
THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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

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 Composite Document and the accompanying Form of Acceptance, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the Form of Acceptance.

**INNOVATIVE CITY
INVESTMENTS LIMITED**
城創投資有限公司

(incorporated in the British Virgin Islands with limited liability)



KANTONE HOLDINGS LIMITED
看通集團有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1059)

**COMPOSITE OFFER AND RESPONSE DOCUMENT RELATING TO
MANDATORY UNCONDITIONAL CASH OFFER BY**



**FOR AND ON BEHALF OF INNOVATIVE CITY INVESTMENTS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES
IN KANTONE HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED AND/OR TO BE ACQUIRED BY
INNOVATIVE CITY INVESTMENTS LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

Financial adviser to the Offeror



Independent Financial Adviser to the Independent Board Committee



Donvex Capital Limited

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

A letter from Kingston Securities containing, among other things, details of the terms of the Offer is set out on pages 7 to 15 of this Composite Document.

A letter from the Board is set out on pages 16 to 20 of this Composite Document. A letter from the Independent Board Committee is set out on pages IBC-1 to IBC-2 of this Composite Document. A letter from the Independent Financial Adviser, containing its advice to the Independent Board Committee, is set out on pages IFA-1 to IFA-20 of this Composite Document.

The procedures for acceptance and settlement of the Offer and other related information are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Acceptance of the Offer should be received by the Registrar as soon as possible and in any event no later than 4:00 p.m. on Tuesday, 28 December 2021 (or such later time and/or date as the Offeror may decide and announce in accordance with the requirements under the Takeovers Code).

Any persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form of Acceptance to any jurisdiction outside of Hong Kong should read the details in this regard which are contained in the paragraph headed "7. OVERSEAS INDEPENDENT SHAREHOLDERS" in Appendix I to this Composite Document before taking any action. It is the responsibility of each Overseas Independent Shareholder wishing to accept the Offer to satisfy himself, herself or itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or legal requirements. Overseas Independent Shareholders are advised to seek professional advice on deciding whether to accept the Offer.

This Composite Document will remain on the websites of the Stock Exchange at <http://www.hkexnews.hk> and the Company at <https://www.tricor.com.hk/websevice/01059/> as long as the Offer remains open.

3 December 2021

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EXPECTED TIMETABLE

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

All time and date references contained in this Composite Document refer to Hong Kong time and dates.

Event	Time & Date
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2021

Despatch date of this Composite Document and the Form of Acceptance (<i>Note 1</i>)	Friday, 3 December
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Offer opens for acceptance (<i>Note 1</i>).....	Friday, 3 December
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Latest time and date for acceptance of the Offer (<i>Note 2</i>).....	4:00 p.m. on Tuesday, 28 December
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Closing Date (<i>Note 2</i>)	Tuesday, 28 December
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Announcement of the results of the Offer (or its extension or revision, if any) on the website of the Stock Exchange (<i>Note 2</i>).....	no later than 7:00 p.m. on Tuesday, 28 December
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2022

Latest date for posting of remittances in respect of valid acceptances received at or before the latest time for acceptance of the Offer (<i>Note 3</i>)	Thursday, 6 January
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Notes:

1. The Offer, which is unconditional in all respects, is made on the date of posting of this Composite Document, and is capable of acceptance on and from that date until 4:00 p.m. on the Closing Date, unless the Offeror revises the Offer in accordance with the Takeovers Code. Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except in the circumstances set out in the paragraph headed “6. RIGHT OF WITHDRAWAL” in Appendix I to this Composite Document.
2. In accordance with the Takeovers Code, the Offer must initially be open for acceptance for at least 21 days following the date on which this Composite Document is posted. The latest time and date for acceptance of the Offer is 4:00 p.m. on Tuesday, 28 December 2021 unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. The Offeror has the right under the Takeovers Code to extend the Offer until such date as it may determine in accordance with the Takeovers Code (or as permitted by the Executive in accordance with the Takeovers Code). An announcement will be jointly issued by the Offeror and the Company on the website of the Stock Exchange by 7:00 p.m. on the Closing Date stating the result of the Offer and whether the Offer has been revised or extended or has expired. In the event that the Offeror decides to revise the Offer, all Independent Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms. The revised Offer must be kept open for at least 14 days following the date on which the revised offer document(s) are posted and shall not close earlier than the Closing Date.

EXPECTED TIMETABLE

If there is a tropical cyclone warning signal number 8 or above or “extreme conditions” caused by super typhoons or a “black” rainstorm warning signal in force on the Closing Date and (i) not cancelled in time for trading on the Stock Exchange to resume in the afternoon, the time and date of the close of the Offer will be postponed to 4:00 p.m. on the next Business Day which does not have either of those warnings in force in Hong Kong or such other day as the Executive may approve; or (ii) cancelled in time for trading on the Stock Exchange to resume in the afternoon, the time and date of the close of the Offer will remain on the same day, i.e. 4:00 p.m. on the Closing Date.

