resolution.

**6. IRREVOCABLE UNDERTAKINGS**

On 12 August 2021, (i) each of the Founder Shareholders has given irrevocable undertakings under the Consortium Agreement in favour of the Offeror, Affirma HoldCo and/or HoldCo; and (ii) each of the Rollover Shareholders and the Employee Trustee has given irrevocable undertakings under the Rollover Agreement in favour of the Offeror, HoldCo, the Founder Group and/or Affirma HoldCo, in each case, to take certain actions, including (among other things):

- (a) in the case of the Founder Shareholders:
  - (i) to agree to and assist in implementing the cancellation of the Founder Scheme Shares in consideration for the Founder Cancellation Consideration; and
  - (ii) in lieu of a class meeting to approve the Scheme, to provide undertakings to the Grand Court to agree to and be bound by the Scheme and to receive the Founder Cancellation Consideration in consideration for cancellation of their Founder Scheme Shares under the Scheme; and
- (b) in the case of the Rollover Shareholders and the Employee Trustee:
  - (i) to agree to and assist in implementing the cancellation of the Rollover Scheme Shares in consideration for the Rollover Cancellation Consideration; and
  - (ii) (in respect of the Rollover Shareholders only) in lieu of a class meeting to approve the Scheme, to provide undertakings to the Grand Court to agree to and be bound by the Scheme and to receive the Rollover Cancellation Consideration in consideration for cancellation of their Rollover Scheme Shares under the Scheme;

- (c) (in respect of the Founder Shareholders and the Rollover Shareholders only) to the extent permitted by Applicable Laws (including the Takeovers Code), to vote any Shares held by them in favour of any resolutions proposed at the General Meeting to implement the Scheme or which are necessary for the Scheme to become effective; and
- (d) not to: (i) dispose of any interest in any Shares held by them; (ii) accept any other offer to acquire such Shares; or (iii) vote in favour of any resolution which is proposed in competition with the Scheme, until the Scheme becomes effective, lapses or is withdrawn.

The Founder Irrevocable Undertakings and the Rollover Irrevocable Undertakings will be terminated if the Scheme is not approved or the Proposal otherwise lapses or is withdrawn.

As at the Latest Practicable Date, other than the Founder Irrevocable Undertakings and the Rollover Irrevocable Undertakings, neither the Offeror nor any party acting in concert with it had received any irrevocable commitment to vote for or against the Proposal.

## **7. ARRANGEMENTS MATERIAL TO THE PROPOSAL**

### **Consortium Agreement**

On 12 August 2021, the Founder Shareholders, Affirma HoldCo, HoldCo and the Offeror entered into the Consortium Agreement, pursuant to which the parties have agreed to implement the Proposal.

Under the Consortium Agreement:

- (a) Affirma HoldCo shall fund or shall procure the funding by way of capital contribution in cash to the Offeror at such time as is required to enable the Offeror to satisfy its obligations in respect of the cash consideration payable under the Scheme;
- (b) immediately upon the aforementioned capital contribution by Affirma HoldCo to the Offeror:
  - (i) HoldCo shall credit all of the unpaid HoldCo Shares held by Affirma HoldCo as fully paid; and
  - (ii) the Offeror shall credit such number of Offeror Shares being the portion of the unpaid Offeror Shares represented by the interest of Affirma HoldCo in HoldCo as fully paid;
- (c) on the Effective Date immediately upon the Scheme becoming effective;
  - (i) all issued and outstanding Scheme Shares (and for the avoidance of doubt, including all the Founder Scheme Shares and the Rollover Scheme Shares) as at the Scheme Record Date will be cancelled;



- (ii) the Offeror shall subscribe for, and the Company shall allot and issue to the Offeror, such number of new Shares as is equal to the aggregate number of the Scheme Shares cancelled pursuant to paragraph (c)(i);
  - (iii) as consideration for the allotment and issue of the new Shares pursuant to paragraph (c)(ii), the Offeror shall credit such number of Offeror Shares being the portion of the unpaid Offeror Shares represented by the interest of Founder HoldCo in HoldCo as fully paid; and
  - (iv) as consideration for the crediting of the unpaid Offeror shares pursuant to paragraph (c)(iii) above, HoldCo shall credit all the unpaid HoldCo Shares held by Founder HoldCo and the unpaid HoldCo Shares held by Affirma HoldCo as fully paid;
- (d) each of the Founder Shareholders has given irrevocable undertakings in favour of the Offeror, Affirma HoldCo and/or HoldCo to take certain actions as described in the section headed “*Irrevocable Undertakings*” above; and
- (e) each of the members of the Founder Group has agreed to indemnify the Offeror, HoldCo and Affirma HoldCo and their respective affiliates, and each of their respective officers, directors, employees, agents, representatives, successors and assigns for all losses which any such indemnitee may suffer as a result of any taxes of any member of the Founder Group and/or any member of the Group arising from any written notifications after the Effective Date in respect of any material tax and penalties from any tax authority (i) with respect to taxable periods ending on or before the Effective Date; or (ii) attributable to any income, profits or gains earned, accrued or received on or before the Effective Date.

The Consortium Agreement (including the Founder Irrevocable Undertakings but excluding, among other things, the tax indemnity set out in paragraph (e) above) will be terminated if the Scheme is not approved or the Proposal otherwise lapses or is withdrawn.

### **Shareholders’ Agreement**

On 12 August 2021, the Founder Shareholders, HoldCo and Affirma HoldCo entered into the Shareholders’ Agreement in respect of the future governance of the Offeror Group after the Scheme becomes effective. A summary of the key terms of the Shareholders’ Agreement which will take effect upon the Scheme becoming effective is set out below:

- (a) **Shareholding.** Immediately upon the Scheme becoming effective: (i) Founder HoldCo will hold a majority (approximately 70.72%) of the ordinary shares in HoldCo; and (ii) Affirma HoldCo will hold a minority (29.28%) of the ordinary shares in HoldCo. For further detail, please refer to the section headed “*Information of the Offeror Group*” below.

- (b) **Board composition:** With effect from the Scheme becoming effective, Ms. Jiang, the chairman of the Board, shall have the right to nominate, appoint and replace all members of the board of directors of any member of the Offeror Group.
- (c) **Quorum of the general meetings:** The quorum of all general meetings of HoldCo must include at least Founder HoldCo.
- (d) **Reserved matters:** The management and operation of HoldCo and the Offeror Group shall be vested in Founder HoldCo, while Affirma HoldCo shall have a veto right over a number of customary minority protection reserved matters.
- (e) **Distributions:** The directors of HoldCo or any member of the Offeror Group shall take into account the cashflow, cash resources and future business plan of the relevant member of the Offeror Group before making any distribution.
- (f) **Exit:** The Founder Shareholders and HoldCo shall regularly discuss with Affirma HoldCo on matters relating to the qualified listing of the Group on a recognised stock exchange (including the Shanghai Stock Exchange, the Shenzhen Stock Exchange, or any other PRC or internationally recognised stock exchange mutually agreed between the parties). Affirma HoldCo shall co-operate with and provide assistance to the Founder Shareholders as reasonably required by the Founder Shareholders. If a qualified listing of the Group is not completed within 60 months after the Effective Date, Affirma HoldCo has the right to require the Founder Shareholders or the relevant members of the Offeror Group to redeem or acquire all shares in HoldCo held by Affirma HoldCo. In relation to the potential qualified initial public offering, as at the Latest Practicable Date, Founder HoldCo and Affirma HoldCo had not agreed on any proposal to implement any separate listing of the Group, nor the expected offer price, the post-market valuation, or the method of such listing.
- (g) **Restrictions on transfer of securities by Affirma HoldCo:** Affirma HoldCo is restricted from transferring securities of any member of the Offeror Group (whether directly or indirectly) from the Effective Date until (i) the date falling on 60 months from the Effective Date or (ii) the date of completion of a qualified listing of the Group, whichever is the earlier, unless the prior written consent of Founder HoldCo is obtained. After the aforementioned lock-up period, Affirma HoldCo and Founder HoldCo may jointly identify and select potential third-party purchaser(s) to whom Affirma HoldCo may sell its shares in HoldCo, provided that Founder HoldCo has a right of first offer in respect of Affirma HoldCo's shares in HoldCo.
- (h) **Restriction on transfer of securities by the Founder Shareholders:** The transfer of securities in any member of the Offeror Group by the Founder Shareholders shall be subject to a right of first offer and a tag-along right of Affirma HoldCo.
- (i) **Pre-emption right:** Each shareholder of HoldCo has a pre-emption right to participate in any future issuance of new securities by HoldCo.

- (j) **Management incentive plan:** At any time after six months from the Effective Date, HoldCo may implement a management incentive plan, pursuant to which it may issue new shares representing not more than 13.67% of the issued share capital in HoldCo (representing an indirect shareholding of 3.5% of the issued share capital in the Company) (on a fully diluted basis) to members of the senior management of the Group.
- (k) **Non-compete and non-solicit:** For so long as Affirma HoldCo holds any shares in HoldCo or any interest in the Offeror Group, the Founder Shareholders (on their behalf and on behalf of the members of the Offeror Group) must not solicit the employment of the senior managers of the Offeror Group or carry on any businesses which may compete with the businesses of the Offeror Group.
- (l) **Termination:** The Shareholders' Agreement shall terminate (i) by the parties' written agreement; (ii) if Affirma HoldCo ceases to hold any shares in HoldCo; and (iii) upon the completion of a qualified listing.

#### **Rollover Agreement and Rollover Arrangement**

On 12 August 2021, the Offeror, HoldCo and each of the Rollover Shareholders and the Employee Trustee entered into the Rollover Agreement in relation to the Rollover Arrangement, pursuant to which:

- (a) on the Effective Date:
  - (i) the Rollover Scheme Shares will be cancelled in consideration for the Rollover Cancellation Consideration, being the allotment and issue of the Offeror Rollover Shares to the Rollover Shareholders credited as fully paid in the amount equivalent to the aggregate amount of the Cancellation Price per Scheme Share with respect to all the Rollover Scheme Shares; and
  - (ii) each of the Rollover Shareholders and the Employee Trustee has given irrevocable undertakings in favour of the Offeror, HoldCo, the Founder Group and/or Affirma HoldCo to take certain actions as described in the section headed "*Irrevocable Undertakings*" above; and
- (b) each of the Rollover Shareholders and the Employee Trustee has agreed to indemnify the Offeror, HoldCo, the Founder Group and Affirma HoldCo and their respective affiliates, and each of their respective officers, directors, employees, agents, representatives, successors and assigns for all losses which any such indemnitee may suffer as a result of any breach of any of the representations, warranties and/or undertakings provided by the relevant Rollover Party and any non-performance by the relevant Rollover Party of any obligations to be performed by or on the part of it thereunder.

The Rollover Agreement (including the Rollover Irrevocable Undertakings) will be terminated if the Scheme is not approved or the Proposal otherwise lapses or is withdrawn.

The Rollover Parties comprise:

- (a) the Management HoldCos, which in turn are wholly owned by the Employee Trustee as the trustee of the Senior Management Trust. The beneficiaries of the Senior Management Trust include certain members of senior management employed or formerly employed by the Group and their dependents;
- (b) the Employee Trustee, which is a private trust company incorporated in Gibraltar holding 100% of the issued share capital of Management HoldCo 1 and Management HoldCo 2 and the trustee of the Senior Management Trust;
- (c) the Senior Management Trust, which is an irrevocable discretionary trust established by Mr. Zeng (as the settlor) for the benefit of certain senior management employed or formerly employed by the Group and their dependents, with Employee Trustee as the trustee; and
- (d) Mr. Fang, who controls entities which are key suppliers of the Group and has been a Shareholder since the initial public offering of the Company.

As at the Latest Practicable Date, the Rollover Shareholders directly hold 92,956,400 Shares (in aggregate) (representing approximately 12.57% of the issued share capital of the Company as at the Latest Practicable Date).

The Founder Group believes that (i) the beneficiaries of the Senior Management Trust (the majority of which are current employees of the Group) have made a significant and invaluable contribution to the business of the Group over the past decades, and continue to be instrumental to the daily operations of the Group (in the case of current employees of the Group) or continue to provide valuable strategic advice or services to the development of the Group (in the case of former employees of the Group); and (ii) Mr. Fang has made significant contribution to the business of the Group since the initial public offering of the Company and continues to bring strategic benefits to the Group following completion of the Scheme, and as such it would be important to offer the Rollover Arrangement to the Rollover Parties and to allow the Rollover Parties to retain their shareholding interests in the Group in order to secure their continued support for the future of the Group.

As the Rollover Arrangement is not offered to all Shareholders, the Rollover Arrangement constitutes a special deal under Rule 25 of the Takeovers Code 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 to the Rollover Arrangement conditional on (a) the Independent Financial Adviser to the Independent Board Committee confirming that the Rollover Arrangement is fair and reasonable as far as the Disinterested Shareholders are concerned; and (b) the passing of an ordinary resolution by the Disinterested Shareholders at the General Meeting to approve the Rollover Arrangement.

The Proposal and the Scheme are therefore subject to:

- (a) the receipt of an opinion from the Independent Financial Adviser to the Independent Board Committee confirming that the Rollover Arrangement is fair and reasonable as far as the Disinterested Shareholders are concerned;
- (b) the passing of an ordinary resolution by the Disinterested Shareholders at the General Meeting to approve the Rollover Arrangement; and
- (c) the grant of consent from the Executive to the Rollover Arrangement, which will be conditional on satisfaction of the matters in paragraphs (a) and (b) above.

The Independent Financial Adviser has stated in the letter from the Independent Financial Adviser that it considers that the terms of the Proposal, including the Scheme and the Rollover Arrangement, are fair and reasonable so far as the Disinterested Shareholders are concerned. Accordingly, the Independent Financial Adviser has recommended the Independent Board Committee to advise the Disinterested Shareholders to vote in favour of the Scheme at the Court Meeting and the Rollover Arrangement and the resolutions in connection with the implementation of the Proposal at the General Meeting. Please refer to the full text of the letter from the Independent Financial Adviser as set out in Part VII of this Scheme Document.

**Warning: Shareholders and potential investors should be aware that as the approval of the Rollover Agreement by the Disinterested Shareholders at the General Meeting is a non-waivable Condition, if the Rollover Arrangement is not approved by the Disinterested Shareholders at the General Meeting, the Rollover Arrangement and the Proposal will not be implemented, and the Scheme will not proceed.**

#### **Implementation Agreement**

On 12 August 2021, the Offeror and the Company entered into the Implementation Agreement, pursuant to which the parties have agreed to use all reasonable endeavours to do all such things within their power to implement the Proposal and co-operate to obtain all Approvals required in connection with the Proposal.

Under the Implementation Agreement, the Company has undertaken to the Offeror to:

- (a) use all reasonable endeavours to implement the Scheme;
- (b) procure that, prior to the earlier of the Effective Date and the termination of the Implementation Agreement, the Group shall not take certain actions, including (among other things):
  - (i) carrying on its business, other than in the ordinary and usual course;
  - (ii) issuing any Shares;

- (iii) entering into any merger or acquiring or disposing of any material assets; and
- (iv) entering into any transaction with any shareholder and/or director of any member of the Group, other than in the ordinary and usual course.

In addition, pursuant to the Implementation Agreement, the Company undertakes to terminate the Share Option Scheme immediately upon the Scheme becoming effective. Since the date of the adoption of the Share Option Scheme, no share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme and the Company does not have any outstanding share options in issue as at the Latest Practicable Date.

Nothing in the Implementation Agreement is intended to prevent or deprive: (a) the Shareholders from having the opportunity to consider, or (b) the Company from considering, in each case, any unsolicited alternative offers, proposals or transactions in respect of, or for, the issued ordinary share capital or assets or undertakings (whether the whole or a substantial part) of the Company or the Group from any person other than the Offeror.

The Implementation Agreement will be terminated if the Scheme is not approved or the Proposal otherwise lapses or is withdrawn.

#### **Other arrangements**

As at the Latest Practicable Date:

- (a) save for the Proposal, the Scheme, the Rollover Arrangement, the Rollover Agreement, the Irrevocable Undertakings, the Shareholders' Agreement, the Consortium Agreement and the Implementation Agreement, there is no agreement or arrangement (whether by way of option, indemnity or otherwise) in relation to the Shares or shares of the Offeror or any Offeror Concert Parties which might be material to the Proposal;
- (b) there is no agreement or arrangement to which the Offeror or any of the Offeror Concert Parties is a party which relates to circumstances in which the Offeror may or may not invoke or seek to invoke a Condition to the Proposal;
- (c) save for the Founder Irrevocable Undertakings under the Consortium Agreement and the Rollover Irrevocable Undertakings under the Rollover Agreement, neither the Offeror nor any Offeror Concert Parties have received any irrevocable commitment to vote for or against the Proposal;
- (d) save for the Founder Irrevocable Undertakings, the Rollover Irrevocable Undertakings and the arrangements disclosed in this section headed "*Arrangements Material to the Proposal*", there is no understanding, arrangement or agreement or special deal between (i) any Shareholder of the Company; and (ii) either (A) the Offeror or any Offeror Concert Parties (including the Founder Group and the Affirma Group); or (B) the Company or the Company's subsidiaries or associated companies; and

- (e) save for the Founder Cancellation Consideration, the Rollover Cancellation Consideration or the Cancellation Price of HK\$2.80 per Scheme Share payable under the Scheme to the Founder Shareholders, the Rollover Shareholders or the other Scheme Shareholders (as the case may be), the Offeror or the Offeror Concert Parties have not paid and will not pay any other consideration, compensation or benefit in whatever form to the Scheme Shareholders or persons acting in concert with them in relation to the cancellation of the Scheme Shares.

## **8. SHAREHOLDING STRUCTURE OF THE COMPANY AND EFFECT OF THE PROPOSAL**

As at the Latest Practicable Date:

- (a) the issued share capital of the Company comprises 739,302,000 Shares;
- (b) the Offeror does not legally or beneficially own, control or have direction over any Shares;
- (c) as detailed in this section and the shareholding table below, the Founder Group, through Mr. Zeng directly and Founder HoldCo, legally and/or beneficially owns, controls or has direction over a total of 457,076,300 Shares, representing approximately 61.83% of the total Shares, all of which are the Founder Scheme Shares;
- (d) additionally, the Founder Group, through Mr. Zeng in his capacity as the settlor of the Senior Management Trust, is also deemed to be interested in 58,937,400 Shares held by Management HoldCos, representing approximately 7.97% of the total Shares. For the avoidance of doubt, given the ultimate beneficial owners of these Shares are not Mr. Zeng or any member of the Founder Group, such 58,937,400 Shares have not been included as part of the Founder Scheme Shares, but have been included as part of the Rollover Scheme Shares;
- (e) the Rollover Parties together legally and/or beneficially own, control or have direction over a total of 92,956,400 Shares (in aggregate), representing approximately 12.57% of the total Shares, all of which are the Rollover Scheme Shares. For the avoidance of doubt, such 92,956,400 Shares include the 58,937,400 Shares described in paragraph (d) above;
- (f) the Affirma Group does not legally or beneficially own, control or have direction over any Shares;
- (g) members of the SCB Group (except those members who are exempt principal traders for the purpose of the Takeovers Code), being an Offeror Concert Party, do not legally or beneficially own, control or have direction over any Shares;
- (h) save as disclosed above and below in this section, none of the other Offeror Concert Parties legally or beneficially owns, controls or has direction over any Shares;
- (i) the Disinterested Shareholders legally or beneficially own, control or have direction over a total of 189,269,300 Shares, representing approximately 25.60% of the total Shares;

- (j) save as disclosed below, none of the Offeror nor any of the Offeror Concert Parties had any dealings for value in the Shares during the period commencing six months prior to the offer period:

<b>Name</b>	<b>Date of transactions</b>	<b>Purchase/Sale</b>	<b>On/off the Stock Exchange</b>	<b>No. of Shares involved</b>	<b>Transaction price per Share (HK\$)</b>
Mr. Fang	30 July 2021	Purchase	On	61,000	1.8606
	2 August 2021	Purchase	On	55,000	1.8000
	3 August 2021	Purchase	On	159,000	1.8123

- (k) neither the Offeror nor any of the Offeror Concert Parties have entered into any outstanding derivative in respect of the securities in the Company; and

- (l) neither the Offeror nor any of the Offeror Concert Parties have borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

The Founder Scheme Shares will be cancelled in consideration for the Founder Cancellation Consideration. The Rollover Scheme Shares will be cancelled in consideration for the Rollover Cancellation Consideration. All other Scheme Shares will be cancelled in consideration for the Cancellation Price in cash upon the Scheme becoming effective.