3. Remittances in respect of the cash consideration (after deducting the seller’s ad valorem stamp duty) payable for the Offer Shares tendered under the Offer will be despatched to the Independent Shareholders accepting the Offer by ordinary post at their own risk as soon as possible, but in any event within seven (7) Business Days following the date of receipt of all relevant documents required to render such acceptance complete and valid in accordance with the Takeovers Code. The latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances will not take effect if there is a tropical cyclone warning signal number 8 or above, or “extreme conditions” caused by super typhoons or a “black” rainstorm warning signal, in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances. In such cases, the latest time for acceptance of the Offer and the posting of remittances will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

Save as mentioned above, if the latest time for acceptance of the Offer and the posting of remittances do not take effect on the date and time as stated above, the other dates mentioned above may be affected. The Offeror and the Company will notify the Shareholders any change to the expected timetable as soon as practicable by way of announcement(s).

IMPORTANT NOTICES

NOTICE TO THE OVERSEAS INDEPENDENT SHAREHOLDERS

The making of the Offer to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or affected by the laws of the relevant jurisdictions. Overseas Independent Shareholders who are citizens or residents or nationals of jurisdictions outside Hong Kong should inform themselves about and observe any applicable legal requirements. It is the responsibility of any such person who wishes to accept the Offer to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant jurisdictions in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required or compliance with other necessary formalities or legal requirements and the payment of any transfer or other taxes or other required payments due in respect of such jurisdictions. The Offeror and parties acting in concert with it, the Company, Kingston Corporate Finance, Kingston Securities, the Independent Financial Adviser, the Registrar, their respective ultimate beneficial owners, directors, officers, agents and associates and any other person involved in the Offer shall be entitled to be fully indemnified and held harmless by such person for any taxes as such person may be required to pay. Please refer to the paragraph headed “Overseas Independent Shareholders” in the “Letter from Kingston Securities” and Appendix I to this Composite Document for further information.

As confirmed by the Company, as at the Latest Practicable Date, the Company has one Shareholder with registered addresses in Canada and two Shareholders with registered address in Malaysia.

DEFINITIONS

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

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“AGM Circular”	the circular dated 30 November 2021 issued by the Company containing a notice to convene the annual general meeting of the Company to be held on Thursday, 30 December 2021
“associate(s)”	has the meaning ascribed thereto under the Takeovers Code
“Board”	the board of Directors
“Business Day(s)”	a day on which the Stock Exchange is open for the transaction of business
“BVI”	the British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Champion”	Champion Technology Holdings Limited, a company continued in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 92)
“Closing Date”	Tuesday, 28 December 2021, being the closing date of the Offer which is 21 days following the date on which this Composite Document is posted (or if the Offer is extended, any subsequent closing date as may be determined by the Offeror and jointly announced by the Offeror and the Company in accordance with the Takeovers Code)
“Company”	Kantone Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1059)
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the Sale and Purchase Agreement, which took place on 9 November 2021

DEFINITIONS

“Composite Document”	this composite offer and response document jointly issued by the Offeror and the Company in accordance with the Takeovers Code containing, among other things, details of the Offer, the recommendation from the Independent Board Committee to the Independent Shareholders and the advice from the Independent Financial Adviser to the Independent Board Committee in respect of the Offer
“Director(s)”	the director(s) of the Company
“Encumbrances”	a mortgage, charge, pledge, lien, option, restriction, right of first refusal, right of pre-emption, third-party right or interest, other encumbrance or security interest of any kind, or another type of preferential arrangement (including, without limitation, a title transfer or retention arrangement) having similar effect
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director, as defined in the Takeovers Code
“Form of Acceptance”	the form of acceptance and transfer of the Offer Shares in respect of the Offer accompanying this Composite Document
“Group”	the Company and its subsidiaries from time to time
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company comprising Mr. Leung Man Fai, Ms. Chung Sau Wai Ada and Mr. Clayton Ip, being all independent non-executive Directors for the purpose of making a recommendation to the Independent Shareholders regarding the terms of the Offer
“Independent Financial Adviser”	Donvex Capital Limited, a corporation licensed by the SFC to carry on Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Independent Board Committee in accordance with Rule 2.1 of the Takeovers Code for the purpose of advising the Independent Board Committee and the Independent Shareholders in respect of the terms of the Offer and as to their acceptance

DEFINITIONS

“Independent Shareholders”	the Shareholders other than the Offeror and parties acting in concert with it
“Joint Announcement”	the announcement jointly published by the Offeror, the Company and Champion dated 25 August 2021 in relation to, among other things, the Offer pursuant to Rule 3.5 of the Takeovers Code
“Kingston Corporate Finance”	Kingston Corporate Finance Limited, a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO, being the financial adviser to the Offeror
“Kingston Securities”	Kingston Securities Limited, a corporation licensed by the SFC to carry on Type 1 (dealing in securities) regulated activity under the SFO, being the agent making the Offer on behalf of the Offeror
“Last Trading Day”	31 May 2021, being the last trading day on which the Shares were traded on the Stock Exchange on the date of issue and publication of the Joint Announcement
“Latest Practicable Date”	1 December 2021, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Facility”	a loan facility granted by Kingston Securities as lender to the Offeror as borrower in accordance with the terms of the Loan Facility Agreement for financing the acquisition of Sale Shares and the Offer Shares under the Offer
“Loan Facility Agreement”	the loan facility agreement entered into between Kingston Securities as lender and the Offeror as borrower dated 31 May 2021 in relation to the Loan Facility
“Mr. Chan”	Mr. Chan Koon Wa, who owns 100% shareholding of the Offeror
“Offer”	the mandatory unconditional general cash offer made by Kingston Securities for and on behalf of the Offeror to acquire all of the Offer Shares pursuant to Rule 26.1 of the Takeovers Code

DEFINITIONS

“Offer Price”	the price at which the Offer is made, being HK\$0.461 per Offer Share
“Offer Share(s)”	any and all of the issued Share(s) not already owned or to be acquired by the Offeror and parties acting in concert with it
“Offeror”	Innovative City Investments Limited, a company incorporated in the BVI with limited liability, which is wholly-owned by Mr. Chan
“Overseas Independent Shareholder(s)”	Independent Shareholder(s) whose address(es), as shown on the register of members of the Company, is/are outside Hong Kong
“PRC”	the People’s Republic of China, which, for the purpose of this Composite Document, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Registrar”	Tricor Secretaries Limited, the Company’s branch share registrar and transfer office at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Relevant Period”	the period from 25 February 2021, being the date falling six months immediately preceding the commencement of the offer period, up to and including the Latest Practicable Date
“Sale and Purchase Agreement”	the sale and purchase agreement dated 31 May 2021 entered into between the Offeror and Champion, as vendor, for the acquisition of the Sale Shares by the Offeror (as amended and supplemented by the supplemental agreements dated 16 August 2021 and 15 September 2021)
“Sale Share(s)”	128,137,958 Shares which were beneficially owned by Champion before Completion and were sold to the Offeror pursuant to the Sale and Purchase Agreement
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

DEFINITIONS

“Share Charge(s)”	collectively, (i) the share charge entered into between Kingston Securities as chargee and the Offeror as chargor dated 31 May 2021 whereby the Offeror has agreed to charge to Kingston Securities as security for the Loan Facility all of the Sale Shares owned by the Offeror upon Completion; and (ii) the share charge entered into between Kingston Securities as chargee and the Offeror as chargor dated 31 May 2021 whereby the Offeror has agreed to charge to Kingston Securities as security for the Loan Facility the Shares to be acquired by the Offeror
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM KINGSTON SECURITIES

Kingston Securities Limited
72/F, The Center
99 Queen's Road Central
Central, Hong Kong

3 December 2021

To the Independent Shareholders

Dear Sir/Madam,

MANDATORY UNCONDITIONAL CASH OFFER BY



FOR AND ON BEHALF OF INNOVATIVE CITY INVESTMENTS LIMITED TO ACQUIRE ALL THE ISSUED SHARES IN KANTONE HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED AND/OR TO BE ACQUIRED BY INNOVATIVE CITY INVESTMENTS LIMITED AND PARTIES ACTING IN CONCERT WITH IT)

INTRODUCTION

Reference is made to the Joint Announcement, whereby the Offeror, the Company and Champion jointly announced that Kingston Securities will, for and on behalf of the Offeror, make a mandatory unconditional general cash offer to acquire all the Offer Shares. As at the Latest Practicable Date, the Offeror and the parties acting in concert with it are interested in an aggregate of 128,137,958 Shares, representing approximately 59.04% of the entire issued share capital of the Company.

This letter forms part of this Composite Document which set out, among other things, the details of the Offer, information on the Offeror and the intention of the Offeror regarding the Group. Further terms and procedures of acceptance of the Offer are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance. The Independent Shareholders are strongly advised to consider carefully the information contained in the "Letter from the Board", "Letter from the Independent Board Committee" and "Letter from the Independent Financial Adviser" as set out in this Composite Document, the appendices as set out in this Composite Document and the Form of Acceptance and to consult their professional advisers if in doubt before reaching a decision as to whether or not to accept the Offer.