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

Shareholder	As at the Latest Practicable Date		Immediately upon the Scheme becoming effective	
	Number of Shares	Approximate % of total Shares <sup>(6)</sup>	Number of Shares	Approximate % of total Shares <sup>(5)</sup>
<b>(A1) Founder Group</b>				
<b>Founder Scheme Shares that will be     cancelled in consideration for the     Founder Cancellation Consideration</b>				
Founder HoldCo <sup>(1)</sup>	453,025,800	61.28%	-	-
Mr. Zeng <sup>(2)</sup>	4,050,500	0.55%	-	-
<b>(A2) Affirma HoldCo</b>	-	-	-	-
<b>(A3) Offeror</b>	-	-	739,302,000	100%
<b>(A) Sub-total (A1) + (A2) + (A3)</b>	<u>457,076,300</u>	<u>61.83%</u>	<u>739,302,000</u>	<u>100%</u>
<b>(B) Rollover Shareholders</b>				
<b>Rollover Scheme Shares that will be     cancelled in consideration for the     Rollover Cancellation Consideration</b>				
Mr. Fang <sup>(3)</sup>	34,019,000	4.60%	-	-
Management HoldCo 1 <sup>(4)</sup>	41,837,400	5.66%	-	-
Management HoldCo 2 <sup>(4)</sup>	17,100,000	2.31%	-	-
<b>(B) Subtotal</b>	<u>92,956,400</u>	<u>12.57%</u>	<u>-</u>	<u>-</u>
<b>(C) Concert parties of the Offeror<sup>(5)</sup></b>	-	-	-	-
<b>(D) Disinterested Shareholders</b>	<u>189,269,300</u>	<u>25.60%</u>	<u>-</u>	<u>-</u>
<b>TOTAL (A) + (B) + (C) + (D)</b>	<u><b>739,302,000</b></u>	<u><b>100.00%</b></u>	<u><b>739,302,000</b></u>	<u><b>100.00%</b></u>

*Note (1):* Founder HoldCo is directly wholly owned by Founder Trust Company, which in turn is directly wholly owned by the Founder Trustee as the trustee of the Founder Trust. The Founder Trust is an irrevocable discretionary trust established by Mr. Zeng as the settlor pursuant to a trust arrangement dated 25 February 2015 in respect of the shares in Founder Trust Company for the benefit of Mr. Zeng and his children and descendants.

*Note (2):* Mr. Zeng is the vice chairman of the Board and an executive Director and the general manager of the Group. Mr. Zeng is deemed to be interested in an aggregate of 516,013,700 Shares, representing approximately 69.79% of the issued share capital of the Company as at the Latest Practicable Date, which consist of (i) 453,025,800 Shares held by Founder HoldCo, in his capacity as the settlor of the Founder Trust; (ii) 58,937,400 Shares held by the Management HoldCos, in his capacity as the settlor of the Senior Management Trust; and (iii) 4,050,500 Shares directly held by Mr. Zeng.

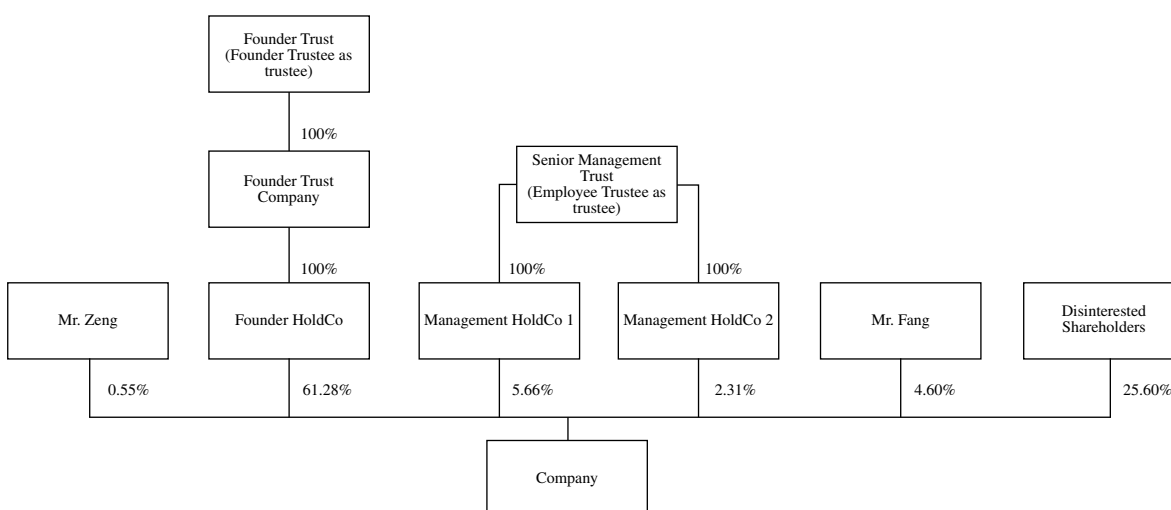
*Note (3):* Mr. Fang controls entities which are key suppliers of the Group, and has been a Shareholder since the initial public offering of the Company.

*Note (4):* Each of Management HoldCo 1 and Management HoldCo 2 is wholly owned by the Employee Trustee as trustee of the Senior Management Trust. The Senior Management Trust was established by Mr. Zeng (as the settlor) for the benefit of certain senior management employed or formerly employed by the Group and their dependents. Mr. Huang Jianping, Mr. Zeng Kexiong, Mr. Lu Xinghong and Mr. He Jinqiang, are executive Directors and are the beneficiaries of the Senior Management Trust in respect of the Shares held by Management HoldCo 2. As such, each of them is deemed to be interested in 17,100,000 Shares held by Management HoldCo 2, representing approximately 2.31% of the issued share capital of the Company as at the Latest Practicable Date. Ms. Jiang, the chairman of the Board and a non-executive Director, is the protector of the Senior Management Trust. For so long as the Employee Trustee holds or controls Shares in the Company, all voting rights attaching to such Shares shall be exercised by an investment review panel consisting of Ms. Jiang and/or such other person(s) as they may wish to appoint. As a result, Ms. Jiang is deemed to be interested in 58,937,400 Shares held by Management HoldCos under the Senior Management Trust, representing approximately 7.97% of the issued share capital of the Company as at the Latest Practicable Date. Save as disclosed in note (2) above and this note (4), no other Director has, or is deemed to have, interests in the Shares, underlying Shares and debentures of the Company as at the Latest Practicable Date.

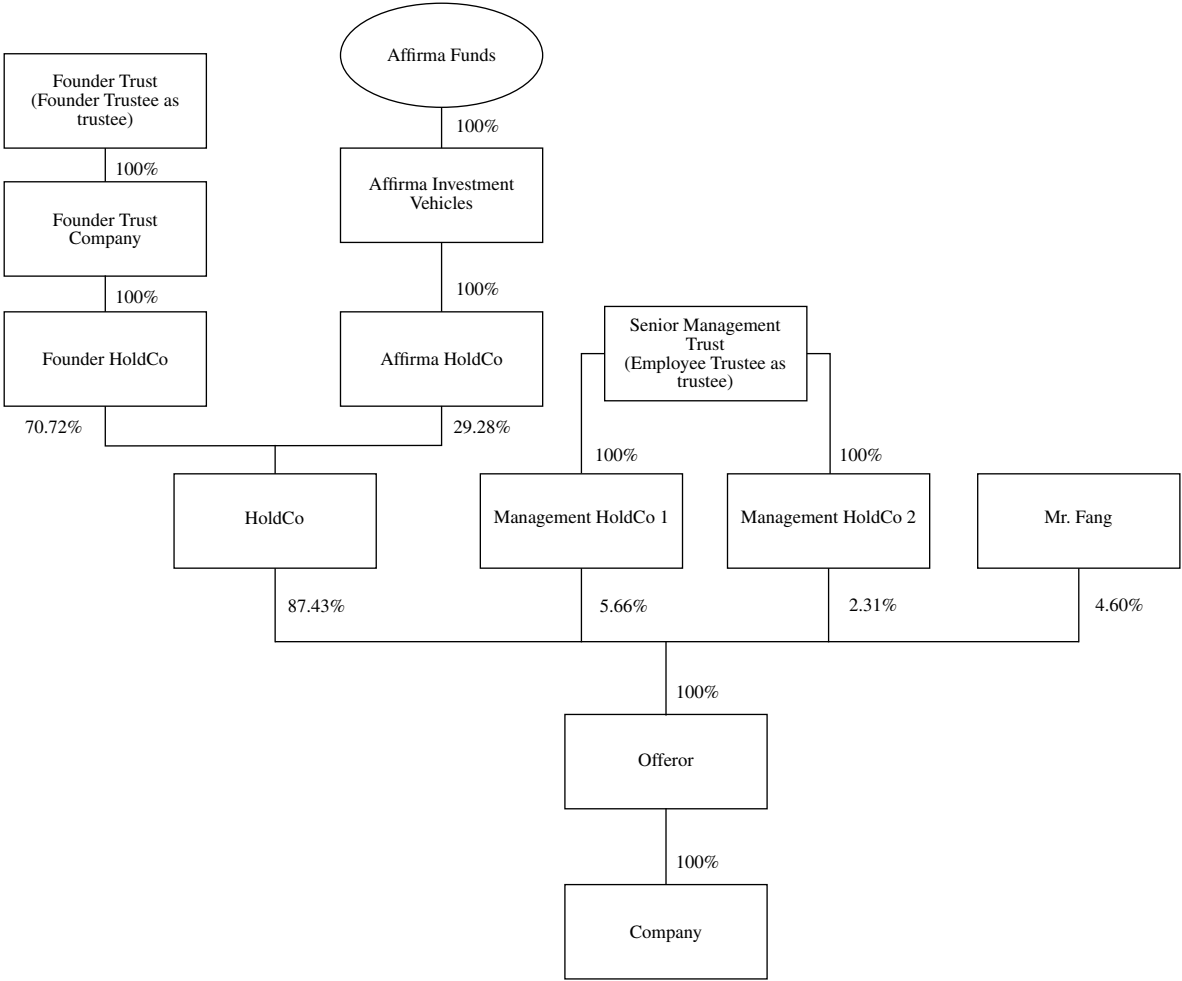
*Note (5):* SCB is the financial adviser to the Offeror in relation to the Proposal. Accordingly, members of the SCB Group which hold Shares on their own account or on a discretionary managed basis are presumed to be acting in concert with the Offeror in relation to the Company in accordance with class 5 of the definition of “acting in concert” under the Takeovers Code (except in respect of the Shares held by exempt principal traders or exempt fund managers recognised by the Executive).

*Note (6):* The shareholding percentage in the table is subject to rounding adjustment.

The chart below sets out the illustrative shareholding structure of the Company as at the Latest Practicable Date:



The chart below sets out the illustrative shareholding structure of the Company immediately upon the Scheme becoming effective:



9. INFORMATION ON THE GROUP

The Company is an exempted company with limited liability incorporated in the Cayman Islands, the shares of which have been listed on the Stock Exchange since 2015.

The Group’s history dates back to 1956 when Liuzhou No. 2 Sweet Factory (柳州市糖果二廠), the predecessor of Guangxi Golden Throat Co., Ltd. (an indirect wholly owned subsidiary of the Company), was established. Currently, the Group has developed into a comprehensive modern group mainly engaging in the manufacture and sale of lozenges and other pharmaceutical and food products.

Your attention is drawn to Appendix I headed “Financial Information of the Group”, Appendix II headed “Property Valuation” and Appendix III headed “General Information” to this Scheme Document.

**10. INFORMATION ON THE OFFEROR GROUP**

The Offeror Group comprises HoldCo, the Offeror and the Offeror's subsidiaries (which will include the Group upon the Scheme becoming effective).

- (a) HoldCo is an exempted company incorporated in the Cayman Islands with limited liability and set up for the implementation of the Proposal. As at the Latest Practicable Date, HoldCo has 646,345,600 ordinary shares in issue, among which:
  - (i) Founder HoldCo holds 457,076,300 shares on an unpaid basis; and
  - (ii) Affirma HoldCo holds (i) one share credited as fully paid; and (ii) 189,269,299 shares on an unpaid basis.

Under the articles of association of HoldCo, no ordinary share held on an unpaid basis shall entitle its holder to any voting right. Accordingly, as at the Latest Practicable Date and until all the unpaid shares in HoldCo are credited as fully paid on the Effective Date pursuant to the terms of the Scheme and the Consortium Agreement, Affirma HoldCo shall be entitled to exercise 100% of the voting rights in HoldCo.

Please refer to the section headed "8. *Shareholding Structure of the Company and Effect of the Proposal*" and "11. *Information on the Founder Group*" for further information on the Founder HoldCo. Please refer to the section headed "12. *Information on the Affirma Group*" for further information on the Affirma HoldCo.

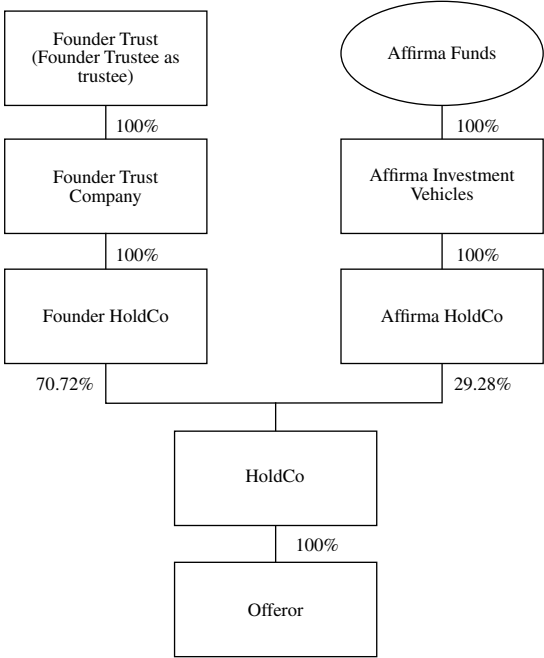
- (b) The Offeror is an exempted company incorporated in the Cayman Islands with limited liability and set up for the implementation of the Proposal. As at the Latest Practicable Date, the Offeror is wholly owned by HoldCo.
- (c) As at the Latest Practicable Date, the board of directors of each of HoldCo and the Offeror comprised of Ivo Laurence Philipps, Gilbert Zeng and Taeyub Kim.

Ivo Laurence Philipps is a founding partner at Affirma and Affirma's chief operating officer. Prior to Affirma, Mr. Philipps was the chief operating officer of Standard Chartered Private Equity (SCPE) having previously managed the mezzanine and alternative solutions business, structuring mezzanine growth capital and balance sheet solutions for clients. He joined SCPE in 2009. Prior to joining Standard Chartered Bank, Mr. Philipps also worked at Barclays in the United Kingdom, Misys Plc in London and the United Nations in East Africa. Mr. Philipps has an MBA from INSEAD and a BSc in Politics and Economics from Bristol University.

Gilbert Zeng is a founding partner at Affirma and Affirma's Head of China. Prior to Affirma, Mr. Gilbert Zeng was the managing director and the Head of China for SCPE. He has over 16 years of experience in private equity, investment banking and corporate law. Prior to joining SCPE, Mr. Gilbert Zeng worked at Houlihan Lokey in Hong Kong and Jones Day. Mr. Gilbert Zeng holds a Master of Law degree from Columbia Law School.

Taeyub Kim is a founding partner, and the Head of Korea for Affirma. Mr. Kim has 18 years of experience in consulting and private equity investment, and raised five private equity funds in Korea. Prior to joining Affirma, Mr. Kim was the managing director and the Head of Korea for SCPE and was with the platform since 2008. Prior to joining SCPE, Mr. Kim played an integral role as a founding member of Shinhan Private Equity and a specialist in corporate finance at the Boston Consulting Group. Mr. Kim received a BS in psychology and an MBA from Seoul National University, and a MPA in International Development from the John F. Kennedy School of Government at Harvard University.

The chart below sets out the illustrative shareholding structure of the Offeror as at the Latest Practicable Date:



11. INFORMATION ON THE FOUNDER GROUP

The Founder Group comprises Mr. Zeng, Founder HoldCo, Founder Trust Company and the Founder Trust.

- (a) Mr. Zeng is the vice chairman of the Board and an executive Director and the general manager of the Group. Mr. Zeng was appointed as a Director in 2015 and is primarily responsible for overseeing the management and strategic development of the Group. Mr. Zeng is the son of Ms. Jiang, the chairman of the Board.
- (b) Founder HoldCo is an investment holding company incorporated in the British Virgin Islands on 3 April 2012. Founder HoldCo is wholly owned by Founder Trust Company, which is wholly owned by the Founder Trustee as trustee of the Founder Trust.

- (c) Founder Trust Company is a BVI business company incorporated in the British Virgin Islands on 23 September 2014. Founder Trust Company is directly wholly owned by the Founder Trustee as trustee of the Founder Trust.
- (d) The Founder Trust is an irrevocable discretionary trust established by Mr. Zeng as the settlor pursuant to a trust arrangement dated 25 February 2015 in respect of the shares in Founder Trust Company for the benefit of Mr. Zeng and his children and descendants.

## **12. INFORMATION ON THE AFFIRMA GROUP**

The Affirma Group comprises Affirma HoldCo, Affirma, the Affirma Funds and the Affirma Investment Vehicles.

- (a) Affirma HoldCo is a company incorporated in Singapore with limited liability and set up for the implementation of the Proposal. Affirma HoldCo is ultimately wholly owned by the Affirma Funds. Affirma HoldCo is an independent third party and is not connected with and is not a person acting in concert with the Company or its subsidiaries or any connected persons of the Company (other than members of the Founder Group).
- (b) Affirma is an independent emerging market private equity firm owned and operated by the former senior leadership of Standard Chartered Private Equity and manages over USD3.5 billion in assets. Affirma has a 19-year history of investing in emerging markets and has deployed over USD6 billion in more than 100 companies across Asia, Africa and the Middle East. For more information, please visit <https://affirmacapital.com/index.html>.
- (c) Each of Affirma Investment Vehicle 1 and Affirma Investment Vehicle 3 is a company incorporated in Singapore with limited liability, which is indirectly wholly owned by Augusta GP Pte. Ltd., which is the general partner of Augusta Fund I. Affirma Investment Vehicle 4 is a company incorporated in Singapore with limited liability, which is directly wholly owned by Augusta GP Pte. Ltd., which is the general partner of Augusta Fund I. Affirma Investment Vehicle 2 is a limited liability company incorporated in the Republic of Korea, which is directly wholly owned by Ascenta V.
- (d) Each of the Affirma Funds is advised or managed by Affirma.
  - (i) Save as disclosed below, the Affirma Funds are widely held among a large number of investors, including pension funds, financial institutions and various other partners.
  - (ii) ICG indirectly holds the majority of the limited partnership interests in Augusta Fund I, being one of the Affirma Funds. ICG manages third party funds and proprietary capital principally in closed-end funds. It was founded in 1989 and was listed on the London Stock Exchange in 1994, with stock code ICG. ICG has a network of 14 offices throughout Europe, Asia Pacific and the United States. To date, ICG manages USD56.2 billion third-party assets globally, including corporate, secondary, capital market and real asset investments. For more information, please visit <https://www.icgam.com/>.

- (iii) Augusta GP Pte. Ltd. is the general partner of Augusta Fund I, which is ultimately controlled by Affirma Capital Limited, an exempted company incorporated in Cayman Islands with limited liability. Affirma Capital Managers Korea Limited is the general manager of Ascenta V, which is ultimately controlled by Affirma Capital Limited.

### **13. INFORMATION ON THE ROLLOVER PARTIES**

The Rollover Parties comprise the Management HoldCos, Employee Trustee, the Senior Management Trust and Mr. Fang.

- (a) Management HoldCo 1 (being one of the Management HoldCos) is a BVI business company incorporated in the British Virgin Islands. Management HoldCo 2 (being one of the Management HoldCos) is a BVI business company incorporated in the British Virgin Islands.
- (b) Employee Trustee is the trustee of the Senior Management Trust and holds 100% of the issued share capital of Management HoldCo 1 and Management HoldCo 2, which holds, in aggregate, 58,937,400 Shares in the Company.
- (c) The Senior Management Trust is an irrevocable discretionary trust established by Mr. Zeng (as the settlor) with Employee Trustee as the trustee for the benefit of certain senior management employed or formerly employed by the Group and their dependents.
- (d) Mr. Fang (being a Rollover Shareholder) controls entities which are key suppliers of the Group, and has been a Shareholder since the initial public offering of the Company.