LETTER FROM KINGSTON SECURITIES

PRINCIPAL TERMS OF THE OFFER

Kingston Securities is, on behalf of the Offeror, making the Offer in compliance with the Takeovers Code on the terms set out on the following basis:

The Offer

Kingston Securities is making the Offer pursuant to Note 1 to Rule 26.2 of the Takeovers Code, for and on behalf of the Offeror on the terms to be set out below in compliance with the Takeovers Code on the following basis:

For every Offer Share HK\$0.461 in cash

The Offer Price is the same as the price per Sale Share payable by the Offeror under the Sale and Purchase Agreement.

As at the Latest Practicable Date, the Company had 217,038,506 Shares in issue. Save as aforesaid, the Company did not have any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the Latest Practicable Date.

The Offer is unconditional in all aspects when it is made and is not conditional upon acceptances being received in respect of a minimum number of Shares.

Comparison of value

The Offer Price of HK\$0.461 per Offer Share represents:

- (i) a discount of approximately 16.18% to the closing price of HK\$0.55 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 12.44% over the closing price of HK\$0.410 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 21.96% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day of HK\$0.378 per Share;
- (iv) a premium of approximately 30.97% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day of HK\$0.352 per Share;
- (v) a premium of approximately 18.21% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the thirty (30) consecutive trading days up to and including the Last Trading Day of HK\$0.390 per Share;

LETTER FROM KINGSTON SECURITIES

- (vi) a premium of approximately 51.64% over the unaudited consolidated net asset value attributable to shareholders per Share as at 31 December 2020 of approximately HK\$0.304 per Share based on 217,038,506 Shares in issue as at the Latest Practicable Date; and
- (vii) a discount of approximately 7.06% to the audited consolidated net asset value attributable to Shareholders per Share as at 30 June 2021 of approximately HK\$0.496 per Share based on 217,038,506 Shares in issue as at the Latest Practicable Date.

During the Relevant Period, the highest closing price per Share as quoted on the Stock Exchange was HK\$0.67 on 15 November 2021 and the lowest closing price per Share as quoted on the Stock Exchange was HK\$0.285 on 15 March 2021.

Value of the Offer

As at the Latest Practicable Date, there are 217,038,506 Shares in issue, of which 128,137,958 Shares (representing approximately 59.04% of the issued share capital of the Company) is held by the Offeror and parties acting in concert with it. There are no outstanding warrants, options, derivatives or other securities convertible into Shares and the Company has not entered into any agreement for the issue of such warrants, options, derivatives or other securities convertible into Shares as at the Latest Practicable Date.

On the basis of the Offer Price of HK\$0.461 per Offer Share and 217,038,506 Shares in issue as at the Latest Practicable Date, the entire issued share capital of the Company would be valued at approximately HK\$100.1 million. On the assumption that the Offer is accepted in full by the holders of the Offer Shares and on the basis that there will be 88,900,548 Offer Shares, the value of the Offer is approximately HK\$41.0 million.

Confirmation of financial resources available for the Offer

The Offeror intends to finance the consideration payable under the Offer by the Loan Facility granted to it by Kingston Securities.

Kingston Corporate Finance has been appointed as the financial adviser to the Offeror in respect of the Offer and is satisfied that sufficient financial resources are available to the Offeror to satisfy its maximum payment obligations upon full acceptance of the Offer.

On the date of the Sale and Purchase Agreement, the Offeror entered into the Loan Facility Agreement in connection with the Loan Facility, and the Offeror entered into the Share Charges in favour of Kingston Securities. The payment of interest on, repayment of or security for any existing liability (contingent or otherwise) in relation to the Loan Facility, will not depend on the business of the Company to any significant extent. The voting rights of the Shares subject to the Share Charges would not be transferred to Kingston Securities unless

LETTER FROM KINGSTON SECURITIES

and until the security under the Share Charge(s) shall have become enforceable, and Kingston Securities has elected to enforce the security thereunder, pursuant to the terms and conditions thereof.

Effects of accepting the Offer

The Offer is unconditional in all respects.

Acceptance of the Offer by any Shareholder will be deemed to constitute a warranty by such person that all Offer Shares sold by such person under the Offer are free from all liens, charges, Encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them as at the date on which the Offer is made or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the Offer is made, being the date of this Composite Document.

Acceptance of the Offer by any Independent Shareholder will constitute a warranty by such person to the Offeror that all Offer Shares to be sold by such person under the Offer are fully paid and free from all liens, charges, options, claims, Encumbrances, adverse interests, pre-emptive rights and all third party rights of any nature, and will be sold together with all rights attached thereto as at the date on which the Offer is made and any rights subsequently attaching thereto, including the right to receive any and all dividends and other distributions recommended or declared, paid or made on or after the date on which the Offer is made, being the date of this Composite Document.

As at the Latest Practicable Date, (a) no dividends or distributions have been declared but unpaid; and (b) there is no intention for the Company to make, declare or pay any dividends or distributions before the close of the Offer.

Acceptance of the Offer will be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code as set out in subparagraph (b) under the paragraph headed “6. RIGHT OF WITHDRAWAL” in Appendix I to this Composite Document.

Hong Kong stamp duty

Seller’s ad valorem stamp duty at a rate of 0.13% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the amount payable to the relevant Shareholder on acceptance of the Offer.

The Offeror will arrange for payment of the seller’s Hong Kong ad valorem stamp duty on behalf of the relevant Independent Shareholders who accept the Offer and pay the buyer’s Hong Kong ad valorem stamp duty in connection with the acceptances of the Offer and the transfers of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

LETTER FROM KINGSTON SECURITIES

Settlement

Payment in cash in respect of acceptances of the Offer will be made as soon as possible but in any event within seven (7) Business Days following the date on which the duly completed acceptance of the Offer and the relevant documents of title of the Offer Shares in respect of such acceptance are received by the Offeror (or its agent) to render each such acceptance complete and valid.

No fractions of a cent will be payable and the amount of the consideration payable to an Independent Shareholder who accepts the Offer will be rounded up to the nearest cent.

Overseas Independent Shareholders

The Offeror intends to make the Offer available to all Independent Shareholders, including those who are not residents in Hong Kong. The availability of the Offer to persons who are not resident in Hong Kong may be affected by the laws of the relevant overseas jurisdictions. The making of the Offer to the Independent Shareholders whose registered addresses are in jurisdictions outside Hong Kong may be prohibited or affected by the laws or regulations of the relevant jurisdictions. Such Independent Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe relevant applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the responsibility of the individual Independent Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any regulatory or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions).

As confirmed by the Company, as at the Latest Practicable Date, the Company has one Shareholder with registered address in Canada and two Shareholders with registered addresses in Malaysia.

As at the Latest Practicable Date, the Offeror had been advised that under the applicable legislations and regulations of Canada and Malaysia, there was no regulatory restriction of any regulatory body or stock exchange with respect to extending the Offer to these Overseas Independent Shareholders in the relevant jurisdictions. Accordingly, the Offer will be extended to the Overseas Independent Shareholders with registered addresses in the above jurisdictions.

Acceptance of the Offer by any Overseas Independent Shareholder will be deemed to constitute a representation and warranty from such Overseas Independent Shareholder to the Offeror that all the laws and requirements of the relevant jurisdictions have been complied with. The Overseas Independent Shareholders should consult their professional advisers in case of any doubt.

LETTER FROM KINGSTON SECURITIES

Taxation advice

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

INFORMATION OF THE OFFEROR

The Offeror is a company incorporated in the BVI with limited liability on 17 May 2021 which was incorporated solely for the purpose of holding the Sale Shares to be acquired by the Offeror.

As of the Latest Practicable Date, the Offeror is wholly owned by Mr. Chan. Mr. Chan, aged 59, has over 30 years of experience in the trading and distribution business. In 1990, he started his own business in the automotive industry. From 2008 to 2010, he held around 90% equity interest in Richard Mille Macau Limited, which was the sole agent for Richard Mille in Macau. From 2011 to 2014, he held 55% equity interest in Symphony Lotus Limited, which was an automotive wholesaler and distributor for sports cars and the sole agent for Lotus Cars in the PRC.

Apart from actively participating in the trading and distribution industry, Mr. Chan also ventured into the hotel and property development industry. He had been the director of Golden Bauhinia International Hotel since July 2013. Golden Bauhinia International Hotel is a 4-star hotel located in Nanning City of Guangxi Province in the PRC. His first venture into property development in Malaysia Kuala Lumpur is a residential development project known as Pavilion Ceylon Hill in which he owns 49% equity stake since April 2016. The development is currently under construction with completion targeted by the end of 2021. He is also a director of and owns 20% equity interest in Sering Manis Sdn Bhd, which owns 280 acres of freehold land at Pahang, Malaysia, which is about 11 kilometres away from the peak of Genting Highlands. The project is currently in its planning stage. He is also a director of Buddhist Li Chong Yuet Ming Nursing Home for the Elderly, a nursing home in Hong Kong.

INFORMATION ON THE GROUP

Details of the information on the Group are set out in the paragraph headed “INFORMATION ON THE GROUP” in the “Letter from the Board” in this Composite Document.

LETTER FROM KINGSTON SECURITIES

INTENTION OF THE OFFEROR IN RELATION TO THE COMPANY

Following the close of the Offer, the Offeror intends to continue the existing principal businesses of the Group. The Group is principally engaged in sale of systems products, software licensing and customisation, leasing of systems products and trading of cultural products.

The Offeror will conduct a review of the existing principal businesses and the financial position of the Group for the purpose of formulating business plans and strategies for the future business development of the Group. Subject to the results of the review, the Offeror may explore other business opportunities and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Group. Should such corporate actions materialise, further announcement(s) will be made in accordance with the Listing Rules.