### **14. REASONS FOR AND BENEFITS OF THE PROPOSAL**

**For the Scheme Shareholders: an attractive opportunity to monetise their investment with certainty of value**

The Proposal comes five years after the Company's initial public offering, during which time it has recorded mixed financial results and has been unable to gain traction with new products, which has resulted in declining share price and growing illiquidity in the trading of the Shares.

Whilst the Company may continue to operate profitably, its lack of growth momentum is not a desirable situation for either the Company, the Shareholders or other stakeholders. The Company has concluded that it requires a clear plan to be reinvigorated which would require significant investment. A large proportion of the Company's initial public offering proceeds has already been deployed and any significant investment to reignite growth would require further funding by existing Shareholders or capital from external parties. The Founder Group has therefore concluded that the best way to achieve long-term growth in revenue, new product development and the resulting creation of jobs is to undergo a period of investment which can only be accomplished efficiently by taking the Company private and by bringing in external capital from established investment professionals.

The Proposal represents a timely opportunity for Shareholders to monetise their investments in the Company at a substantial premium to the recent share price. The Cancellation Price of HK\$2.80 for each Scheme Share represents a premium of approximately 55.6% over the closing price of HK\$1.80 per Share as quoted on the Stock Exchange on the Undisturbed Date, and a premium of approximately 54.0% and 58.4% over the average closing price of approximately HK\$1.82 and HK\$1.77 per Share for 30 and 90 trading days up to and including the Undisturbed Date, respectively.

Furthermore, the average daily trading volume of the Shares listed on the Stock Exchange for the 180 consecutive trading days up to and including the Last Trading Day was approximately 147,865 Shares per day, representing only approximately 0.020% of the issued Shares as at the Latest Practicable Date.

This relatively low trading liquidity of the Shares makes it difficult for the Shareholders to execute substantial on-market disposals without adversely affecting the price of the Shares. The Proposal provides an attractive opportunity for the Scheme Shareholders to monetise their Shares with certainty of value at a compelling premium to the current market price of the Company, without having to suffer from any illiquidity discount.

**For the Company: a proposal to facilitate a necessary transformation of the business alongside a highly accomplished partner, amid challenging market conditions.**

The Company continues to face a combination of financial and operational issues which may have a negative impact on the Company's long-term share price and trading liquidity. In light of this, the Founder Group considers that the Proposal provides an optimal solution to addressing the Company's challenges and also offers Scheme Shareholders an opportunity to monetise their investment at a significant premium to the current share price.

Following the implementation of the Proposal, the Offeror Group intends to undertake a business transformation in order for the Founder Group, Affirma HoldCo and the Group to focus their resources on the development of the manufacture and sale of lozenges and other pharmaceutical and food products.

The Founder Group and Affirma HoldCo plan to contribute significant financial and operational resources to the Company in order to reinvigorate growth and seek new business opportunities, which would not otherwise be possible as a listed company. Given the financial investment and time required, the Founder Group and Affirma HoldCo believe that the expansion and transformation of the businesses currently operated by the Company will be more effectively implemented if the Company is privatised and operated away from the public equity markets without ongoing pressures on short-term business performance.

The Company considers a partnership with Affirma, a leading global strategic investor with a strong track record, to be advantageous. Affirma will bring benefits given its extensive network in the PRC and globally. Given that the Company and Affirma share the ambition to uncover potential for the manufacture and sale of lozenges and other pharmaceutical and food products, their partnership will be able to leverage their respective strengths in order to realise this common objective.



Following completion of the Proposal, the Founder Group, Affirma HoldCo and the Company may in due course consider various financing options to optimise the Company's capital structure and to fund its expansion, including but not limited to implementing an initial public offering of the Group on a recognised stock exchange in the future.

#### **15. THE OFFEROR'S INTENTION REGARDING THE GROUP**

As explained in the section headed "*14. Reasons for and Benefits of the Proposal*" above, HoldCo and the Offeror plan to implement the Proposal in order for the Founder Group, Affirma HoldCo and the Group to focus their resources on the development of the manufacture and sale of lozenges and other pharmaceutical and food products.

Upon implementation of the Proposal, the Offeror does not expect major changes to be introduced in the existing principal businesses of the Group in the immediate term, including any major redeployment of the fixed assets of the Group. The Offeror also has no intention of making any significant changes to employees of the Group as a result of the implementation of the Proposal.

As disclosed in the section headed "*14. Reasons for and Benefits of the Proposal*" above, following completion of the Proposal, the Founder Group, Affirma HoldCo and the Company may in due course consider various financing options to optimise the Company's capital structure and to fund its expansion, including but not limited to implementing an initial public offering of the Group on a recognised stock exchange in the future. As disclosed in paragraph (f) in the section headed "*Shareholders' Agreement*" above and pursuant to the terms of the Shareholders' Agreement, the Founder Shareholders and HoldCo will regularly discuss with Affirma HoldCo on matters relating to the qualified listing of the Group on a recognised stock exchange (including the Shanghai Stock Exchange, the Shenzhen Stock Exchange, or any other PRC or internationally recognised stock exchange mutually agreed between the parties) and Affirma HoldCo shall co-operate with and provide assistance to the Founder Shareholders as reasonably required by the Founder Shareholders. In relation to the potential qualified initial public offering, as at the Latest Practicable Date, Founder HoldCo and Affirma HoldCo had not agreed on any proposal to implement any separate listing of the Group, nor the expected offer price, the post-market valuation, or the method of such listing.

#### **16. FINANCIAL ADVISER**

The Offeror has appointed SCB as its financial adviser in connection with the Proposal.

#### **17. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

An Independent Board Committee, which comprises the following independent non-executive Directors: Mr. Li Hua, Mr. Zhu Jierong and Mr. Cheng Yiqun, has been established by the Board to make a recommendation to the Disinterested Shareholders as to whether (i) the Proposal, and in particular the Scheme and the Rollover Arrangement, are fair and reasonable to the Disinterested Shareholders; and (ii) to vote in favour of the Scheme at the Court Meeting and the Rollover Arrangement and the resolutions in connection with the implementation of the Proposal at the General Meeting.

Ms. Jiang, the chairman of the Board and a non-executive Director of the Company, is the mother of Mr. Zeng. In addition, Ms. Jiang is the protector of the Senior Management Trust, one of the Rollover Parties. For so long as the Employee Trustee holds or controls Shares in the Company, all voting rights attaching to such Shares shall be exercised by an investment review panel consisting of Ms. Jiang and/or such other person(s) as they may wish to appoint. Furthermore, Ms. Jiang is the sole director of Founder HoldCo. Accordingly, the Board considers Ms. Jiang to be interested in the Proposal and the Rollover Arrangement and as such should not be a member of the Independent Board Committee in accordance with Rule 2.8 of the Takeovers Code.

The Independent Financial Adviser has been appointed by the Company with the approval of the Independent Board Committee to advise the Independent Board Committee on the Proposal, the Scheme and the Rollover Arrangement. The full text of the letter from the Independent Financial Adviser is set out in Part VII of this Scheme Document.

#### **18. WITHDRAWAL OF LISTING OF THE SHARES**

Upon the Scheme becoming effective, all Scheme Shares will be cancelled (with the equivalent number of new Shares being simultaneously issued and credited as fully paid to the Offeror) and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. The Company will make an application for the listing of the Shares to be withdrawn from the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules, with effect following the Effective Date at 9:00 a.m. on Wednesday, 15 December 2021.

The Scheme Shareholders will be notified by way of an announcement of the dates of the last day for dealing in the Shares and the day on which the Scheme and the withdrawal of the listing of the Shares on the Stock Exchange will become effective.

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

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may, within 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.

**20. OVERSEAS SHAREHOLDERS****General**

This Scheme Document has been prepared for the purposes of complying with the laws of Hong Kong and the Cayman Islands, the Takeovers Code and the Listing Rules, and the information disclosed may not be the same as that which would have been disclosed if this Scheme Document had been prepared in accordance with the laws of any other jurisdictions.

This Scheme Document does not constitute an offer to buy or sell Shares or the solicitation of an offer to buy or subscribe for the Shares in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction.

The making and implementation of the Proposal to Scheme Shareholders who are not resident in Hong Kong may be affected by the Applicable Laws of the relevant jurisdictions. Any Scheme Shareholders who are not resident in Hong Kong should inform themselves about and observe any applicable legal and regulatory requirements in their own jurisdictions. The Offeror and the Company do not represent that this Scheme Document may be lawfully distributed in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Offeror and the Company which is intended to permit a public offering or the distribution of this Scheme Document in any jurisdiction (other than Hong Kong) where action for that purpose is required. Accordingly, it is prohibited to (i) copy, distribute or publish all or part of this Scheme Document or any advertisement or other offering material in any jurisdiction and (ii) disclose its content or (iii) use information contained therein for any purpose other than assessment of the Proposal, unless the information is already publicly available in another form.

It is the responsibility of any overseas Scheme Shareholders wishing to take any action in relation to the Proposal to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, compliance with the necessary formalities and the payment of any issue, transfer or other taxes due from such shareholder in such jurisdiction. The Offeror and the Company expressly decline any liability for breach of any of these restrictions by any persons.

As at the Latest Practicable Date, there were two Shareholders whose registered addresses as shown in the register of members of the Company were outside Hong Kong and together held 353,038,700 Shares (representing approximately 47.75% of the issued share capital of the Company). Those two Shareholders included Shareholders in the British Virgin Islands. The directors of the Offeror and the Directors had been advised by local counsel in the aforementioned jurisdiction that there is no restriction under the laws and regulations of the aforementioned jurisdiction against extending the Scheme automatically or despatching this Scheme Document to those overseas Shareholders. The Scheme will be extended and this Scheme Document will be despatched to those overseas Shareholders.

Any acceptance by the Scheme Shareholders will be deemed to constitute a representation and warranty from such persons to the Offeror and the Company and their respective advisers, including SCB, the financial adviser to the Offeror, that those laws and regulatory requirements have been complied with. 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 laws of the Cayman Islands and is subject to Hong Kong disclosure requirements which are different from those of the United States.

A transaction effected by means of a scheme of arrangement is not subject to the tender offer or proxy solicitation rules under 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 and Hong Kong to schemes of arrangement which differ from the disclosure and procedural requirements applicable under the US federal securities laws.

The receipt of cash pursuant to the Proposal by a US holder of Scheme Shares as consideration for the cancellation of his/her Scheme Shares pursuant to the Scheme 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 his/her independent professional adviser immediately regarding the tax consequences of the Proposal applicable to him/her.

The Offeror Shares to be issued pursuant to the Proposal have not been registered under the Securities Act or under any laws or with any securities regulatory authority of any state, district or other jurisdiction, of the United States, and may only be offered or sold in the United States in reliance on an exemption from registration requirements of the Securities Act.

Neither the Proposal nor this Scheme Document have been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other US regulatory authority, nor have such authorities approved or disapproved or passed judgement upon the fairness or the merits of the Proposal, or determined if the information contained in this Scheme Document is adequate, accurate or complete. Any representation to the contrary is a criminal offence in the United States.

It may be difficult for US holders of Scheme Shares to enforce their rights and claims arising out of the US federal securities laws, since the Offeror and the Company are located in a country other than 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, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgment.

**21. TAXATION ADVICE**

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

Scheme Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Proposal. It is emphasised that none of the Offeror, persons acting in concert with the Offeror, the Company, SCB nor any of their respective directors, officers or associates or any other person involved in the Proposal accepts responsibility (other than in respect of themselves, if applicable) for any taxation effects on, or liabilities of, any other persons as a result of their acceptance or rejection of the Proposal.

**It is emphasised that none of the Offeror, any Offeror Concert Party, the Company, SCB, the Independent Financial Adviser and the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, and their respective directors, employees, officers, agents, advisers, associates and affiliates or any other persons involved in the Proposal accept responsibility for any tax or other effects on, or liabilities of, any person or persons as a result of their approval or rejection, or the implementation, of the Proposal.**

**22. REGISTRATION AND PAYMENT**

Assuming that the Scheme Record Date falls on Friday, 10 December 2021, it is proposed that the register of members of the Company will be closed from Tuesday, 7 December 2021 onwards (or such other date as the Shareholders may be notified by way of an announcement) in order to establish entitlements under the Scheme. In order to qualify for entitlements under the Scheme, Shareholders should ensure that the transfers of their Shares are lodged with the Company's Hong Kong Share Registrar for registration in their names or in the names of their nominees before 4:30 p.m. on Monday, 6 December 2021. The Company's Hong Kong Share Registrar is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

Cheques for cash entitlements under the Scheme will be despatched by ordinary post in pre-paid envelopes addressed to the Scheme Shareholders (other than the Founder Shareholders and the Rollover Shareholders) at their respective address as appearing on the register of members of the Company as at the Scheme Record Date or, in the case of joint holders, at the address appearing in the register of members of the Company as at the Scheme Record Date of the joint holder whose name then stands first in the register of members of the Company in respect of the relevant joint holding as soon as possible but in any event within seven business days following the Effective Date. Accordingly, assuming that the Scheme becomes effective on Friday, 10 December 2021, the cheques are expected to be despatched on or before Tuesday, 21 December 2021. All such cheques shall be posted at the risk of the addressees and none of the Offeror, Affirma Group, Founder Group, the Company, SCB, the Independent Financial Adviser and the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, and their respective directors, employees, officers, agents, advisers, associates and affiliates and any other persons involved in the Proposal shall be responsible for any loss or delay in the despatch of the same.

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

The Offeror shall hold monies represented by uncashed cheques until the expiry of six years from the Effective Date and shall, prior to such date, make payments therefrom of the sums payable pursuant to the Scheme to persons who satisfy the Offeror that they are respectively entitled thereto and the cheques of which they are payees have not been cashed. 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, and are subject to, if applicable, the deduction of interest, tax or any withholding tax or any other deduction required by Applicable Law. 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.

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

Assuming that the Scheme becomes effective, 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 Friday, 10 December 2021.

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

### **23. ACTIONS TO BE TAKEN**

The summary of actions to be taken by the Shareholders can be found in Part III of this Scheme Document headed "*Actions to be Taken*".

### **24. BINDING EFFECT OF THE SCHEME**

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.

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

## **25. COURT MEETING AND GENERAL MEETING**

The Grand Court has directed that the Court Meeting be convened for the purpose of considering and, if thought fit, approving the Scheme (with or without modification).

Only Disinterested Shareholders as at the Meeting Record Date will be entitled to attend and vote at the Court Meeting to approve the Scheme.

Each of the Founder Shareholders and the Rollover Shareholders, in lieu of a class meeting or meetings to approve the Scheme, has provided an undertaking to the Grand Court to be bound by the Scheme and to receive the Founder Cancellation Consideration or the Rollover Cancellation Consideration (as the case may be) in consideration for cancellation of the Founder Scheme Shares or the Rollover Scheme Shares (as the case may be) under the Scheme, and as a result the Grand Court has waived the requirement for a meeting of the Founder Shareholders and Rollover Shareholders. The Offeror and HoldCo have also provided undertakings to the Grand Court to be bound by the Scheme.

Each Disinterested Shareholder will be counted as one member of the Company for the purposes of calculating the majority in number of Disinterested Shareholders under Section 86 of the Companies Act at the Court Meeting.

For the purpose of voting at the Court Meeting, HKSCC Nominees shall be permitted to vote for and/or against the Scheme in accordance with instructions from CCASS Participants including those admitted to participate as an Investor Participant and the number of Shares so voted shall be counted for the purpose of ascertaining whether or not the requirement that seventy-five per cent (75%) in value of the Disinterested Shareholders voting in person or by proxy approve the Scheme under Section 86 of the Companies Act (the “*majority in value test*”) has been satisfied.

For the purpose of ascertaining whether or not the requirement that a majority in number of the Disinterested Shareholders voting in person or by proxy approve the Scheme under Section 86 of the Companies Act (the “*majority in number test*”) has been satisfied, in accordance with the direction from the Grand Court:

- (a) HKSCC Nominees shall be treated as a representative of the CCASS Participants from whom it receives instructions (and shall not have the power to vote on its own absent instructions from the CCASS Participants notwithstanding its status as a Registered Owner) and as a “*multi-headed*” shareholder such that, subject to sub-paragraphs (b) and (c) below, each of the

CCASS Participants from whom voting instructions are received shall be counted as a separate shareholder and the number of such CCASS Participants will determine the number of “heads” attributable to HKSCC Nominees.

- (b) Each Non-Investor Participant shall inform HKSCC Nominees of the number of Shares which such Non-Investor Participant instructs HKSCC Nominees to vote in favour of the Scheme and/or the number of Shares which such Non-Investor Participant instructs HKSCC Nominees to vote against the Scheme. For the purpose of the “*majority in number test*”, if such Non-Investor Participant has instructed HKSCC Nominees to vote both in favour and against the Scheme, and if HKSCC Nominees votes as instructed, such Non-Investor Participant shall be treated as two “heads” attributable to HKSCC Nominees, with one head counted as a single shareholder voting in favour of the Scheme and one head counted as a single shareholder voting against the Scheme. If such Non-Investor Participant has instructed HKSCC Nominees to vote either in favour or against the Scheme, and if HKSCC Nominees votes as instructed, such Non-Investor Participant shall be treated as one “head” attributable to HKSCC Nominees, with such head counted as a single shareholder voting on the Scheme in the manner indicated by the vote of HKSCC Nominees cast on the instructions of such Non-Investor Participant.
- (c) Each Investor Participant shall be entitled to instruct HKSCC Nominees to, in respect of all of its Shares, vote in favour of the Scheme, or vote against the Scheme, or abstain from voting, but not a combination of more than one of these options. If HKSCC Nominees receives such voting instructions from an Investor Participant and votes in accordance with those instructions, such Investor Participant shall be treated as one “head” attributable to HKSCC Nominees, with such head counted as a single shareholder voting on the Scheme in the manner indicated by the vote of HKSCC Nominees cast on behalf of such Investor Participant.
- (d) Based on the counting methods set out above in sub-paragraphs (b) and (c), HKSCC Nominees shall specify to the Company the following: (i) the aggregate number of “heads” that have provided voting instructions to HKSCC Nominees; (ii) the aggregate number of votes cast in favour of the Scheme and the number of Shares to which they relate; and (iii) the aggregate number of votes cast against the Scheme and the number of Shares to which they relate.
- (e) Each Non-Investor Participant shall also inform HKSCC Nominees of the number of proxy(ies) that such Non-Investor Participant instructs and requests (or has instructed and requested) HKSCC Nominees to issue and the Shares in respect of which each proxy is to be (or has been) issued. HKSCC Nominees shall specify to the Company the aggregate number of Non-Investor Participant Proxies issued by HKSCC Nominees upon the instructions and at the request of Non-Investor Participants and the Shares to which each Non-Investor Participant Proxy relates. Where a vote is cast by and pursuant to a Non-Investor Participant Proxy, no “head” shall be attributed to HKSCC Nominees for the purpose of the “*majority in number test*”. For the avoidance of doubt, where the holder of a Non-Investor Participant Proxy votes at the Court Meeting, for the purpose of ascertaining whether or not the “*majority in value test*” has been satisfied, the number of Shares included in and covered by a Non-Investor Participant Proxy shall be counted in the same manner as other Registered Owners voting in person or by proxy.



- (f) Each Investor Participant shall be entitled to instruct HKSCC Nominees to appoint not more than one Investor Participant Proxy in respect of all the Shares beneficially owned by such Investor Participant. Such Investor Participant Proxy shall entitle its holder to vote in favour of the Scheme, or vote against the Scheme, or abstain from voting, but not a combination of more than one of these options. If the holder of such an Investor Participant Proxy is present and votes at the Court Meeting, so long as the holder, prior to the voting taking place at the Court Meeting, (i) brings to the attention of the Company that it is a proxy holder acting under the direction of an Investor Participant; and (ii) provides to the chairman of the Court Meeting the original or printout monthly statement issued by HKSCC Nominees/HKSCC to the relevant Investor Participant (showing the name and participant ID of the Investor Participant and the number of Shares held by such Investor Participant via CCASS for the month in which the date of the Court Meeting falls, or if that is not available, for the month immediately preceding the date of the Court Meeting) and/or other supporting evidence reasonably satisfactory to the chairman of the Court Meeting showing that it is duly appointed to represent such Investor Participant at the Court Meeting (“**Investor Participant Proof**”), it shall be treated, for the purposes of the “*majority in number test*”, as one “*head*” attributable to HKSCC Nominees with such head counted as a single shareholder voting on the Scheme in the manner indicated by the vote of HKSCC Nominees cast on behalf of such Investor Participant.
- (g) Each of the Registered Owners shall be permitted to vote, either in person or by proxy, in favour of the Scheme, or against the Scheme, or abstain from voting, but not a combination of more than one of these options. If such Registered Owner is present and casts its vote in the Court Meeting, whether in person or by proxy, such Registered Owner shall be treated, for the purpose of the “*majority in number test*”, as one “*head*”.