Save for the Offeror's intention regarding the Group as set out above, as at the Latest Practicable Date, no investment or business opportunity has been identified nor has the Offeror entered into any agreement, arrangements, understandings or negotiation in relation to the injection of any assets or business into the Group, and the Offeror has no intention to discontinue the employment of any employees of the Group or to redeploy the fixed assets of the Group other than those in its ordinary and usual course of business.

Save for the proposed change to the Board composition of the Company (details of which are disclosed in the paragraph headed "Proposed change to the Board composition of the Company" below), the Offeror has no intention to terminate the employment of any employees of the Group or to make material changes to the employment of the employees of the Group, nor to cease any existing businesses of the Group or to dispose or redeploy any fixed assets of the Group (other than in the ordinary and usual course of business of the Group) as at the Latest Practicable Date.

Proposed change to the Board composition of the Company

The Board is currently made up of seven Directors, comprising two executive Directors, being Ms. Wong Man Winny and Mr. Wu Yunjing; two non-executive Directors, being Mr. Liu Ka Lim and Ms. To Yin Fong Cecilica; and three independent non-executive Directors, being Mr. Leung Man Fai, Ms. Chung Sau Wai Ada and Mr. Clayton Ip.

Meanwhile, the Offeror intends to nominate Mr. Chan as the executive Director. The biography of Mr. Chan is set out in the paragraph headed "Information of the Offeror" above. Any appointment will be made in compliance with the Takeovers Code and the Listing Rules.

As at the Latest Practicable Date, Mr. Chan has not held any other directorships in other public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years. Save for the Sale Shares and as at the Latest Practicable Date, Mr. Chan did not have any interest in the Shares (within the meaning of Part XV of the SFO).

LETTER FROM KINGSTON SECURITIES

As at the Latest Practicable Date, save for the proposed appointment of Mr. Chan, the Offeror is in the course of identifying additional candidates for the Board and had not finalised the candidates to be appointed as new Director(s). Any changes to the members of the Board will be made in compliance with the Takeovers Codes and/or the Listing Rules and further announcement(s) will be made as and when appropriate.

MAINTAINING THE LISTING STATUS OF THE COMPANY

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

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

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

The Offeror intends to maintain the listing of the Shares on the Stock Exchange. The sole director of the Offeror, who is also the new Director to be appointed to the Board has undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares after closing of the Offer.

Compulsory acquisition

The Offeror does not intend to avail itself of any powers of compulsory acquisition of any Shares outstanding after the close of the Offer.

GENERAL

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

All documents and remittances to be sent to the Independent Shareholders will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent to the Independent Shareholders at their respective addresses as they appear in the register of members of the Company or in the case of joint Shareholders, to such Shareholder whose name appears first in the register of members of the Company. The Company, the Offeror and parties acting in concert with it, Kingston Securities, Kingston Corporate Finance, the Independent Financial Adviser, the Registrar or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other persons involved in the Offer will not be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof or in connection therewith.

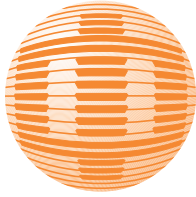
LETTER FROM KINGSTON SECURITIES

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Composite Document which form part of this Composite Document. You are reminded to carefully read the “Letter from the Board”, the “Letter from the Independent Board Committee”, the “Letter from the Independent Financial Adviser” and other information about the Group, which are set out in this Composite Document, before deciding whether or not to accept the Offer.

Yours faithfully,
For and on behalf of
Kingston Securities Limited
Chu, Nicholas Yuk-yui
Director

LETTER FROM THE BOARD



KANTONE HOLDINGS LIMITED

看通集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1059)

Executive Directors:

Ms. WONG Man Winny (*Chairperson*)

Mr. WU Yunjing

Non-executive Directors:

Mr. LIU Ka Lim

Ms. TO Yin Fong Cecilica

Independent non-executive Directors:

Mr. LEUNG Man Fai

Ms. CHUNG Sau Wai Ada

Mr. Clayton IP

Registered office:

Cricket Square

Hutchins Drive

PO Box 2681

Grand Cayman KY1-1111

Cayman Islands

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

Unit 4215, 42nd Floor

Hong Kong Plaza

No. 188 Connaught Road West

Hong Kong

3 December 2021

To the Independent Shareholders

Dear Sir/Madam,

MANDATORY UNCONDITIONAL CASH OFFER BY



**FOR AND ON BEHALF OF INNOVATIVE CITY INVESTMENTS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES
IN KANTONE HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED AND/OR TO BE ACQUIRED BY
INNOVATIVE CITY INVESTMENTS LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

Reference is made to the Joint Announcement in relation to, among other things, the Sale and Purchase Agreement and the Offer. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as those defined in the Composite Document.

LETTER FROM THE BOARD

Champion, the Offeror and the Company jointly announced that on 31 May 2021 (after trading hours), Champion and the Offeror entered into the Sale and Purchase Agreement, pursuant to which the Offeror has conditionally agreed to acquire and the Company has conditionally agreed to sell the Sale Shares, being 128,137,958 Shares, representing approximately 59.04% of the entire issued share capital of the Company as at the date of the Joint Announcement and as at the Latest Practicable Date. Completion of the Sale and Purchase Agreement took place on 9 November 2021.

Immediately prior to Completion, the Offeror and parties acting in concert with it did not hold any Shares or control any voting rights over Shares. Immediately after Completion and as at the Latest Practicable Date, the Offeror was interested in 128,137,958 Shares, representing approximately 59.04% of the issued share capital of the Company. The Offeror is therefore required under Rule 26.1 of the Takeovers Code to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned by the Offeror and parties acting in concert with it).

The purpose of this Composite Document (of which this letter forms part) is to provide you with, among other things, (i) information relating to the Group, the Offeror and the Offer; (ii) the letter from Kingston Securities containing details of the Offer; (iii) the letter from the Independent Board Committee containing its recommendations to the Independent Shareholders in relation to the Offer; and (iv) the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders on whether the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned and on acceptance in respect of the Offer.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

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

The Independent Board Committee, comprising all independent non-executive Directors, namely, Mr. Leung Man Fai, Ms. Chung Sau Wai Ada and Mr. Clayton Ip has been established for the purpose of making recommendations to the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer.

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

The full texts of the letter from the Independent Board Committee addressed to the Independent Shareholders and the letter from the Independent Financial Adviser addressed to the Independent Board Committee and the Independent Shareholders are set out in this Composite

LETTER FROM THE BOARD

Document. You are advised to read both letters and the additional information contained in the appendices to this Composite Document carefully before taking any action in respect of the Offer.

PRINCIPAL TERMS OF THE OFFER

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

For each Offer Share HK\$0.461 in cash

As at the Latest Practicable Date, there were 217,038,506 Shares in issue and the Company did not have any outstanding options, warrants or derivatives or securities which are convertible or exchangeable into Shares and had not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares.

The Offer Shares to be acquired under the Offer shall be fully paid and shall be acquired free from all Encumbrances and together with all rights attaching thereto, including the rights to receive all dividends and distributions declared, made or paid on or after the date on which the Offer is made.

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

The Offer is unconditional in all respects when it is made and will not be conditional upon acceptances being received in respect of a minimum number of Shares or other conditions.

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

INFORMATION ON THE GROUP

The Company is an exempted company incorporated in the Cayman Islands with limited liability. The Company is an investment holding company. The Group is principally engaged in sale of systems products, software licensing and customisation, leasing of systems products and trading of cultural products.

Financial and general information in relation to the Group are set out in Appendix II “Financial Information of the Group” and Appendix IV “General Information of the Group” to this Composite Document.

LETTER FROM THE BOARD

SHAREHOLDING STRUCTURE OF THE COMPANY

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

Shareholders	Immediately prior to Completion		Immediately after Completion and as at the Latest Practicable Date	
	<i>Numbers of Shares held</i>	<i>Percentage of approximate shareholding</i>	<i>Numbers of Shares held</i>	<i>Percentage of approximate shareholding</i>
The Offeror	—	—	128,137,958	59.04
Champion	128,137,958	59.04	—	—
Public Shareholders	<u>88,900,548</u>	<u>40.96</u>	<u>88,900,548</u>	<u>40.96</u>
Total	<u>217,038,506</u>	<u>100.00</u>	<u>217,038,506</u>	<u>100.00</u>

INFORMATION ON THE OFFEROR

Your attention is drawn to the section headed “Information on the Offeror” in the “Letter from Kingston Securities” and Appendix III “General Information of the Offeror” to the Composite Document.

INTENTIONS OF THE OFFEROR IN RELATION TO THE GROUP AND THE BOARD

Please refer to the sections headed “Intention of the Offeror in relation to the Company” and “Proposed Change to the Board Composition of the Company” in the “Letter from Kingston Securities” to the Composite Document for detailed information on the Offeror’s intention on the business and management of the Group. The Offeror intends to nominate Mr. Chan as an executive Director. Having assessed and reviewed the suitability of Mr. Chan, the Board and the nomination committee of the Board have recommended Mr. Chan to be appointed as an executive Director at the upcoming annual general meeting of the Company. Please refer to the AGM Circular for details of the proposed appointment of Mr. Chan as an executive Director.

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

LETTER FROM THE BOARD

PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

As mentioned in the “Letter from Kingston Securities”, the Offeror intends the Company to remain listed on the Stock Exchange. The sole director of the Offeror, who is also the new Director to be appointed to the Board, has undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares after the close of the Offer.