For the avoidance of doubt, where a vote is cast by a proxy holder representing an Investor Participant who fails to provide to the chairman of the Court Meeting the Investor Participant Proof, no “*head*” shall be attributed to HKSCC Nominees for the purpose of the “*majority in number test*”, but for the purpose of ascertaining whether or not the “*majority in value test*” has been satisfied, the number of Scheme Shares included in and covered by the vote of such proxy holder shall be counted in the same manner as other Registered Owners voting in person or by proxy.

If you are a Beneficial Owner whose Shares are deposited with a Non-Investor Participant, you should note that, where a vote is cast by and pursuant to a Non-Investor Participant Proxy, the number of Shares in respect of such a Non-Investor Participant Proxy shall be counted for the purpose of ascertaining whether or not the “*majority in value test*” has been satisfied, but no “*head*” shall be attributed to HKSCC Nominees for the purpose of the “*majority in number test*”.

If you are a Beneficial Owner whose Shares are deposited in CCASS, you may also elect to become a Registered Owner, and thereby acquire the right to attend and vote at the Court Meeting (if you are a Disinterested Shareholder) and the General Meeting (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 into your name so as to qualify to attend and vote at the Court Meeting and the General Meeting, in order to provide such broker, custodian, nominee or other relevant person with sufficient time to withdraw the Shares from CCASS and register them in your name. Beneficial Owners who wish to individually vote or be counted for the purpose of ascertaining whether a “*majority in number*” of Disinterested 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 names prior to the Meeting Record Date.

Notice of the Court Meeting is set out on pages CM-1 to CM-4 of this Scheme Document. The Court Meeting will be held on Tuesday, 30 November 2021 at the time and place specified in the notice.

Immediately following the conclusion of the Court Meeting, the General Meeting will be held for the purpose of considering and, if thought fit, passing (i) a special resolution to approve any reduction of the issued share capital of the Company by the cancellation of the Scheme Shares; (ii) an ordinary resolution to approve the application of the reserve created by the cancellation of the Scheme Shares to simultaneously maintain the issued share capital of the Company by allotting and issuing to the Offeror such number of new Shares (credited as fully paid) as is equal to the number of Scheme Shares cancelled and the authorisation of the directors of the Company to do all acts and things considered by them to be necessary or desirable in connection with the implementation of the Scheme; and (iii) an ordinary resolution to approve the Rollover Arrangement, which constitutes a special deal under Rule 25 of the Takeovers Code.

All Shareholders will be entitled to attend the General Meeting and vote on the restoration of the share capital of the Company (as described in the Condition in paragraph (b) of the section headed “*4. Conditions of the Proposal*” above), but for the purposes of the Takeovers Code, only the Disinterested Shareholders will be entitled to vote at the General Meeting on the ordinary resolution to approve the Rollover Arrangement (as described in the Condition in paragraph (e) of the section headed “*4. Conditions of the Proposal*” above) and the Founder Shareholders and the Rollover Shareholders shall not be entitled to vote on such resolution.

Notice of the General Meeting is set out on pages GM-1 to GM-4 of this Scheme Document. The General Meeting will be held at the same place and on the same date at 10:30 a.m. (or as soon thereafter as the Court Meeting shall have concluded or been adjourned).

As at the Latest Practicable Date, other than the Founder Irrevocable Undertakings and the Rollover Irrevocable Undertakings, neither the Offeror nor any Offeror Concert Parties had received any irrevocable commitment to vote for or against the Proposal.

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

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

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

As at the Latest Practicable Date, the Disinterested Shareholders legally or beneficially owned, controlled or had direction over a total of 189,269,300 Shares and assuming that no new Shares are issued on or before the Meeting Record Date, 10.00% of the votes attached to all Scheme Shares held by the Disinterested Shareholders referred to in paragraph (b) above would represent 18,926,930 Shares.

Shares held by any member of the SCB Group acting in the capacity of an exempt principal trader connected with the Offeror or the Company shall not be voted at the Court Meeting in accordance with the requirement of Rule 35.4 of the Takeovers Code, unless (i) the relevant connected exempt principal trader holds the Shares as a simple custodian for and on behalf of non-discretionary clients, and (ii) there are contractual arrangements in place between the relevant connected exempt principal trader and its clients that strictly prohibit the relevant connected exempt principal trader from exercising any voting discretion over the relevant Shares, and all voting instructions shall originate from the client only (if no instructions are given, then no votes shall be cast for the relevant Shares held by the relevant connected exempt principal trader). For the avoidance of doubt, Disinterested Shareholders include any member of the SCB Group acting in the capacity of an exempt principal trader for the purpose of the Takeovers Code. For this purpose, a written confirmation of the matters set out in points (i) and (ii) above and whether the relevant underlying clients are entitled to vote in the context of the Scheme will be submitted to the Executive prior to the publication of the Scheme Document.

## **27. INDICATIONS AS TO VOTING**

Mr. Zeng, an executive Director who holds or is beneficially interested in the Shares, (a) (as one of the Founder Shareholders) has provided undertakings to the Grand Court to be bound by the Scheme and to receive the Founder Cancellation Consideration in consideration for cancellation of the Founder Scheme Shares; and (b) has indicated that those Shares held by him will be voted in favour of the resolutions to be proposed at the General Meeting to implement the Scheme, including: (i) the special resolution to approve any reduction of the issued share capital of the Company by the cancellation of the Scheme Shares; and (ii) the ordinary resolution to approve the application of the reserve created by the cancellation of the Scheme Shares to simultaneously maintain the issued share capital of the Company by allotting and issuing to the Offeror such number of new Shares (credited as fully paid) as is equal to the number of Scheme Shares cancelled and the authorisation of the directors of the Company to do all acts and things considered by them to be necessary or desirable in connection with the implementation of the Scheme.

Mr. Huang Jianping, Mr. Zeng Kexiong, Mr. Lu Xinghong and Mr. He Jinqiang, are executive Directors and are the beneficiaries of the Senior Management Trust in respect of the Shares held by Management HoldCo 2. As such, each of them is deemed to be interested in 17,100,000 Shares held by Management HoldCo 2, representing approximately 2.31% of the issued share capital of the Company as at the Latest Practicable Date. Ms. Jiang, the chairman of the Board and a non-executive Director, is the

protector of the Senior Management Trust. For so long as the Employee Trustee holds or controls Shares in the Company, all voting rights attaching to such Shares shall be exercised by an investment review panel consisting of Ms. Jiang and/or such other person(s) as they may wish to appoint. As a result, Ms. Jiang is deemed to be interested in 58,937,400 Shares held by Management HoldCos under the Senior Management Trust, representing approximately 7.97% of the issued share capital of the Company as at the Latest Practicable Date.

Each of the Management HoldCos (a) (as one of the Rollover Shareholders) has provided undertakings to the Grand Court to be bound by the Scheme and to receive the Rollover Cancellation Consideration in consideration for cancellation of the Rollover Scheme Shares; and (b) has indicated that those Shares held by it will be voted in favour of the resolutions to be proposed at the General Meeting to implement the Scheme, including: (i) the special resolution to approve any reduction of the issued share capital of the Company by the cancellation of the Scheme Shares; and (ii) the ordinary resolution to approve the application of the reserve created by the cancellation of the Scheme Shares to simultaneously maintain the issued share capital of the Company by allotting and issuing to the Offeror such number of new Shares (credited as fully paid) as is equal to the number of Scheme Shares cancelled and the authorisation of the directors of the Company to do all acts and things considered by them to be necessary or desirable in connection with the implementation of the Scheme.

As at the Latest Practicable Date, save for Ms. Jiang, Mr. Zeng, Mr. Huang Jianping, Mr. Zeng Kexiong, Mr. Lu Xinghong and Mr. He Jinqiang, none of the Directors had a beneficial interest in the Shares.

## **28. RECOMMENDATION**

Your attention is drawn to the following:

- (a) the paragraph headed “*Recommendation*” in the letter from the Board in Part V of this Scheme Document;
- (b) the letter from the Independent Board Committee in Part VI of this Scheme Document; and
- (c) the letter from the Independent Financial Adviser in Part VII of this Scheme Document.

## **29. FURTHER INFORMATION**

Further information in relation to the Proposal is set out in the appendices to this Scheme Document, all of which form part of this Explanatory Memorandum.

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

**30. LANGUAGE**

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

## 1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The following is a summary of the audited consolidated financial results of the Group for each of the three years ended 31 December 2018, 31 December 2019 and 31 December 2020 and the unaudited consolidated financial results for the six months ended 30 June 2021 and the six months ended 30 June 2020, as extracted from the annual reports of the Company for the years ended 31 December 2018, 31 December 2019 and 31 December 2020, the interim report of the Company for the six months ended the six months ended 30 June 2020 and the interim report of the Company for the six months ended 30 June 2021, respectively.

The auditor's report issued by the auditor of the Company, Ernst & Young, 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 Consolidated Statement of Profit or Loss and Other Comprehensive Income**

	(Audited)			(Unaudited)	
	For the year ended			For the six months ended	
	31 December			30 June	
	2018	2019	2020	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	694,194	797,129	646,941	203,920	373,290
Cost of sales	<u>(177,679)</u>	<u>(198,673)</u>	<u>(171,298)</u>	<u>(51,609)</u>	<u>(97,684)</u>
Gross profit	516,515	598,456	475,643	152,311	275,606
Other income and gains	24,254	26,814	66,087	18,580	20,092
Selling and distribution expenses	(290,027)	(308,447)	(253,309)	(106,649)	(147,891)
Administrative expenses	(65,877)	(77,540)	(83,526)	(28,956)	(46,658)
Other expenses	(30,242)	(9,556)	(3,506)	(6,261)	(586)
Finance costs	<u>(5,169)</u>	<u>(9,807)</u>	<u>(11,503)</u>	<u>(6,327)</u>	<u>(2,943)</u>
Profit before tax	149,454	219,920	189,886	22,698	97,620
Income tax expense	<u>(47,268)</u>	<u>(52,307)</u>	<u>(35,834)</u>	<u>(6,860)</u>	<u>(16,109)</u>
Profit for the year/period	<u>102,186</u>	<u>167,613</u>	<u>154,052</u>	<u>15,838</u>	<u>81,511</u>
Attributable to:					
Owners of the parent	102,186	167,613	154,052	15,838	81,511
Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**APPENDIX I**
**FINANCIAL INFORMATION OF THE GROUP**

	(Audited)			(Unaudited)	
	For the year ended			For the six months ended	
	2018	2019	2020	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Other comprehensive income					
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:					
Exchange differences:					
Exchange differences on translation of foreign operations	48,546	7,906	(10,770)	4,298	(4,071)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	48,546	7,906	(10,770)	4,298	(4,071)
Other comprehensive income for the period, net of tax	48,546	7,906	(10,770)	4,298	(4,071)
Total comprehensive income for the period	<u>150,732</u>	<u>175,519</u>	<u>143,282</u>	<u>20,136</u>	<u>77,440</u>
Attributable to:					
Owners of the parent	<u>150,732</u>	<u>175,519</u>	<u>143,282</u>	<u>20,136</u>	<u>77,440</u>
Earnings per share attributable to ordinary equity holders of the parent					
Basic and diluted	<u>RMB13.82 cents</u>	<u>RMB22.67 cents</u>	<u>RMB20.84 cents</u>	<u>RMB2 cents</u>	<u>RMB11 cents</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Dividends declared for the relevant financial period	88,716	88,716	44,358	–	–
Dividends per share	<u>HK12 cents</u>	<u>HK12 cents</u>	<u>HK6 cents</u>	<u>–</u>	<u>–</u>

Save as disclosed above, there was no item of any income or expense which was material in respect of the consolidated financial results of the Group for each of the three years ended 31 December 2018, 31 December 2019 and 31 December 2020 and for the six months ended 30 June 2021.

## **2. CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP**

The audited consolidated financial statements of the Group for the year ended 31 December 2018 (the **“FY18 Financial Statements”**) are set out on pages 78 to 163 of the annual report of the Company for the year ended 31 December 2018 (the **“Annual Report FY18”**), which was published on 29 April 2019. The Annual Report FY18 is posted on the websites of the Company (<http://www.goldenthroat.com/en>) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). Please also see below a direct link to the Annual Report FY18:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0429/ltn20190429461.pdf>

The audited consolidated financial statements of the Group for the year ended 31 December 2019 (the **“FY19 Financial Statements”**) are set out on pages 79 to 163 of the annual report of the Company for the year ended 31 December 2019 (the **“Annual Report FY19”**), which was published on 31 March 2020. The Annual Report FY19 is posted on the websites of the Company (<http://www.goldenthroat.com/en>) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). Please also see below a direct link to the Annual Report FY19:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0424/2020042402822.pdf>

The audited consolidated financial statements of the Group for the year ended 31 December 2020 (the **“FY20 Financial Statements”**) are set out on pages 79 to 161 of the annual report of the Company for the year ended 31 December 2020 (the **“Annual Report FY20”**), which was published on 23 April 2021. The Annual Report FY20 is posted on the websites of the Company (<http://www.goldenthroat.com/en>) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). Please also see below a direct link to the Annual Report FY20:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0423/2021042300973.pdf>

The unaudited consolidated interim financial information for the six months ended 30 June 2021 (the **“FY21 Interim Financial Information”**) are set out on pages 29 to 50 of the interim report of the Company for the six months ended 30 June 2021 (the **“Interim Report 2021”**), which was published on 23 September 2021. The Interim Report 2021 is posted on the websites of the Company (<http://www.goldenthroat.com/en/>) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). Please also see below a direct link to the Interim Report 2021:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0923/2021092300437.pdf>

The FY18 Financial Statements, the FY19 Financial Statements, the FY20 Financial Statements and the FY21 Interim Financial Information (but not any other part of the Annual Report FY18, the Annual Report FY19, the Annual Report FY20 and the Interim Report 2021 in which they respectively appear) are incorporated by reference into this Scheme Document and form part of this Scheme Document.



### 3. INDEBTEDNESS

As at 31 July 2021, being the latest practicable date for the purpose of this statement of indebtedness:

- (a) the Group had an aggregate interest-bearing bank borrowings and other borrowings of approximately RMB204.3 million; and
- (b) certain of the Group's bank loans are secured by: (i) the pledge of the Group's bills amounting to RMB29.2 million; (ii) the pledge of the Group's deposits amounting to RMB34.9 million; (iii) mortgages over the Group's buildings, which had a net carrying value of approximately RMB1.2 million; and (iv) mortgages over the Group's leasehold land, which had a net carrying value of approximately RMB13.8 million.

Save as disclosed above, the Group did not have any other material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as at the close of business on 31 July 2021.

### 4. MATERIAL CHANGE

Save as disclosed below, the Directors have confirmed that there had been no material change in the financial or trading position or outlook of the Group since 31 December 2020 (being the date to which the latest published audited consolidated financial statements of the Group were made up) and up to and including the Latest Practicable Date:

- (a) as disclosed in the Interim Report 2021, the sales of the Group for the six months ended 30 June 2021 have recovered to the level prior to the outbreak of COVID-19 pandemic, and as a result: (i) the revenue of the Group increased from approximately RMB203.9 million for the six months ended 30 June 2020 to approximately RMB373.3 million for the six months ended 30 June 2021, representing an increase of approximately 83.1%; (ii) the gross profit of the Group increased from approximately RMB152.3 million for the six months ended 30 June 2020 to approximately RMB275.6 million for the six months ended 30 June 2021, representing an increase of approximately 81.0%; (iii) the earnings before interest, taxes, depreciation and amortisation of the Group increased from approximately RMB34.8 million for the six months ended 30 June 2020 to approximately RMB118.5 million for the six months ended 30 June 2021, representing an increase of approximately 240.5%; and (iv) the profit attributable to the Shareholders increased from approximately RMB15.8 million for the six months ended 30 June 2020 to approximately RMB81.5 million for the six months ended 30 June 2021, representing an increase of approximately 415.8%; and
- (b) as disclosed in the Interim Report 2021, the Group's financial assets at fair value through profit or loss increased from nil as at 31 December 2020 to approximately RMB122.0 million as at 30 June 2021 which was mainly due to the structured deposits placed by the Company during the six months ended 30 June 2021.

*The following is the text of a letter, summary of values, valuation report and valuation certificates, prepared for the purpose of incorporation into this Scheme Document received from AVISTA Valuation Advisory Limited, an independent valuer, in connection with its valuations as at 31 August 2021 of the property interests held by the Group.*



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29 October 2021

The Board of Directors  
**Golden Throat Holdings Group Company Limited**  
No. 28 of Yuejin Road  
Liu Bei District, Liu Zhou City  
Guangxi Zhuang Autonomous Region  
The PRC

Dear Sirs/Madams,

## INSTRUCTIONS

In accordance with the instructions of Golden Throat Holdings Group Company Limited (the “**Company**”) and its subsidiaries (hereinafter together referred to as the “**Group**”) for us to carry out the valuation of the property interests located in Guangxi Zhuang Autonomous Region, the People’s Republic of China (the “**PRC**”) held by the Group (the “**Properties**” and each a “**Property**”), which represent all of the properties held by the Group. We confirm that we have carried out inspection, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the property interests as at 31 August 2021 (the “**Valuation Date**”).

## BASIS OF VALUATION AND VALUATION STANDARDS

Our valuation is carried out on a market value basis using the depreciated replacement cost method, which 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*”. For further information on the depreciated replacement cost method, please refer to the section headed “*Valuation Methodology*” in our letter below.

In valuing the property interests, we have complied with all the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), Rule 11 of the Code on Takeovers and Mergers issued by Securities

and Futures Commission, the RICS Valuation Global Standards 2020 published by the Royal Institution of Chartered Surveyors (“**RICS**”) and the International Valuation Standards published from time to time by the International Valuation Standards Council.

The property-related potential tax liability which might arise on disposal of the property interests (as property transfer) in the PRC include value-added tax (at 5% or 9% on the transaction amount), land appreciation tax (at progressive rates from 30% to 60% on the appreciation amount) and corporate income tax (at 25% of the gain). It is expected that the property interests held by the Group will continue to be held and occupied by the Group, with no intention for disposal. Hence, the likelihood of any potential tax liabilities arising from the Group’s property interests being crystallised is considered to be remote.

Our valuation of the Properties excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value or costs of sale and purchase or offset for any associated taxes.

### **VALUATION ASSUMPTIONS**

In the course of our valuation of the Properties in the PRC, we understand that the transferable land use rights in respect of the Properties for a specific term at nominal annual land use fees have been granted and that any premium has already been fully settled. We have relied on the advice given by the Group and its legal adviser, being GuangXi Zhi He Law Firm (廣西至和律師事務所) (the “**PRC Legal Adviser**”), regarding the title to the Properties.

In valuing the Properties, we have relied on the legal opinion provided by the PRC Legal Adviser dated 14 September 2021 (the “**PRC Legal Opinion**”), the Group has legally obtained the land use rights of Properties. The grantees or the users of the property have free and uninterrupted rights to use or to assign the property for the whole of the unexpired term as granted.

Unless noted in the report, vacant possession is assumed for the Properties concerned.

### **VALUATION METHODOLOGY**

In the course of our valuation, unless otherwise stated, we have valued the Properties in their designated uses with the understanding that the properties will be used as such (hereafter referred to as “**continued uses**”).

In valuing the property interests, due to the nature of the buildings and structures of the property interests, there are no market sales comparables readily available, we have valued a property on a market value basis using the depreciated replacement cost method. The depreciated replacement cost method is primarily used when there is either: (i) no evidence of transaction prices for similar property; or (ii) no identifiable actual or notional income stream that would accrue to the owner of the relevant interest, and is defined as “the current cost of replacing an asset with its modern equivalent asset less deduction for physical deterioration and all relevant forms of obsolescence and optimisation”. It is based on an estimation of the

market value for the existing use of the land, plus the current cost of replacement (reproduction) of the improvements, less deductions for physical deterioration and all relevant forms of obsolescence and optimisation.

### **TITLE INVESTIGATION**

We have been provided with copies of documents in relation to the title of the property interests in the PRC. Where possible, we have examined the original documents to verify the existing title to the property interests in the PRC and any material encumbrance that might be attached to the property interests or any tenancy amendment. All documents have been used for reference only and all dimensions, measurements and areas are approximate. In the course of our valuation, we have relied considerably on the PRC Legal Opinion concerning the validity of title of the property interests in the PRC.

### **SITE INVESTIGATION**

We have inspected the exteriors and, where possible, the interior of the Properties. The inspection of Properties was carried out from 14 September 2021 to 15 September 2021 by Liu Fang Min (Consultant). We did not observe any material or significant physical defects during our inspection. However, we have not carried out an investigation on site to determine the suitability of ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. We have further assumed that there is no significant pollution or contamination in the locality which may affect any future developments.

Moreover, no structural surveys have been undertaken, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the Properties are free of rot, infestation or any other structural defects. No tests were carried out on any of the utility services.

### **SOURCE OF INFORMATION**

Unless otherwise stated, we shall rely to a considerable extent on the information provided to us by the Group or the legal or other professional advisers on such matters as statutory notices, planning approvals, zoning, easements, tenures, completion date of buildings, development proposal, identification of properties, particulars of occupation, site areas, floor areas, matters relating to tenure, tenancies and all other relevant matters.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view and we have no reason to suspect that any material information has been withheld.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

**LIMITING CONDITION**

If the content of this report extracted and translated from the relevant documents supplied in the Chinese language may have any translation discrepancies in terms of (i) the address of the property interests, and/or (ii) the names of the relevant PRC government authorities due to lack of official English address or official English name, those sections of the original Chinese language documents shall prevail.

**CURRENCY**

Unless otherwise stated, all monetary amounts stated in this report are in Renminbi (RMB).

Our valuations are summarised below and the valuation certificates are attached.

Yours faithfully,  
For and on behalf of  
**AVISTA Valuation Advisory Limited**  
**Vincent C B Pang**  
*MRICS CFA FCPA Australia*  
*RICS Registered Valuer*  
*Managing Director*

*Note:* Mr. Vincent C B Pang is a member of Royal Institution of Chartered Surveyors (RICS) and a registered valuer of RICS. He has over 10 years' experience in the valuation of properties including Hong Kong, the PRC, the U.S., Canada, East and Southeast Asia including Singapore, Japan and Korea.

## SUMMARY OF VALUES

## Property interests held and occupied by the Group in the PRC

No.	Property	Market value in existing state as at 31 August 2021 RMB	Interest Attributable to the Group	Market value Attributable to the Group as at 31 August 2021 RMB
1.	Various industrial complexes located at No. 28 Yue Jin Lu and No.158 Beizhen Lu, Liubei District, Liuzhou City, Guangxi Zhuang Autonomous Region, PRC	22,520,000	100%	22,520,000
2.	An educational complex located at No.6 Wen Hua lu, Cheng Zhong District, Liuzhou City, Guangxi Zhuang Autonomous Region, PRC	7,460,000	100%	7,460,000
3.	An industrial complex located at Luowei Industrial Concentration Area, Yufeng District, Liu Zhou City, Guangxi Zhuang Autonomous Region, PRC	425,440,000	100%	425,440,000
4.	An industrial complex located at Zhen An Shan Lu, Cheng Guan Town, Xin Cheng County, Laibin City, Guangxi Zhuang Autonomous Region, PRC	14,940,000	100%	14,940,000
5.	A parcel of land located at No. 51 Yue Jin Lu, Liubei District, Liuzhou City, Guangxi Zhuang Autonomous Region, PRC	2,300,000	100%	2,300,000
	<b>Total:</b>	<b><u>472,660,000</u></b>		<b><u>472,660,000</u></b>

## VALUATION CERTIFICATE

## Property interests held and occupied by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2021 RMB
1.	Various industrial complexes located at No. 28 Yue Jin Lu and No.158 Beizhen Lu, Liubei District, Liuzhou City, Guangxi Zhuang Autonomous Region, PRC	The property comprises three (3) parcels of land with a total site area of approximately 18,105.10 sq.m. together with six (6) buildings and various structures were completed between 1980 to 1992 erected thereon.  The property has a total gross floor area of approximately 26,837.12 sq.m. and mainly includes workshop, ancillary workshop, office buildings and various structures including transformer room, boiler room and etc.  The property is located at Liuzhou City, with approximately 9 km to Liuzhou railway station and 20 km to Liuzhou Bailian Airport.  The land use rights of the property have been granted for a term expiring on 13 October 2056 for industrial use.	As at the Valuation Date, the property was occupied by the Group for industrial use.	22,520,000  <b>Interest attributable to the Group</b>  100%  <b>Market Value in existing state attributable to the Group as at 31 August 2021</b> RMB  22,520,000

## Notes:

- i. Pursuant to three (3) State-owned Land Use Rights Certificates issued by The Liuzhou State-owned Land Resources Department (柳州市國土資源局), the land use rights of the property with a total site area of 18,105.10 sq.m. have been granted to the Guangxi Golden Throat Co., Ltd. (廣西金嗓子有限責任公司), a wholly-owned subsidiary of the Group, with details as follows:

State-owned Land Use Rights					
No.	Certificate No.	Issue Date	Site Area (sq.m.)	Usage	Expiry Date
1	Liu Guo Yong (2006) Di No. 104209	18 April 2006	6,445.10	Office and Industrial	2 August 2051
2	Liu Guo Yong (2006) Di No. 117375	9 September 2006	11,408.70	Industrial	13 October 2056
3	Liu Guo Yong (2006) Di No. 117370	9 September 2006	251.30	Industrial	13 October 2056
			<b>Total:</b>	<b>18,105.10</b>	

- ii. Pursuant to six (6) Building Ownership Certificates issued by Guangxi Zhuang Autonomous Region Liuzhou City Housing and Real Estate Department (廣西壯族自治區柳州市房產管理局), the building ownership of the property is vested in Guangxi Golden Throat Co., Ltd (廣西金嗓子有限責任公司), a wholly-owned subsidiary of the Group, with key details as follows:

No.	Building Ownership Certificate No.	Issue Date	Usage	Gross Floor Area (sq.m.)
1	Liu (Feng Quan Zheng) Zi No. 1267973	2 March 2006	Non-Residential	4,228.31
2	Liu (Feng Quan Zheng) Zi No. 1267974	2 March 2006	Non-Residential	2,152.26
3	Liu (Feng Quan Zheng) Zi No. 1267975	2 March 2006	Non-Residential	839.22
4	Liu (Feng Quan Zheng) Zi No. 1267976	2 March 2006	Non-Residential	2,612.48
5	Liu (Feng Quan Zheng) Zi No. 1267977	2 March 2006	Non-Residential	7,283.02
6	Liu (Feng Quan Zheng) Zi No. 1267978	2 March 2006	Non-Residential	9,721.83
<b>Total:</b>				<b><u>26,837.12</u></b>

- iii. We have been provided with the PRC Legal Opinion, which contains, *inter alia*, the following:
- a. The Group has legally obtained both the land use right and building ownership of the property;
  - b. The land use rights and a portion of the building ownership have been pledged to Liu Zhou Li Xin Branch of Agricultural Bank of China Limited to secure certain bank loans granted to the Group; and
  - c. Under the terms and conditions of the pledge agreement, the Group is required to obtain the consent from the pledgee before the disposal, transfer, lease or pledge of the property. In the absence of such pledge agreement, the property would otherwise be freely transferable by the Group.
- iv. In the course of our valuation of the property, we have considered and analysed the land sale comparables in the vicinity. The unit rate of the land sale comparables are ranging from RMB500 to RMB600 per sq.m. The unit rate adopted in the valuation is consistent with the unit rates of the relevant comparables after due adjustments in terms of location, time and size, etc.



## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2021 RMB
2.	An educational complex located at No.6 Wen Hua Lu, Cheng Zhong District, Liuzhou City, Guangxi Zhuang Autonomous Region, PRC	<p>The property comprises a parcel of land with a total site area of approximately 4,061.81 sq.m. together with a building was completed in about 2009 erected thereon.</p> <p>The property has a total gross floor area of approximately 3,043.75 sq.m. and mainly include an educational building.</p> <p>The property is located at Liuzhou City, with approximately 10 km to Liuzhou railway station and 18 km to Liuzhou Bailian Airport.</p> <p>The land use rights of the property have been granted for a term expiring on 31 May 2043 for warehouse and other use.</p>	As at the Valuation Date, the property was occupied by the Group for warehouse use.	<p>7,460,000</p> <p><b>Interest attributable to the Group</b></p> <p>100%</p> <p><b>Market value in existing state attributable to the Group as at 31 August 2021</b></p> <p>RMB</p> <p>7,460,000</p>

*Notes:*

- i. Pursuant to the Real Estate Ownership Certificate – Gui (2016) Liuzhou Shi Bu Dong Chan Quan Di No.0025257, the land and building have been vested with Guangxi Golden Throat Co., Ltd (廣西金嗓子有限責任公司), a wholly-owned subsidiary of the Group. The land use rights of the property with a total site area of approximately 4,061.81 sq.m. has been granted for warehouse and other uses for a term expiring on 31 May 2043 and the building with a total gross floor area of approximately 3,043.75 sq.m. has been granted for educational use. Pursuant to the Real Estate Ownership Certificate, the usage of the land should be for warehouse or other purposes, and usage of the building should be for educational purpose. As at the Valuation Date, the property was occupied by the Group for warehouse use.
- ii. We have been provided with the PRC Legal Opinion, which contains, *inter alia*, the following:
  - a. The Group has legally obtained both the land use right and building ownership of the property;
  - b. The land use rights and the building ownership have been pledged to Liu Zhou Li Xin Branch of Agricultural Bank of China Limited to secure certain bank loans granted to the Group; and
  - c. Under the terms and conditions of the pledge agreement, the Group is required to obtain the consent from the pledgee before the disposal, transfer, lease or pledge of the property. In the absence of such pledge agreement, the property would otherwise be freely transferable by the Group.
- iii. In the course of our valuation of the property, we have considered and analysed the land sale comparables in the vicinity. The unit rate of the land sale comparables are ranging from RMB450 to RMB550 per sq.m. The unit rate adopted in the valuation is consistent with the unit rates of the relevant comparables after due adjustments in terms of location, time and size, etc.

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2021 RMB
3.	Various industrial complexes located at Luowei Industrial Concentration Area, Yufeng District, Liuzhou City, Guangxi Zhuang Autonomous Region, PRC	<p>The property comprises two (2) parcels of land with a total site area of approximately 82,503.02 sq.m. together with 11 buildings and various structures were completed between 2019 to 2020 erected thereon.</p> <p>The property has a total gross floor area of approximately 59,372.82 sq.m. and mainly includes workshop, ancillary workshop, warehouse, office buildings and various structures including pump room, guardhouse and etc.</p> <p>The property is located at Liuzhou City, with approximately 14 km to Liuzhou railway station and 7 km to Liuzhou Bailian Airport.</p> <p>The land use rights of the property have been granted for a term expiring on 2 June 2065 for industrial use.</p>	As at the Valuation Date, the property was occupied by the Group for industrial use.	<p>425,440,000</p> <p><b>Interest attributable to the Group</b></p> <p>100%</p> <p><b>Market value in existing state attributable to the Group as at 31 August 2021</b> RMB</p> <p>425,440,000</p>

## Notes:

- i. Pursuant to the State-owned Land Use Rights Certificate, the land use rights of the property with a total site area of 82,503.02 sq.m. have been granted to the Guangxi Golden Throat Co., Ltd (廣西金嗓子有限責任公司), a wholly-owned subsidiary of the Group, with details as follows:

No.	Certificate No.	Issue Date	Site Area (sq.m.)	Usage	Expiry Date
1	Liu Guo Yong (2015) Di No. 112292	13 July 2015	50,276.60	Industrial	2 June 2065
2	Gui (2016) Liuzhou Shi Bu Dong Chan Quan Di No. 0042543	26 March 2021	32,226.42	Industrial	2 June 2065
			<b>Total:</b>		
			<b><u>82,503.02</u></b>		

- ii. Pursuant to two (2) Construction Land Planning Permits – Di Zi Di Nos. 450201201600003 and 450203202151001 dated 1 January 2016 and 6 August 2021 respectively, permission towards the planning of the parcel of land with a total site area of approximately 82,503.02 sq.m. has been granted to Guangxi Golden Throat Co., Ltd. (廣西金嗓子有限責任公司), a wholly-owned subsidiary of the Group.
- iii. Pursuant to six (6) Construction Works Commencement Permits – Nos. 450203202006240101, 450203202006240102, 450203201808200101, 450203201808200102, 450203201909250102 and 450203201909250101 dated 20 August 2018, 25 September and 24 June 2020 respectively, permission by the relevant local authority has been given to commence the construction work with a total gross floor area of approximately 59,372.82 sq.m. for the development of industrial buildings.
- iv. We have been provided with the PRC Legal Opinion, which contains, *inter alia*, the following:
  - a. The Group has legally and validly obtained the land use right of the property;
  - b. The Group has not obtained the building ownership of the property as the Building Ownership Certificate with respect to the property is yet to be granted to the Group;
  - c. The Group has legally and validly obtained the Construction Land Planning Permits and Construction Works Commencement Permits; and
  - d. The Group has the right to freely use, lease, transfer, pledge or dispose the property legally and the property is not subject to any encumbrances.
- iv. In the course of our valuation of the property, we have considered and analysed the land sale comparables in the vicinity. The unit rate of the land sale comparables are ranging from RMB300 to RMB450 per sq.m. The unit rate adopted in the valuation is consistent with the unit rates of the relevant comparables after due adjustments in terms of location, time and size, etc.

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2021 RMB
4.	An Industrial complex located at Zhen An Shan Lu, Cheng guan Town, Xin Cheng County, Laibin City, Guangxi Zhuang Autonomous Region, PRC	<p>The property comprises three (3) parcels of land with a total site area of approximately 40,775.13 sq.m. together with 15 buildings and various structures were completed between 1986 to 2005 erected thereon.</p> <p>The property has a total gross floor area of approximately 16,721.26 sq.m. and mainly include workshop, ancillary workshop, warehouse, office buildings, staff canteen and various structures including pump room and electricity room etc.</p> <p>The property is located at Laibin City, with approximately 130 km to Liuzhou railway station and 145 km to Liuzhou Bailian Airport.</p> <p>The land use rights of the property have been granted for a term expiring on 22 June 2053 for industrial and mixed land use.</p>	As at the Valuation Date, the property was occupied by the Group for industrial use.	<p>14,940,000</p> <p><b>Interest attributable to the Group</b></p> <p>100%</p> <p><b>Market value in existing state attributable to the Group as at 31 August 2021</b> RMB</p> <p>14,940,000</p>

## Notes:

- i. Pursuant to three (3) State-owned Land Use Rights Certificates issued by the Xincheng County State-owned Land Resources Department (忻城縣國土資源局), the land use rights of the property with a total site area of 40,775.13 sq.m. have been granted to the Guangxi Golden Throat Pharmaceutical Co., Ltd. (廣西金嗓子藥業股份有限公司), a wholly-owned subsidiary of the Group, with details as follows:

State-owned Land Use Rights						
No.	Certificate No.	Issue Date	Site Area (sq.m.)	Usage	Expiry Date	
1	Xin Guo Yong (2008) Di No. 101200001-1	10 November 2008	33,085.71	Mixed Use	22 June 2053	
2	Xin Guo Yong (2008) Di No. 101200026-1	10 November 2008	3,006.83	Industrial	3 February 2055	
3	Xin Guo Yong (2010) Di No. 101200003-1-1	3 December 2010	4,682.59	Industrial	3 April 2057	
			<b>Total:</b>	<b>40,775.13</b>		

- ii. Pursuant to fifteen (15) Building Ownership Certificates issued by Xin Cheng Xian Council Government (忻城縣人民政府), the building ownership of the property is vested in Guangxi Golden Throat Pharmaceutical Co., Ltd. (廣西金嗓子藥業股份有限公司), a wholly-owned subsidiary of the Group, with key details as follows:

No.	Building Ownership Certificate No.	Issue Date	Usage	Gross Floor Area (sq.m.)
1	Fang Quan Zheng Xin Zi Di No.00005429	9 January 2009	Dormitory	333.93
2	Fang Quan Zheng Xin Zi Di No.00005430	9 January 2009	Workshop	1,276.62
3	Fang Quan Zheng Xin Zi Di No.00005431	9 January 2009	Staff Canteen	438.06
4	Fang Quan Zheng Xin Zi Di No.00005432	9 January 2009	Warehouse	2,795.05
5	Fang Quan Zheng Xin Zi Di No.00005436	13 January 2009	Workshop	1,604.61
6	Fang Quan Zheng Xin Zi Di No.00005437	13 January 2009	Ancillary	246.59
7	Fang Quan Zheng Xin Zi Di No.00005438	13 January 2009	Ancillary	197.10
8	Fang Quan Zheng Xin Zi Di No.00005439	13 January 2009	Office	982.02
9	Fang Quan Zheng Xin Zi Di No.00005440	13 January 2009	Workshop	363.93
10	Fang Quan Zheng Xin Zi Di No.00005441	13 January 2009	Workshop	443.44
11	Fang Quan Zheng Xin Zi Di No.00005442	13 January 2009	Ancillary and Workshop	3,907.74
12	Fang Quan Zheng Xin Zi Di No.00005443	13 January 2009	Dormitory	269.00
13	Fang Quan Zheng Xin Zi Di No.00005444	13 January 2009	Dormitory	717.23
14	Fang Quan Zheng Xin Zi Di No.00005445	13 January 2009	Dormitory	1,107.98
15	Fang Quan Zheng Xin Zi Di No.00005446	13 January 2009	Dormitory	2,037.96
<b>Total:</b>				<b><u>16,721.26</u></b>

- iii. We have been provided with the PRC Legal Opinion, which contains, *inter alia*, the following:

- a. The Group has legally obtained both the land use right and building ownership of the property; and
- b. The Group has the right to freely use, lease, transfer, pledge or dispose the property legally and the property is not subject to any encumbrances.

- iv. In the course of our valuation of the property, we have considered and analysed the land sale comparables in the vicinity. The unit rate of the land sale comparables are ranging from RMB90 to RMB130 per sq.m. The unit rate adopted in the valuation is consistent with the unit rates of the relevant comparables after due adjustments in terms of location, time and size, etc.

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2021 RMB
5.	Two (2) parcels of land located at No. 51 Yue Jin Lu, Liubei District, Liuzhou City, Guangxi Zhuang Autonomous Region, PRC	<p>The property comprises two (2) parcels of land with a total site area of approximately 4,452.80 sq.m. and various structures were erected thereon.</p> <p>The property is located at Liuzhou City, with approximately 9 km to Liuzhou railway station and 20 km to Liuzhou Bailian Airport.</p> <p>The land use rights of the property have been granted for a term expiring on 13 October 2056 for warehouse use.</p>	As at the Valuation Date, the property is currently vacant.	<p>2,300,000</p> <p><b>Interest attributable to the Group</b></p> <p>100%</p> <p><b>Market Value in existing state attributable to the Group as at 31 August 2021</b> RMB</p> <p>2,300,000</p>

## Notes:

- i. Pursuant to two (2) State-owned Land Use Rights Certificates issued by the Liuzhou State-owned Land Resources Department (柳州市國土資源局) the land use rights of the property with a total site area of 4,452.80 sq.m. have been granted to the Guangxi Golden Throat Co., Ltd. (廣西金嗓子有限責任公司), a wholly-owned subsidiary of the Group, with details as follows:

State-owned Land Use Rights					
No.	Certificate No.	Issue Date	Site Area (sq.m.)	Usage	Expiry Date
1	Liu Guo Yong (2006) Di No. 117478	11 December 2006	4,083.10	Industrial	13 October 2056
2	Liu Guo Yong (2006) Di No. 117479	11 December 2006	369.70	Industrial	13 October 2056
			<b>Total:</b>	<b>4,452.80</b>	

- ii. We have been provided with the PRC Legal Opinion, which contains, *inter alia*, the following:
- a. The Group has legally obtained the land use right of the property;
  - b. The Group did not obtain the building ownership certificate with respect to certain architectural structures erected on the land because such architectural structures are small-scale simple structured buildings and, as advised by the Group, these structures will be demolished soon;
  - c. The land use rights have been pledged to Liu Zhou Li Xin Branch of Agricultural Bank of China Limited to secure certain bank loans granted to the Group; and
  - d. Under the terms and conditions of the pledge agreement, the Group is required to obtain the consent from the pledgee before the disposal, transfer, lease or pledge of the property. In the absence of such pledge agreement, the property would otherwise be freely transferable by the Group.
- iii. In the course of our valuation of the property, we have considered and analysed the land sale comparables in the vicinity. The unit rate of the land sale comparables are ranging from RMB500 to RMB600 per sq.m. The unit rate adopted in the valuation is consistent with the unit rates of the relevant comparables after due adjustments in terms of location, time and size, etc.

**- END OF REPORT -**

**1. RESPONSIBILITY STATEMENT**

As at the Latest Practicable Date, the directors of the Offeror were Ivo Laurence Philipps and Gilbert Zeng and Taeyub Kim and the directors of HoldCo were Ivo Laurence Philipps, Gilbert Zeng and Taeyub Kim.

The directors of the Offeror and HoldCo jointly and severally accept full responsibility for the accuracy of the information contained in this Scheme Document in relation to the Offeror Group and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Scheme Document by the respective directors of the Offeror and HoldCo 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.

As at the Latest Practicable Date, the Board consisted of Ms. Jiang as non-executive Director, Mr. Zeng, Mr. Huang Jianping, Mr. Zeng Kexiong, Mr. Lu Xinghong and Mr. He Jinqiang as executive Directors and Mr. Li Hua, Mr. Zhu Jierong and Mr. Cheng Yiqun as independent non-executive directors.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Scheme Document (other than any information relating to the Offeror Group, the Founder Group, the Affirma Group and the Rollover Parties) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Scheme Document (other than those expressed by the respective directors of the Offeror, HoldCo, Founder HoldCo, Affirma HoldCo, Augusta GP Pte. Ltd., Affirma Capital Managers Korea Limited, Management HoldCos and the Rollover Parties) 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.

As at the Latest Practicable Date, the sole director of Founder HoldCo was Ms. Jiang.

The sole director of Founder HoldCo accepts full responsibility for the accuracy of the information contained in this Scheme Document in relation to the Founder Group and confirms, having made all reasonable enquiries, that to the best of her knowledge, opinions expressed in this Scheme Document by her the director of Founder HoldCo 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.

As at the Latest Practicable Date, the directors of Affirma HoldCo were Ivo Laurence Philipps and Nainesh Jaisingh.

As at the Latest Practicable Date, the directors of Augusta GP Pte. Ltd. were Ivo Laurence Philipps and Nainesh Jaisingh.

As at the Latest Practicable Date, the sole director of Affirma Capital Managers Korea Limited was Taeyub Kim.



The directors of Affirma HoldCo, Augusta GP Pte. Ltd., and Affirma Capital Managers Korea Limited jointly and severally accept full responsibility for the accuracy of the information contained in this Scheme Document in relation to the Affirma Group and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Scheme Document by the respective directors of Affirma HoldCo, Augusta GP Pte. Ltd., and Affirma Capital Managers Korea Limited 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.

As at the Latest Practicable Date, the sole director of each of Management HoldCos was Sovereign Directors Limited (as corporate director) and the sole director of the Employee Trustee was Sovereign Trust International Limited (as corporate director). The Employee Trustee is the trustee of the Senior Management Trust. The Founder Trustee and the Employee Trustee are professional corporate trustees accustomed to act in accordance with the wishes of Mr. Zeng (as settlor of the Founder Trust and the Senior Management Trust) in relation to the conduct and affairs of the Founder Trust and Senior Management Trust.

Mr. Fang accepts full responsibility for the accuracy of the information contained in this Scheme Document in relation to himself and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this Scheme Document by him 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.

Mr. Zeng (whose wishes the Founder Trustee and the Employee Trustee are accustomed to act) accepts full responsibility for the accuracy of the information contained in this Scheme Document in relation to the Rollover Parties (other than Mr. Fang) and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this Scheme Document by the Rollover Parties (other than Mr. Fang) 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. SHARE CAPITAL**

As at the Latest Practicable Date:

- (a) the authorised share capital of the Company was USD50,000 divided into 2,000,000,000 Shares of USD0.000025 each;
- (b) the issued share capital of the Company comprised 739,302,000 Shares;
- (c) all of the Shares currently in issue ranked pari passu in all respects including as to return of capital, dividends and voting;
- (d) no new Shares had been issued by the Company since 31 December 2020 (being the end of the last financial year of the Company); and
- (e) there were no outstanding options, warrants or conversion rights affecting the Shares.

### 3. MARKET PRICE

- (a) The table below shows the closing market prices of the Shares as quoted on the Stock Exchange (i) on the Latest Practicable Date; (ii) on the Last Trading Date; and (iii) at the end of each month during the Relevant Period:

<b>Date</b>	<b>Closing price per Share</b> <i>HK\$</i>
26 February 2021	1.58
31 March 2021	1.59
30 April 2021	1.79
28 May 2021	1.80
30 June 2021	1.74
30 July 2021	1.83
5 August 2021 (Last Trading Date)	2.23
31 August 2021	2.62
30 September 2021	2.62
26 October 2021 (Latest Practicable Date)	2.69

- (b) During the Relevant Period, the highest closing price of the Shares was HK\$2.69 per Share as quoted on the Stock Exchange on 26 October 2021 and the lowest closing price of the Shares was HK\$1.50 as quoted on the Stock Exchange on 16 and 19 February 2021.
- (c) The Cancellation Price of HK\$2.80 per Scheme Share (other than the Founder Scheme Shares and the Rollover Scheme Shares) represents a premium of approximately 25.6% over the closing price of HK\$2.23 per Share as quoted on the Stock Exchange on the Last Trading Date and a premium of approximately 4.1% over the closing price of HK\$2.69 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

### 4. DISCLOSURE OF INTERESTS

#### (a) Interests of directors and chief executives in shares of the Company

As at the Latest Practicable Date, the interests of the Directors and chief executives of the Company in the shares of the Company which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which were required, pursuant to Section 352 of the SFO, to be recorded in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange

pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “Model Code”), or which are required to be disclosed under the Takeovers Code were as follows:

Director	Number of Shares				Beneficial owner	Total	Approximate percentage of the issued share capital of the Company (Note 5)
	Settlor of the Founder Trust (Note 1)	Settlor/ Protector of the Senior Management Trust (Note 2 and Note 3)	Beneficiary of the Senior Management Trust (Note 4)				
Mr. Zeng	453,025,800	58,937,400	-	-	4,050,500	516,013,700	69.79%
Ms. Jiang	-	58,937,400	-	-	-	58,937,400	7.97%
Mr. Huang Jianping	-	-	17,100,000	-	-	17,100,000	2.31%
Mr. Zeng Kexiong	-	-	17,100,000	-	-	17,100,000	2.31%
Mr. Lu Xinghong	-	-	17,100,000	-	-	17,100,000	2.31%
Mr. He Jinqiang	-	-	17,100,000	-	-	17,100,000	2.31%

*Notes:*

- (1) These Shares represent the Shares directly held by Founder HoldCo. Founder HoldCo is directly wholly owned by Founder Trust Company, which in turn is directly wholly owned by the Founder Trustee as the trustee of the Founder Trust. The Founder Trust is an irrevocable discretionary trust established by Mr. Zeng as the settlor pursuant to a trust arrangement dated 25 February 2015 in respect of the shares in Founder Trust Company for the benefit of Mr. Zeng and his children and descendants. Therefore, Mr. Zeng is deemed to be interested in Founder HoldCo’s interests in the Company, in his capacity as the settlor of the Founder Trust.
- (2) These Shares represent the Shares directly held by Management HoldCos, which in turn are wholly owned by the Employee Trustee as trustee of the Senior Management Trust. The Senior Management Trust was established by Mr. Zeng (as the settlor) for the benefit of certain senior management employed or formerly employed by the Group and their dependents. Therefore, Mr. Zeng is deemed to be interested in the Senior Management Trust’s interests in the Company, in his capacity as the settlor of the Founder Trust.
- (3) Ms. Jiang is the protector of the Senior Management Trust. For so long as the Employee Trustee holds or controls Shares in the Company, all voting rights attaching to such Shares shall be exercised by an investment review panel consisting of Ms. Jiang and/or such other person(s) as they may wish to appoint. As a result, Ms. Jiang is deemed to be interested in the Senior Management Trust’s interests in the Company, in her capacity as the protector of the Founder Trust.
- (4) Mr. Huang Jianping, Mr. Zeng Kexiong, Mr. Lu Xinghong and Mr. He Jinqiang are executive Directors and the beneficiaries of the Senior Management Trust in respect of the Shares held by Management HoldCo 2. As such, each of them is deemed to be interested in Management HoldCo 2’s interests in the Company.
- (5) The issued share capital of the Company comprised 739,302,000 Shares as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executives of the Company had any interests in the shares of the Company which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, or which are required to be disclosed under the Takeovers Code.

**(b) Interests of the Offeror in the shares of the Company**

Save as disclosed below, as at the Latest Practicable Date, none of the Offeror, its directors and any party acting in concert with them (other than the interest disclosed above in respect of the Directors) (i) had an interest in the Shares; or (ii) owned or controlled any Shares or any options, warrants, derivatives or securities convertible into Shares:

Name	Number of Shares interested	Approximate percentage of the issued share capital of the Company <sup>(Note 4)</sup>
Founder HoldCo <sup>(Note 1)</sup>	453,025,800	61.28%
Mr. Fang <sup>(Note 2)</sup>	34,019,000	4.60%
Management HoldCo 1 <sup>(Note 3)</sup>	41,837,400	5.66%
Management HoldCo 2 <sup>(Note 3)</sup>	17,100,000	2.31%

*Notes:*

- (1) Founder HoldCo is directly wholly owned by Founder Trust Company, which in turn is directly wholly owned by the Founder Trustee as the trustee of the Founder Trust. The Founder Trust is an irrevocable discretionary trust established by Mr. Zeng as the settlor pursuant to a trust arrangement dated 25 February 2015 in respect of the shares in Founder Trust Company for the benefit of Mr. Zeng and his children and descendants.
- (2) Mr. Fang controls entities which are key suppliers of the Group and has been a Shareholder since the initial public offering of the Company.
- (3) Each of Management HoldCo 1 and Management HoldCo 2 is wholly owned by the Employee Trustee as trustee of the Senior Management Trust. The Senior Management Trust was established by Mr. Zeng (as the settlor) for the benefit of certain senior management employed or formerly employed by the Group and their dependents.
- (4) The issued share capital of the Company comprised 739,302,000 Shares as at the Latest Practicable Date.

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

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

- (1) Save as disclosed below, during the Relevant Period, none of the Offeror, its directors or the parties acting in concert with them had dealt for value in any Shares, convertible securities, warrants, options and derivatives in respect of the Shares:

Name	Date of transactions	Purchase/Sale	On/off the Stock Exchange	No. of Shares involved	Transaction price per Share (HK\$)
Mr. Fang	30 July 2021	Purchase	On	61,000	1.8606
	2 August 2021	Purchase	On	55,000	1.8000
	3 August 2021	Purchase	On	159,000	1.8123

- (2) During the Relevant Period, none of the Directors had any dealings in any Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into Shares.
- (3) During the Offer Period and up to the Latest Practicable Date:
- (i) no subsidiaries of the Company, pension funds (if any) of any member of the Group, any person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” or any associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code (excluding any exempt principal trader or exempt fund manager) had any dealings in any Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into Shares;
  - (ii) no person who had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” or with any person who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code had any dealings in any Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into Shares; and
  - (iii) no fund managers connected with the Company who managed funds on a discretionary basis (other than exempt fund managers) had any dealings in any Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into Shares.

**(d) Interest and dealings in the securities of the Offeror**

- (1) As at the Latest Practicable Date, save as disclosed in the section headed “10. Information on the Offeror Group” in the Explanatory Memorandum in Part VIII of this Scheme Document, none of the Company or any of the Directors had any interest in the shares, warrants, options, derivatives and securities carrying conversion or subscription rights into shares of the Offeror.
- (2) During the Relevant Period, none of the Company or any of the Directors had any dealings in the shares, warrants, options, derivatives and securities carrying conversion or subscription rights into shares of the Offeror.

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

As at the Latest Practicable Date:

- (1) no benefit (other than statutory compensation) was or would be given to any Director as compensation for his or her loss of office or otherwise in connection with the Proposal;
- (2) other than the Proposal, the Scheme, the Rollover Arrangement, the Rollover Agreement, the Irrevocable Undertakings, the Shareholders’ Agreement, the Consortium Agreement and the Implementation Agreement, there was no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror or any person acting in concert with it on one hand and any Directors, recent Directors, Shareholders or recent Shareholders on the other hand, having any connection with or was dependent upon the Proposal;
- (3) there was no agreement or arrangement to which the Offeror is a party which relates to circumstances in which it may or may not invoke or seek to invoke a condition to the Scheme;
- (4) there was no agreement, arrangement or understanding between the Offeror and any other person in relation to the transfer, charge or pledge of the Shares to be acquired pursuant to the Proposal, and the Offeror had no intention to transfer, charge or pledge any Shares acquired pursuant to the Proposal to any other person; and
- (5) other than the Proposal, the Scheme, the Rollover Arrangement, the Rollover Agreement, the Irrevocable Undertakings, the Shareholders’ Agreement, the Consortium Agreement and the Implementation Agreement, there was no arrangement (whether by way of option, indemnity or otherwise) in relation to shares of HoldCo or the Offeror or the Shares which might be material to the Proposal.

**(f) Other interests**

As at the Latest Practicable Date:

- (1) no Shares or any convertible securities, warrants, options or derivatives issued by the Company were owned or controlled by a subsidiary of the Company or by a pension fund (if any) of any member of the Group or by a person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” or by an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code (other than exempt principal traders and exempt fund managers);
- (2) there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” or with any person who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code;
- (3) no Shares, convertible securities, warrants, options or derivatives of the Company were managed on a discretionary basis by any fund managers connected with the Company (other than exempt fund managers);
- (4) other than the Rollover Arrangement, the Rollover Agreement, the Irrevocable Undertakings, the Consortium Agreement and the Shareholders’ Agreement, no agreement, arrangement or understanding (including any compensation arrangement) existed between any of the Directors and any other person which is conditional on or dependent upon the outcome of the Proposal or otherwise connected with the Proposal;
- (5) save for the Rollover Agreement, the Consortium Agreement, the Shareholders’ Agreement and the Implementation Agreement, no material contracts had been entered into by the Offeror in which any Director had a material personal interest; and
- (6) none of the Company and the Directors had borrowed or lent any relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company.

**5. MATERIAL LITIGATION**

As at the Latest Practicable Date, to the best of the knowledge, information and belief of the Directors, the Group was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was pending or threatened by or against the Group.

## 6. MATERIAL CONTRACTS

Save for the Implementation Agreement, no contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group) had been entered into by the Group within the two years before the commencement of the Offer Period, up to and including the Latest Practicable Date and were or might be material.

## 7. SERVICE CONTRACTS

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

## 8. CONSENTS AND QUALIFICATIONS OF EXPERTS

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

<b>Name</b>	<b>Qualification</b>
Standard Chartered Bank (Hong Kong) Limited	A corporation licensed by the SFC to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities
Opus Capital Limited	A corporation licensed by the SFC to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, the Independent Financial Adviser
AVISTA Valuation Advisory Limited	An independent professional valuer

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

## MISCELLANEOUS

- (i) The directors of the Offeror are Ivo Laurence Philipps, Gilbert Zeng and Taeyub Kim.



- (ii) The registered office of the Offeror is situated at Walkers Corporate Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands. The correspondence address of the Offeror is at 6 Battery Road, #17-06, Singapore (049909).
- (iii) The registered office of HoldCo is situated at the offices of Walkers Corporate Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands. The correspondence address of HoldCo is at 6 Battery Road, #17-06, Singapore (049909).
- (iv) The registered office of the Affirma HoldCo is situated at 6 Battery Road, #17-06, Singapore (049909).
- (v) The registered office of Founder HoldCo, Management HoldCo 1 and Management HoldCo 2 is situated at Mill Mall, Suite 6, Wickhams Cay I, P.O Box 3085, Road Town, Tortola, British Virgin Islands.
- (vi) Affirma Funds acts through its general partner Augusta GP Pte. Ltd. or its general manager Affirma Capital Managers Korea Limited. The registered office of Augusta GP Pte. Ltd. is situated at 6 Battery Road, #17-06, Singapore (049909) and its directors are Ivo Laurence Philipps and Nainesh Jaisingh. The registered office of Affirma Capital Managers Korea Limited is situated at 17F, Jong-ro, Jongno-gu, Seoul, 03160 Republic of Korea and its sole director is Taeyub Kim.
- (vii) The correspondence address of the Mr. Fang is 12/F, No. 32 Huangshan Road, Shantou, Guangdong, PRC.
- (viii) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business in Hong Kong of the Company is at 40<sup>th</sup> Floor, Dah Sing Financial Center, No. 248 Queen's Road East, Wanchai, Hong Kong.
- (ix) The company secretary of the Company is Ms. Ng Wing Shan.
- (x) The principal share registrar of the Company is Conyers Trust Company (Cayman) Limited at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (xi) The Hong Kong Share Registrar of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17<sup>th</sup> Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (xii) The principal place of business of SCB is at 32<sup>nd</sup> Floor, 4-4A Des Voeux Road, Central, Hong Kong.
- (xiii) The principal place of business of Opus Capital Limited is at 18<sup>th</sup> Floor, Fung House 19-20 Connaught Road Central, Central, Hong Kong.

- (xiv) The principal place of business of AVISTA Valuation Advisory Limited is at 23<sup>rd</sup> Floor, Siu On Centre, No. 188 Lockhart Road, Wanchai, Hong Kong.
- (xv) This Scheme Document is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail.

## 9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business of the Company in Hong Kong at 40<sup>th</sup> Floor, Dah Sing Financial Center, No. 248 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 5:00 p.m. (except Saturday, Sunday and public holidays) and on the website of the Company at <http://www.goldenthroat.com/en/and> the website of the SFC at [www.sfc.hk](http://www.sfc.hk) during the period from the date of this Scheme Document until (a) the Effective Date; or (b) the date on which the Scheme lapses or is withdrawn, whichever is earlier:

- (i) the memorandum and articles of association of the Offeror;
- (ii) the articles of association of the Company;
- (iii) the annual reports of the Company for the years ended 31 December 2018, 31 December 2019 and 31 December 2020, respectively;
- (iv) the interim report of the Company for the six months ended 30 June 2021;
- (v) the letter from the Board, the text of which is set out on Part V of this Scheme Document;
- (vi) the letter from the Independent Board Committee, the text of which is set out in Part VI of this Scheme Document;
- (vii) the letter from the Independent Financial Adviser, the text of which is set out in Part VII of this Scheme Document;
- (viii) the letters, summary of values, valuation report and valuation certificates from the Valuer, the text of which is set out in Appendix II of this Scheme Document;
- (ix) the material contract as set out in the section headed "6. Material contracts" in this Appendix;
- (x) the written consents issued by the Experts referred to in the section headed "8. Consents and qualifications of Experts" in this Appendix;
- (xi) the Consortium Agreement (including terms of the Founder Irrevocable Undertakings);
- (xii) the Shareholders' Agreement;
- (xiii) the Rollover Agreement (including terms of the Rollover Irrevocable Undertakings); and
- (xiv) this Scheme Document.

**IN THE GRAND COURT OF THE CAYMAN ISLANDS**

**FINANCIAL SERVICES DIVISION**

**CAUSE NO: FSD 288 OF 2021 (IKJ)**

**IN THE MATTER OF SECTIONS 14 TO 16 AND SECTION 86 OF THE COMPANIES ACT (2021 REVISION)**

**AND**

**IN THE MATTER OF GOLDEN THROAT HOLDINGS GROUP COMPANY LIMITED 金嚟子控股集團有限公司**

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**SCHEME OF ARRANGEMENT**

*(under Section 86 of the Cayman Islands Companies Act (2021 Revision))*

**between**

**GOLDEN THROAT HOLDINGS GROUP COMPANY LIMITED**

**金嚟子控股集團有限公司**

*(an exempted company incorporated with limited liability under the laws of the Cayman Islands with registration number 291361)*

**and**

**THE SCHEME SHAREHOLDERS**

*(as hereinafter defined)*

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**1. PRELIMINARY**

1.1 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 given to it in the Takeovers Code, and “ <b>persons acting in concert</b> ” shall be construed accordingly
“Affirma”	collectively, Affirma Capital (Singapore) Pte. Ltd., a company incorporated in Singapore, and its affiliates together with Affirma Capital Limited and its affiliates, and investment vehicles or funds managed or advised by the aforementioned entities and other Affirma branded funds (but excluding, for the avoidance of doubt, portfolio companies in which such funds and investment vehicles hold an interest)
“Affirma Funds”	collectively:  (a) Augusta Fund I; and  (b) Ascenta V,  which, together, ultimately control Affirma HoldCo
“Affirma HoldCo”	SILVER HOLDCO PTE. LTD., a limited liability company incorporated in Singapore with limited liability, which is directly or indirectly wholly owned by the Affirma Investment Vehicles and the Affirma Funds
“Affirma Investment Vehicle 1”	SILVER INVESTCO PTE. LTD., a limited liability company incorporated in Singapore, which is indirectly wholly owned by Augusta Fund I
“Affirma Investment Vehicle 2”	Silver Holdings Limited, a limited liability company incorporated in the Republic of Korea, which is directly wholly owned by Ascenta V
“Affirma Investment Vehicle 3”	AUGUSTA C HOLDCO PTE. LTD., a limited liability company incorporated in Singapore, which is indirectly wholly owned by Augusta Fund I

“Affirma Investment Vehicle 4”	AUGUSTA FUNDCO PTE. LTD., a limited liability company incorporated in Singapore, which is directly wholly owned by Augusta Fund I
“Affirma Investment Vehicles”	Affirma Investment Vehicle 1, Affirma Investment Vehicle 2, Affirma Investment Vehicle 3 and Affirma Investment Vehicle 4
“Ascenta V”	Ascenta V ( <i>Ascenta Number 5 Samo Tooja Habja Hoesa</i> ), a private equity fund established under the Financial Investment Services and Capital Markets Act of the Republic of Korea
“Augusta Fund I”	Augusta Fund 1, LP, a limited partnership in Singapore pursuant to the Limited Partnerships Act (Chapter 163B) of Singapore
“Authority”	any relevant government, administrative or regulatory body, or court, tribunal, arbitrator or governmental agency or authority or department (including any relevant securities exchange) and whether supranational, national, regional or local
“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\$2.80 per Scheme Share
“Companies Act”	the Companies Act (2021 Revision) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
“Company”	Golden Throat Holdings Group Company Limited, an exempted company incorporated in the Cayman Islands, the Shares of which are currently listed on the Main Board of the Stock Exchange (stock code: 6896)
“Condition(s)”	the condition(s) to the Proposal as set out in the section headed “ <i>Conditions of the Proposal</i> ” in the letter from the Board in Part V of this Scheme Document

“Consortium Agreement”	the consortium agreement dated 12 August 2021 entered into between the Founder Shareholders, Affirma HoldCo, HoldCo and the Offeror in connection with the Proposal, the key terms of which are further described in the section headed “ <i>Consortium Agreement</i> ” in the letter from the Board in Part V of the Scheme Document
“Court Meeting”	a meeting of the Disinterested Shareholders convened at the direction of the Grant Court to be held at 10:00 a.m. on Tuesday, 30 November 2021 at 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong at which the Scheme (with or without modification) will be voted upon, or any adjournment thereof
“Director(s)”	the director(s) of the Company
“Disinterested Shares”	the Scheme Share(s), other than those beneficially owned by the Founder Shareholders, the Rollover Shareholders and the Offeror Concert Parties (which, for the avoidance of doubt, shall include the Founder Scheme Shares and the Rollover Scheme Shares). For the avoidance of doubt, Disinterested Shares include Scheme Shares which are held by any member of the SCB Group which is an exempt principal trader for the purpose of the Takeovers Code
“Disinterested Shareholders”	the registered holder(s) of the Disinterested Shares. For the avoidance of doubt, the Disinterested Shareholders include any member of the SCB Group acting in the capacity of an exempt principal trader for the purpose of the Takeovers Code
“Effective Date”	the date on which the Scheme becomes effective in accordance with the Companies Act and the Conditions
“Employee Trustee”	Jin Chen Employee Holdings Limited, a private trust company incorporated in Gibraltar and managed and controlled by the Founder Trustee as its corporate director
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director

“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
“Founder Cancellation Consideration”	the consideration to be received by the Founder Shareholders for the cancellation of the Founder Scheme Shares under the Scheme, being the crediting of the unpaid HoldCo Shares held by Founder HoldCo as being fully paid in the amount equivalent to the aggregate amount of the Cancellation Price of HK\$2.80 per Scheme Share with respect to all the Founder Scheme Shares pursuant to the terms of the Consortium Agreement and this Scheme
“Founder Group”	(a) Mr. Zeng;  (b) Founder HoldCo;  (c) Founder Trust Company; and  (d) the Founder Trust
“Founder HoldCo”	Golden Throat International Holdings Limited, a BVI business company incorporated in the British Virgin Islands and wholly owned by the Founder Trust Company
“Founder Scheme Shares”	457,076,300 Scheme Shares (in aggregate) directly held by the Founder Shareholders, representing approximately 61.83% of the issued share capital of the Company as at the Latest Practicable Date
“Founder Shareholders”	Mr. Zeng and Founder HoldCo
“Founder Trust”	an irrevocable discretionary trust established by Mr. Zeng as the settlor pursuant to a trust arrangement dated 25 February 2015 for the benefit of Mr. Zeng and his children and descendants, with the Founder Trustee as trustee which directly wholly owns Founder Trust Company

“Founder Trust Company”	Jin Jiang Global Investment Company Limited, a BVI business company incorporated in the British Virgin Islands which owns all the issued shares in Founder HoldCo and whose issued shares are held by the Founder Trustee as trustee of the Founder Trust
“Founder Trustee”	Sovereign Trust International Limited, a professional corporate trustee licensed by the Gibraltar Financial Services Commission
“General Meeting”	an extraordinary general meeting of the Company to be held promptly after the conclusion or adjournment of the Court Meeting for the purpose of approving, among other things, the reduction of the share capital of the Company and the implementation of the Scheme
“Grand Court”	the Grand Court of the Cayman Islands and any court capable of hearing appeals therefrom
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HoldCo”	Aureli Holdings Ltd, an exempted company incorporated in the Cayman Islands which is directly wholly-owned by the Founder Group and Affirma HoldCo
“HoldCo Shares”	the ordinary shares in the capital of HoldCo
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Share Registrar”	Computershare Hong Kong Investor Services Limited, the Company’s branch share registrar and transfer office in Hong Kong
“Latest Practicable Date”	26 October 2021, being the latest practicable date prior to the date of the Scheme Document for the purpose of ascertaining certain information contained in the Scheme Document



“Long Stop Date”	12 February 2022 (or any other date as may be agreed by the Offeror and the Company and as permitted by the Executive)
“Management HoldCo 1”	Jin Chen Global Investment Company Limited, a BVI business company incorporated in the British Virgin Islands and wholly owned by Employee Trustee as trustee of the Senior Management Trust
“Management HoldCo 2”	Jin Qing Global Investment Company Limited, a BVI business company incorporated in the British Virgin Islands, which is wholly owned by Employee Trustee as trustee of the Senior Management Trust
“Management HoldCos”	Management HoldCo 1 and Management HoldCo 2
“Mr. Fang”	Mr. Fang Zhenchun, an existing Shareholder of the Company
“Mr. Zeng”	Mr. Zeng Yong, the vice chairman of the Board and an executive Director and the general manager of the Group
“New Shares”	the new Shares to be issued to the Offeror pursuant to this Scheme, the number of which is equal to the number of Scheme Shares to be cancelled and extinguished
“Offeror”	Aureli Investments Ltd, an exempted company incorporated with limited liability under the laws of the Cayman Islands with registration number 379085 which is directly wholly-owned by HoldCo and indirectly wholly-owned by Founder HoldCo and Affirma HoldCo
“Offeror Concert Parties”	parties acting in concert or presumed to be acting in concert with the Offeror, the Founder Group and/or Affirma HoldCo
“Offeror Rollover Shares”	92,956,400 new Offeror Shares (in aggregate) to be allotted and issued by the Offeror to the Rollover Shareholders as the Rollover Cancellation Consideration for cancellation of the Rollover Scheme Shares pursuant to the Rollover Agreement and this Scheme

“Offeror Shares”	the ordinary shares in the capital of the Offeror
“PRC”	the People’s Republic of China, but for the purpose of the Scheme Document, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Proposal”	the proposal for the take private of the Company by the Offeror by way of the Scheme, on the terms and subject to the conditions as described in the Scheme Document
“Reduction”	the reduction of the issued share capital of Company by the cancellation and extinguishment of the Scheme Shares
“Registered Owner”	any person (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 the Shares
“Registrar”	the Registrar of Companies in the Cayman Islands appointed in accordance with the Companies Act
“Rollover Agreement”	the rollover agreement dated 12 August 2021 entered into between the Rollover Shareholders, the Employee Trustee, HoldCo and the Offeror in relation to the Rollover Arrangement, the key terms of which are further described in the section headed “ <i>Rollover Agreement and Rollover Arrangement</i> ” in the letter from the Board in Part V of the Scheme Document
“Rollover Arrangement”	(a) the cancellation of the Rollover Scheme Shares in consideration for the Rollover Cancellation Consideration; and  (b) the entry by the Rollover Shareholders and the Employee Trustee into the Rollover Agreement

“Rollover Cancellation Consideration”	the consideration to be received by the Rollover Shareholders for cancellation of their Rollover Scheme Shares under the Scheme, being the allotment and issue of the Offeror Rollover Shares to the Rollover Shareholders credited as fully paid in the amount equivalent to the aggregate amount of the Cancellation Price of HK\$2.80 per Scheme Share with respect to all the Rollover Scheme Shares pursuant to the terms of the Rollover Agreement and this Scheme
“Rollover Scheme Shares”	92,956,400 Scheme Shares (in aggregate) held by the Rollover Shareholders, representing approximately 12.57% of the issued share capital of the Company as at the Latest Practicable Date
“Rollover Shareholders”	the Management HoldCos and Mr. Fang
“SCB”	Standard Chartered Bank (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and licensed under the SFO to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities, and the financial adviser to the Offeror in connection with the Proposal
“SCB Group”	SCB and persons controlling, controlled by or under the same control as SCB
“Scheme”	this scheme of arrangement between the Company and the Scheme Shareholders under section 86 of the Companies Act involving, amongst other things, the cancellation of all of the Scheme Shares and the restoration of the issued share capital of the Company to the amount immediately before the cancellation of the Scheme Shares (as set out in Appendix IV to the Scheme Document)

“Scheme Consideration”	the applicable consideration payable to the Scheme Shareholders in consideration for the cancellation of their Scheme Shares pursuant to this Scheme being: (i) the Founder Cancellation Consideration payable to the Founder Shareholders; (ii) the Rollover Cancellation Consideration payable to the Rollover Shareholders; and (iii) the Cancellation Price payable to the Disinterested Shareholders as at the Scheme Record Date
“Scheme Document”	this composite scheme document (which contains, among other things, further details of the Proposal), accompanying proxy forms and notices of the Court Meeting and the General Meeting
“Scheme Record Date”	Friday, 10 December 2021 or such other date to be announced to the Shareholders, being the record date to be announced for determining entitlements of the Scheme Shareholders under the Scheme
“Scheme Shareholders”	the registered holders of the Scheme Shares as at the Scheme Record Date
“Scheme Shares”	the Shares in issue on the Scheme Record Date
“Senior Management Trust”	an irrevocable discretionary trust established by Mr. Zeng (as the settlor) for the benefit of certain senior management employed or formerly employed by the Group and their dependents, with Employee Trustee as the trustee and which holds the entire issued share capital of the Management HoldCos
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of a nominal or par value of USD0.000025 each in the issued share capital of the Company
“Shareholder(s)”	the registered holder(s) of the Shares
“Singapore”	the Republic of Singapore
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“US” or “United States”	the United States of America
“USD”	United States dollars, the lawful currency of the United States

## 2. INTERPRETATION

2.1 In this Scheme, unless the context otherwise requires or otherwise expressly provides:

- (a) references to Parts, Clauses and Sub-Clauses are references to parts, clauses and sub-clauses respectively of this Scheme;
- (b) references to a “person” include references to an individual, firm, partnership, company, corporation, unincorporated body of persons or any state or state agency;
- (c) references to a statute, statutory provision, enactment or subordinate legislation include the same as subsequently modified, amended or re-enacted from time to time;
- (d) references to an agreement, deed or document shall be deemed also to refer to such agreement, deed or document as amended, supplemented, restated, verified, replaced and/or novated (in whole or in part) from time to time and to any agreement, deed or document executed pursuant thereto;
- (e) the singular includes the plural and vice-versa and words importing one gender shall include all genders;
- (f) headings to Parts, Clauses and Sub-Clauses are for ease of reference only and shall not affect the interpretation of this Scheme; and
- (g) all references to time are references to Hong Kong time.

## 3. THE COMPANY

3.1 The Company is an exempted company which was incorporated with limited liability under the laws of the Cayman Islands on 2 September 2014 with registration number 291361. The Company’s registered office address is Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-111, Cayman Islands.

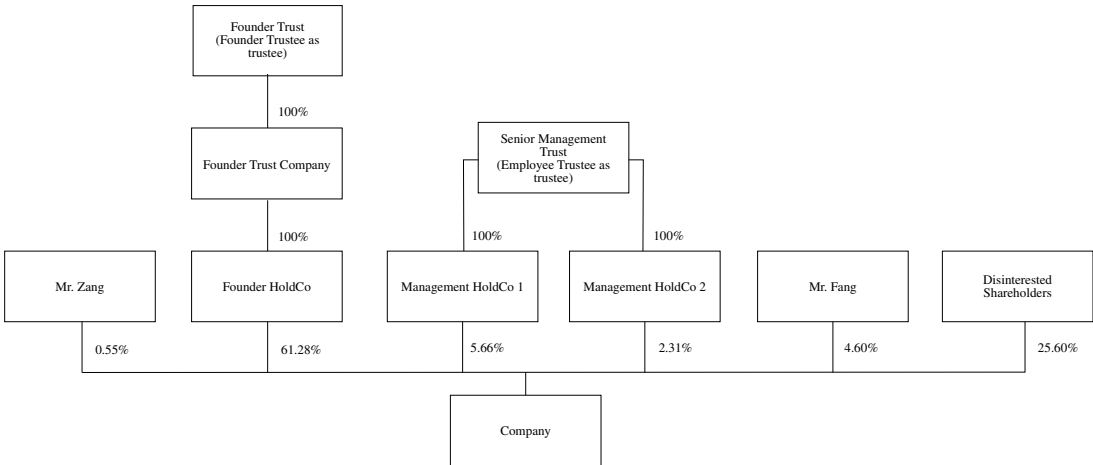
3.2 The Shares have been listed and traded on the Main Board of the Stock Exchange (stock code: 6896) since 2015. As at the Latest Practicable Date, the authorised share capital of the Company was USD50,000 divided into 2,000,000,000 Shares of a single class with a nominal or par value of USD0.000025 each. As at the Latest Practicable Date, the issued share capital of the Company comprised 739,302,000 Shares.

4. THE OFFEROR

- 4.1 The Offeror is an exempted company which was incorporated with limited liability under the laws of the Cayman Islands on 30 July 2021 with registration number 379085. The Offeror’s registered office address is Walkers Corporate Limited, 190 Elgin Avenue, George Town, Grand Cayman, KY1-9008, Cayman Islands.
- 4.2 The Offeror is directly wholly-owned by HoldCo and indirectly wholly-owned by Founder HoldCo and Affirma HoldCo.
- 4.3 The Offeror has undertaken to the Grand Court to be bound by this Scheme, and will execute and do and procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by it for the purpose of giving effect to this Scheme.

5. THE PURPOSE OF THIS SCHEME

- 5.1 The Offeror has proposed the take private of the Company by way of this Scheme.
- 5.2 The primary purpose of the Scheme is to take private the Company by cancelling and extinguishing all of the Scheme Shares in consideration for which the Scheme Consideration shall be paid to the Scheme Shareholders (as applicable) so that thereafter the Offeror will hold the entire issued share capital of the Company.
- 5.3 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 at par credited as fully paid such number of Shares as is equal to the number of Scheme Shares cancelled and extinguished.
- 5.4 As at the Latest Practicable Date, the shareholding structure of the Company was as follows:



- 5.5 Each of the Founder Shareholders and the Rollover Shareholders will not vote their Scheme Shares at the Court Meeting convened at the direction of the Grand Court for the purpose of considering and, if thought fit, approving this Scheme. Only Disinterested Shareholders as at the Meeting Record Date will be entitled to attend and vote at the Court Meeting to approve this Scheme.
- 5.6 For the purpose of approving this Scheme, the Founder Shareholders and the Rollover Shareholders are considered under the laws of the Cayman Islands as having different interests from those of the Disinterested Shareholders. The Company would have been required to hold a formal meeting of the Founder Shareholders and the Rollover Shareholders as a separate class to consider, and if thought fit, approve (with or without modification) this Scheme. However, each of the Founder Shareholders and the Rollover Shareholders have undertaken to the Grand Court and the Company to be bound by the terms this Scheme and to execute and do and procure to be executed and done all such documents, acts and things as may be necessary or desirable for the purpose of giving effect to this Scheme. Accordingly, such requirement to hold a formal class meeting of the Founder Shareholders and the Rollover Shareholders has been waived by the Grand Court on the grounds that each of the Founder Shareholders and the Rollover Shareholders have undertaken to be bound by the terms of this Scheme. The Offeror has also undertaken to the Grand Court and the Company to be bound by the terms of this Scheme.

**PART B: THE SCHEME****6. APPLICATION AND EFFECTIVENESS OF THIS SCHEME**

- 6.1 The compromise and arrangement effected by this Scheme shall apply to all Scheme Shares and is binding on all Scheme Shareholders.
- 6.2 Subject to the Conditions having been fulfilled or waived (as applicable), this Scheme shall become effective in accordance with its terms as soon as:
- (a) an order of the Grand Court sanctioning this Scheme under Section 86 of the Companies Act has been duly delivered to the Registrar (pursuant to Section 86(3) of the Companies Act) for registration; and
  - (b) an order of the Grand Court confirming the Reduction and the minute referred to in Section 17(1) of the Companies Act are registered pursuant to Section 17 of the Companies Act.
- 6.3 Unless this Scheme shall have become effective on or before the Long Stop Date, this Scheme shall lapse.

**7. REDUCTION OF CAPITAL AND CANCELLATION OF THE SCHEME SHARES**

- 7.1 On the Effective Date:
- (a) the issued share capital of the Company shall be reduced by cancelling and extinguishing the Scheme Shares in accordance with Sections 14 to 16 of the Companies Act (with the equivalent number of New Shares being issued as fully paid to the Offeror) and the Scheme Shareholders shall cease to have any rights with respect to the Scheme Shares except the right to receive the Cancellation Price;
  - (b) subject to and forthwith upon the Reduction taking effect, the issued share capital of the Company will be increased to its former amount by the allotment and issue at par of such aggregate number of New Shares as is equal to the number of Scheme Shares cancelled and extinguished; and
  - (c) the Company shall apply the credit amount arising in its books of account as a result of the Reduction (referred to in Clause 7.1(a) above) in paying up in full at par such number of New Shares as is equal to the number of Scheme Shares cancelled, which shall be allotted and issued to the Offeror, credited as fully paid as mentioned in Clause 7.1(b).



**8. CONSIDERATION FOR THE CANCELLATION AND EXTINGUISHMENT OF THE SCHEME SHARES**

- 8.1 In consideration of the cancellation and extinguishment of the Scheme Shares, the Scheme Shareholders shall be paid the applicable Scheme Consideration.
- 8.2 As soon as possible but in any event not later than seven (7) Business Days following the Effective Date, the following Scheme Consideration shall be paid (or cause to be paid) by the Offeror:
- (a) in consideration of the Founder Scheme Shares being cancelled, the Founder Shareholders shall receive the Founder Cancellation Consideration, being the crediting of the unpaid HoldCo Shares held by Founder HoldCo as being fully paid in the amount equivalent to the aggregate amount of the Cancellation Price per Scheme Share with respect to all the Founder Scheme Shares;
  - (b) in consideration of the Rollover Scheme Shares being cancelled, the Rollover Shareholders shall receive the Rollover Cancellation Consideration, being the allotment and issue of the Offeror Rollover Shares to the Rollover Shareholders credited as fully paid in the amount equivalent to the aggregate amount of the Cancellation Price per Scheme Share with respect to all the Rollover Scheme Shares; and
  - (c) all other Scheme Shares (being the Disinterested Shares held by the Disinterested Shareholders as at the Scheme Record Date) will be cancelled in consideration for the Cancellation Price of HK\$2.80 per Scheme Share, which shall be paid in cash on a pro rata basis in accordance with the terms of this Scheme.

**9. PAYMENTS MADE TO DISINTERESTED SHAREHOLDERS**

- 9.1 As soon as possible but in any event not later than seven (7) Business Days following the Effective Date, the Offeror shall send (or cause to be sent) to the Disinterested Shareholders (whose names appear in the register of members of the Company at close of business on the Scheme Record Date) cheques in respect of the Cancellation Price payable to such Disinterested Shareholders pursuant to Clause 8.2(c).
- 9.2 All such cheques shall be sent by ordinary post in pre-paid envelopes addressed to such Disinterested Shareholders at their respective addresses as appearing on the register of members of the Company at the Scheme Record Date or, in the case of joint holders, at the address as appearing on the register of members of the Company at the Scheme Record Date of the joint holder whose name then stands first in the register of members of the Company in respect of the relevant joint holding.
- 9.3 Cheques shall be posted at the risk of the addressee and neither the Offeror or the Company shall be responsible for any loss or delay in the despatch of the same.

- 9.4 Each cheque shall be payable to the order of the person to whom, in accordance with the provisions of Clause 9.2, the envelope containing the same is addressed and the encashment of any such cheque shall be a good discharge to the Offeror for the monies represented thereby.
- 9.5 On or after the day being six calendar months after the posting of the cheques pursuant to Clause 9.2, the Offeror shall have the right to cancel or countermand any cheque which has not been encashed or that has been returned uncashed and shall place all monies represented thereby in a deposit or custodian 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 to it under the terms of this Scheme until the expiration of six years from the Effective Date and shall, prior to such date, make payments thereout of the sums payable pursuant to Clause 8 to persons who satisfy the Offeror that they are respectively entitled thereto and the cheques referred to in Clause 9.2 of which they are payees have not been cashed. Any payments made by the Offeror shall not include any interest accrued on the sums to which the respective persons are entitled pursuant to this Scheme. The Offeror shall exercise their absolute discretion in determining whether or not they are 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.
- 9.6 On the expiration of six years from the Effective Date, the Offeror shall be released from any further obligation to make any payments under this Scheme and the Offeror shall be absolutely entitled to the balance (if any) of the sums then standing to the credit of the deposit or custodian account in its name, including accrued interest subject to any deduction required by law and expenses incurred.
- 9.7 Clause 9.6 shall take effect subject to any prohibition or condition imposed by law.

## **10. CERTIFICATES REPRESENTING SCHEME SHARES**

- 10.1 Each instrument of transfer and certificate existing at the Scheme Record Date in respect of a holding of any number of Scheme Shares shall on the Effective Date cease to be valid for any purpose as an instrument of transfer or a certificate for such Scheme Shares and every holder of such certificate shall be bound at the request of the Offeror to deliver up the same to the Offeror for the cancellation thereof.

## **11. MANDATES AND OTHER INSTRUCTIONS**

- 11.1 All mandates or relevant instructions to the Company in force at the Scheme Record Date relating to any of the Scheme Shares shall cease to be valid as effective mandates or instructions on the Effective Date.

**12. MODIFICATION AND SEVERABILITY**

- 12.1 The Company and the Offeror may jointly consent for and on behalf of all Scheme Shareholders to any modification(s) of or addition(s) to this Scheme or to any condition(s) which the Grand Court may think fit to approve or impose.
- 12.2 If any provision (or any part of any provision) of this Scheme is found by the Grand Court to be illegal or unenforceable, it shall be severed from this Scheme and the remaining provisions of this Scheme shall continue in force.

**13. COSTS AND EXPENSES**

- 13.1 Subject to the requirements of the Takeovers Code, each of the parties shall bear their own costs, charges and expenses relating to the negotiation, preparation and implementation of this Scheme.

**14. GOVERNING LAW**

- 14.1 The terms of this Scheme shall be governed by, and construed in accordance with, the laws of the Cayman Islands and the courts of the Cayman Islands shall have exclusive jurisdiction to hear and determine any proceeding and to settle any dispute which arises out of or in connection with the terms of this Scheme or its implementation or out of any action taken or omitted to be taken under this Scheme or in connection with the administration of this Scheme and for such purposes, the parties irrevocably submit to the exclusive jurisdiction of the Courts of the Cayman Islands, provided, however, that nothing in this Clause shall affect the validity of other provisions determining governing law and jurisdiction between the parties whether contained in any contract or otherwise.
- 14.2 The terms of this Scheme and the obligations imposed on the Company and the Offeror hereunder shall take effect subject to any prohibition or condition imposed by any applicable law.

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## NOTICE OF COURT MEETING

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IN THE GRAND COURT OF THE CAYMAN ISLANDS  
FINANCIAL SERVICES DIVISION

CAUSE NO: FSD 288 OF 2021 (IKJ)

IN THE MATTER OF SECTIONS 14 TO 16 AND 86 OF THE COMPANIES ACT (2021 REVISION)

AND

IN THE MATTER OF GOLDEN THROAT HOLDINGS GROUP COMPANY LIMITED  
金嚟子控股集團有限公司

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## NOTICE OF COURT MEETING

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**NOTICE IS HEREBY GIVEN** that, by an order dated 25 October 2021 (the “**Order**”) made in the above matter, the Grand Court of the Cayman Islands (the “**Grand Court**”) has directed a meeting (the “**Court Meeting**”) to be convened of the registered holders of ordinary shares of a nominal or par value of US\$0.000025 each in the issued share capital of Golden Throat Holdings Group Company Limited 金嚟子控股集團有限公司 (the “**Company**”) other than those beneficially owned by the Founder Shareholders, the Rollover Shareholders and the Offeror Concert Parties (which, for the avoidance of doubt, shall include the Founder Scheme Shares and the Rollover Scheme Shares as defined in the Scheme Document, of which this notice forms part) (the “**Disinterested Shareholders**”), for the purpose of considering and, if thought fit, approving (with or without modification), a scheme of arrangement (the “**Scheme**”) proposed to be made between the Company and the Scheme Shareholders (as defined in the Scheme Document). Unless otherwise provided, capitalised terms used in this Notice of Court Meeting have the same meanings as defined in the Scheme.

The Court Meeting will be held at 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong on Tuesday, 30 November 2021 at 10:00 a.m. (**Hong Kong time**) at which place and time all such Scheme Shareholders are invited to attend either in person, by a fully authorised representative (if a corporation) or by proxy.

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## NOTICE OF COURT MEETING

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A copy of the Scheme and a copy of an explanatory memorandum required by Order 102, rule 20 (4)(e) of the Cayman Islands Grand Court Rules 1995 (Revised Edition) explaining, amongst other things, the effect of the Scheme are incorporated in the composite scheme document (the “**Scheme Document**”) of which this notice forms part. A copy of the Scheme Document has been made available on the Company’s website at <http://www.goldenthroat.com/en/>. A copy of the Scheme Document can also be obtained by the Scheme Shareholders from the Hong Kong Share Registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.

At the Court Meeting, the following resolution will be proposed:

*“THAT the Scheme of Arrangement, a print of which has been submitted to this Court Meeting and, for the purpose of identification, signed by the Chairman of this Court Meeting in its original form with such modifications, additions or conditions as may be approved or imposed by the Cayman Islands Grand Court and as may be agreed by the Company, be and is hereby approved.”*

Disinterested Shareholders (as at the Meeting Record Date) are entitled to vote at the Court Meeting (and any adjournments thereof) either by voting in person or by proxy. Voting will be by way of poll. To be approved, the Scheme requires the approval by a majority in number representing 75 per cent in value or more, of the Disinterested Shareholders present and voting, whether in person or by proxy, at the Court Meeting. Such Disinterested Shareholders may vote in person at the Court Meeting or they may appoint a person (who must be an individual), whether a member of the Company or not, to attend and vote in their stead. A Shareholder who is the holder of two or more shares of the Company may appoint more than one proxy to represent him/her to attend and vote on his/her behalf (subject to and in accordance with the Order). If more than one proxy is so appointed, the appointment shall specify the number of shares in respect of which each such proxy is so appointed. A **pink** form of proxy for use at the Court Meeting (or any adjournment thereof) is enclosed with the Scheme Document. The completion and return of the **pink** form of proxy will not preclude a Disinterested Shareholder from attending and voting in person at the Court Meeting, or any adjournment thereof, if he/she so wishes and in such event, the **pink** form of proxy previously submitted will be revoked by operation of law.

In the case of joint holders of a Scheme Share, any one of such joint holders may vote at the Court Meeting, either in person or by proxy, in respect of the Shares registered in their joint names as if he/she was solely entitled thereto. However, if more than one of such joint holders is present at the Court Meeting in person or by proxy, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names of the joint holders stand on the register of members of the Company in respect of such joint holding of the Shares.

In the case of a Disinterested Shareholder which is a corporation, the Disinterested Shareholder may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its corporate representative at the Court Meeting and exercise the same powers on behalf of the corporate Disinterested Shareholder as if the corporate Disinterested Shareholder was an individual Disinterested Shareholder of the Company.

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## NOTICE OF COURT MEETING

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It is requested that the **pink** form of proxy, together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, be deposited at the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 10:00 a.m. on Sunday, 28 November 2021, but if the **pink** form of proxy is not so lodged, it may alternatively 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 shall have absolute discretion as to whether or not to accept it.

By the Order, the Grand Court has appointed Mr. Cheng Yiqun, an independent non-executive director of the Company, or failing him any other director of the Company or the secretary of the Company as at the date of the Court Meeting (who is not an Offeror Concert Party, or a connected party thereto), to act as the chairman of the Court Meeting and has directed the chairman of the Court Meeting to report the proceedings of and voting at the Court Meeting to the Grand Court within seven days of the Court Meeting. The results of the Court Meeting will also be made available on the Company's website at <http://www.goldenthroat.com/en/> and will be the subject of a public announcement to be published on the Stock Exchange.

**NOTICE IS FURTHER GIVEN THAT** if approved at the Court Meeting, the Scheme will be subject to the subsequent approval and sanction of the Grand Court (the "**Sanction Hearing**"), which is listed to be heard at the Law Courts, George Town, Grand Cayman at 10:00 a.m. on Thursday, 9 December 2021 (Cayman Islands time), or as soon as practicable thereafter as it may be heard. Any Scheme Shareholder is entitled (but not obliged) to attend the Sanction Hearing, through legal counsel, to support or oppose the sanction of the Scheme.

Dated: 29 October 2021

By order of the Grand Court  
**GOLDEN THROAT HOLDINGS  
GROUP COMPANY LIMITED**  
金嚜子控股集團有限公司

***Registered Office***

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

***Principal place of business in Hong Kong***

40th Floor  
Dah Sing Financial Centre  
No.248 Queen's Road East  
Wanchai, Hong Kong

***Notes:***

1. For the purpose of determining the entitlement of holders of Scheme Shares to attend and vote at the Court Meeting, the register of members of the Company will be closed from Thursday, 25 November 2021 to Tuesday, 30 November 2021, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the right to attend and vote at the Court Meeting, all transfers of shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged with the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on Wednesday, 24 November 2021.

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## NOTICE OF COURT MEETING

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2. Given the ever-evolving COVID-19 pandemic and the importance of safeguarding the health and safety of the Shareholders and attendees of the Court Meeting, the Company will implement precautionary measures at the venue of the Court Meeting which include but are not limited to the following:
- (i) All Shareholders, proxies and other attendees are subject to a compulsory body temperature check at the entrance of the venue. Any person with a body temperature of over 37.5 degrees Celsius or who has any flu-like symptoms or is otherwise unwell will not be permitted to enter into the venue.
  - (ii) All attending Shareholders, proxies and other attendees are required to submit at the entrance of the venue a completed declaration form (a copy can be downloaded from the Company's website at <http://www.goldenthroat.com/en/>). Any Shareholder, proxy and other attendee who has travelled to areas outside of Hong Kong at any time in the preceding 14 days of the Court Meeting, or is subject to any compulsory quarantine prescribed by Department of Health of Hong Kong, or has close contact with confirmed case(s) and/or probable case(s) of COVID-19 patient(s), or lives with or has close contact with any person under home quarantine or self-quarantine in relation to COVID-19, will be denied entry into the venue.
  - (iii) All Shareholders, proxies and other attendees are required to clean their hands with alcohol-based hand sanitiser before entering the venue. All participants must wear a surgical mask and observe good personal hygiene throughout the Court Meeting.
  - (iv) Appropriate distance and space will be maintained in the seating plan. As the meeting room is of limited capacity, the Company may have other alternative arrangements at the venue as may be necessary.
  - (v) The Company will not provide refreshments and will not distribute corporate gifts.
  - (vi) If any participant declines to comply with any of the abovementioned measures, the Company reserves the right to deny such person from entering into the venue or to request him/her to leave the venue.
  - (vii) The Company shall follow the latest directions under the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation and implement further precautionary measures as and when necessary.

The Company strongly advises the Disinterested Shareholders to appoint the Chairman of the Court Meeting as their proxy to vote on the resolution as an alternative to attending and voting at the Court Meeting in person.

3. All times and dates specified herein refer to Hong Kong local times and dates, unless otherwise stated.

*As at the date of this notice, the Board consists of Ms. Jiang Peizhen as non-executive director, Mr. Zeng Yong, Mr. Huang Jianping, Mr. Zeng Kexiong, Mr. Lu Xinghong and Mr. He Jinqiang as executive directors and Mr. Li Hua, Mr. Zhu Jierong and Mr. Cheng Yiqun as independent non-executive directors.*

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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



## GOLDEN THROAT HOLDINGS GROUP COMPANY LIMITED 金嚜子控股集團有限公司

*(Incorporated under the laws of the Cayman Islands with limited liability of its members)*

**(Stock Code: 6896)**

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “**General Meeting**”) of Golden Throat Holdings Group Company Limited 金嚜子控股集團有限公司 (the “**Company**”) will be held at 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong on Tuesday, 30 November 2021 at 10:30 a.m. (Hong Kong time) (or immediately after the conclusion or adjournment of the Court Meeting), for the purpose of considering and, if thought fit, passing the following resolutions. Unless otherwise defined, capitalised terms used in this notice shall have the same meanings as those defined in the scheme document of the Company dated 29 October 2021 of which this notice forms part.

#### **SPECIAL RESOLUTION**

1. “**THAT**, for the purpose of giving effect to the Scheme, on the Effective Date, any reduction of the issued share capital of the Company by the cancellation and extinguishment of the Scheme Shares be and is hereby approved.”

#### **ORDINARY RESOLUTIONS**

2. “**THAT**:
  - (A) subject to and forthwith upon such reduction of capital as referred to in resolution 1 taking effect, the issued share capital of the Company will be increased to its former amount by the issuance at par to Aureli Investments Ltd (the “**Offeror**”), credited as fully paid, of the aggregate number of new shares of the Company (the “**New Shares**”), as is equal to the number of the Scheme Shares cancelled and extinguished;
  - (B) 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, and the directors of the Company be and are hereby authorised to allot and issue the same accordingly; and



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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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- (C) any one of the directors of the Company be and is hereby authorised to do all acts and things considered by him or her to be necessary or desirable in connection with the implementation of the Scheme, including (without limitation):
- (i) the making of an application to the Stock Exchange for the withdrawal of the listing of the shares of the Company from the Stock Exchange, subject to the Scheme taking effect;
  - (ii) any reduction of the issued share capital of the Company;
  - (iii) the allotment and issuance of the New Shares to the Offeror referred to above; and
  - (iv) the giving, on behalf of the Company, of consent to any modification of, or addition to, the Scheme which the Grand Court may see fit to impose.”
3. “**THAT**, the Rollover Arrangement (a special deal under Rule 25 of the Takeovers Code), the terms thereof and all the transactions contemplated or arising thereunder, be and are hereby approved, confirmed and ratified.”

By order of the Board of  
**Golden Throat Holdings Group Company Limited**  
**金嚜子控股集團有限公司**  
**Ms. Jiang Peizhen**  
*Chairman*

Guangxi, the PRC  
29 October 2021

***Registered Office***

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

***Headquarters and principal  
place of business in the PRC***

No. 28, Yuejin Road  
Liuzhou, Guangxi Zhuang  
Autonomous Region  
China

***Principal place of business in  
Hong Kong***

40th Floor  
Dah Sing Financial Centre  
No.248 Queen's Road East  
Wanchai, Hong Kong

*Notes:*

1. Only the Disinterested Shareholders (as defined in the Scheme) shall be entitled to vote on the abovementioned resolution 3.
2. Each of the resolutions set out in the above notice will be put to the vote by way of a poll.
3. Any Shareholder entitled to attend and vote at the General Meeting is entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A proxy need not be a Shareholder of the Company. A Shareholder who is the holder of two or more shares of the Company may appoint more than one proxy to represent him/her to attend and vote on his/her behalf. If more than one proxy is so appointed, the appointment shall specify the number of shares in respect of which each such proxy is so appointed.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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4. Where there are joint holders of any shares in the Company, any one of such joint holders may vote at the General Meeting, either in person or by proxy, in respect of such shares as if he/she was solely entitled thereto, but if more than one of such joint holders be present at the General Meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holder(s) and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

A **white** form of proxy for use at the General Meeting (or any adjournment thereof) is enclosed with the Scheme Document. In order to be valid, the **white** form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, must be deposited at the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the General Meeting or any adjournment thereof. The completion and return of the **white** form of proxy shall not preclude a Shareholder from attending and voting in person at the General Meeting or any adjournment thereof and, in such event, the **white** form of proxy will be revoked by operation of law.

5. For the purpose of determining the entitlement of the Shareholders to attend and vote at the General Meeting, the register of members of the Company will be closed from Thursday, 25 November 2021 to Tuesday, 30 November 2021, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the right to attend and vote at the General Meeting, all transfers of shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged with the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on Wednesday, 24 November 2021.

6. Given the ever-evolving COVID-19 pandemic and the importance of safeguarding the health and safety of the Shareholders and attendees of the General Meeting, the Company will implement precautionary measures at the venue of the General Meeting which include but are not limited to the following:

- (i) All Shareholders, proxies and other attendees are subject to a compulsory body temperature check at the entrance of the venue. Any person with a body temperature of over 37.5 degrees Celsius or who has any flu-like symptoms or is otherwise unwell will not be permitted to enter into the venue.
- (ii) All attending Shareholders, proxies and other attendees are required to submit at the entrance of the venue a completed declaration form (a copy can be downloaded from the Company's website at <http://www.goldentthroat.com/en/>). Any Shareholder, proxy and other attendee who has travelled to areas outside of Hong Kong at any time in the preceding 14 days of the General Meeting, or is subject to any compulsory quarantine prescribed by Department of Health of Hong Kong, or has close contact with confirmed case(s) and/or probable case(s) of COVID-19 patient(s), or lives with or has close contact with any person under home quarantine or self-quarantine in relation to COVID-19, will be denied entry into the venue.
- (iii) All Shareholders, proxies and other attendees are required to clean their hands with alcohol-based hand sanitiser before entering the venue. All participants must wear a surgical mask and observe good personal hygiene throughout the General Meeting.
- (iv) Appropriate distance and space will be maintained in the seating plan. As the meeting room is of limited capacity, the Company may have other alternative arrangements at the venue as may be necessary.
- (v) The Company will not provide refreshments and will not distribute corporate gifts.
- (vi) If any participant declines to comply with any of the abovementioned measures, the Company reserves the right to deny such person from entering into the venue or to request him/her to leave the venue.
- (vii) The Company shall follow the latest directions under the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation and implement further precautionary measures as and when necessary.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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The Company strongly advises the Shareholders to appoint the Chairman of the General Meeting as their proxy to vote on the resolution as an alternative to attending and voting at the General Meeting in person.

7. All times and dates specified herein refer to Hong Kong local times and dates, unless otherwise stated.

*As at the date of this notice, the Board consists of Ms. Jiang Peizhen as non-executive director, Mr. Zeng Yong, Mr. Huang Jianping, Mr. Zeng Kexiong, Mr. Lu Xinghong and Mr. He Jinqiang as executive directors and Mr. Li Hua, Mr. Zhu Jierong and Mr. Cheng Yiqun as independent non-executive directors.*