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

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

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

RECOMMENDATION

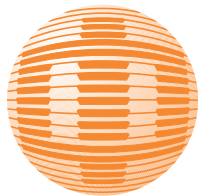
Your attention is drawn to the “Letter from the Independent Board Committee” as set out on pages IBC-1 to IBC-2 of this Composite Document, which contains its advice and recommendations to the Independent Shareholders in respect of the Offer.

ADDITIONAL INFORMATION

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

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

Yours faithfully,
For and on behalf of the Board
KANTONE HOLDINGS LIMITED
Wong Man Winny
Chairperson



KANTONE HOLDINGS LIMITED

看通集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1059)

3 December 2021

To the Independent Shareholders

Dear Sir/Madam,

MANDATORY UNCONDITIONAL CASH OFFER BY



**FOR AND ON BEHALF OF INNOVATIVE CITY INVESTMENTS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES
IN KANTONE HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED AND/OR TO BE ACQUIRED BY
INNOVATIVE CITY INVESTMENTS LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to the Composite Document dated 3 December 2021 issued jointly by the Offeror and the Company, of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as those defined in the Composite Document.

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

Donvex Capital Limited has been appointed, with our approval, as the Independent Financial Adviser to advise us in respect of the fairness and reasonableness of the Offer and as to the acceptance of the Offer. Your attention is drawn to the “Letter from the Independent Financial Adviser” set out on pages IFA-1 to IFA-20 of the Composite Document which contains the details of its advice and the principal factors and reasons taken into consideration in arriving at its recommendation in respect of the Offer.

We also wish to draw your attention to the “Letter from Kingston Securities” set out on pages 7 to 15 of the Composite Document which contains, *inter alia*, information about the Offer, the “Letter from the Board” set out on pages 16 to 20 of the Composite Document and the additional

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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

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

RECOMMENDATION

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

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

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

Yours faithfully,

The Independent Board Committee
KANTONE HOLDINGS LIMITED

Mr. Leung Man Fai
Independent
non-executive Director

Ms. Chung Sau Wai Ada
Independent
non-executive Director

Mr. Clayton Ip
Independent
non-executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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



Unit 2502, 25/F
Carpo Commercial Building
18–20 Lyndhurst Terrace
Central
Hong Kong

3 December 2021

To the Independent Board Committee

Dear Sirs,

**MANDATORY UNCONDITIONAL CASH OFFER BY
KINGSTON SECURITIES LIMITED
FOR AND ON BEHALF OF
INNOVATIVE CITY INVESTMENTS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES IN KANTONE HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED AND/OR AGREED TO BE
ACQUIRED BY INNOVATIVE CITY INVESTMENTS LIMITED AND PARTIES
ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee in relation to the Offer, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the composite document dated 3 December 2021 jointly issued by the Company and the Offeror to the Independent Shareholders (the “**Composite Document**”), of which this letter forms part. Terms used herein have the same meanings as those defined in the Composite Document unless otherwise stated.

As stated in the Letter from the Board, on 25 August 2021, the Offeror, the Company and Champion jointly announced that Kingston Securities Limited will, for and on behalf of the Offeror, make a mandatory unconditional cash offer to acquire all of the Offer Shares.

The Independent Board Committee, comprising Mr. Leung Man Fai, Ms. Chung Sau Wai Ada and Mr. Clayton Ip, being all the independent non-executive Directors, has been established by the Company to advise the Independent Shareholders on whether the Offer is, or is not, fair and reasonable and as to the acceptance of the Offer. In our capacity as the Independent Financial Adviser, our role is to advise the Independent Board Committee with an independent opinion and recommendation as to whether the terms of the Offer are fair and reasonable as far as the Independent Shareholders are concerned, and whether the Independent Shareholders should accept the Offer.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

INDEPENDENCE

We are not associated or connected with the Company, the Offeror, their respective substantial shareholders and financial or other professional advisers, or any party acting, or presumed to be acting, in concert with any of them.

In the last two years prior to the commencement of the Offer Period, there was no engagement or connection between the Group or the Offeror on one hand and us on the other hand, apart from Champion, being the controlling shareholder of the Company and vendor of Sale Shares, with respect to a proposed rights issue and connected transaction in relation to a repayment of indebtedness to connected person at subsidiary level with whom we are engaged to act as independent financial adviser.

Apart from normal professional fees payable to us in connection with this appointment and professional fees payable to us in connection with the abovementioned proposed rights issue and connected transaction in relation to a repayment of indebtedness to connected person at subsidiary level of Champion, no arrangement exists whereby we will receive any fees or benefits from the Company, the Offeror, their respective substantial shareholders and financial or other professional advisers, or any party acting, or presumed to be acting, in concert with any of them.

Accordingly, pursuant to Rule 13.84 of the Listing Rules and Rule 2 of the Takeovers Code, we are considered eligible to give independent advice to the Independent Board Committee.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on, in relation to the Offer, (i) the information and facts contained or referred to in the Composite Document; (ii) the information provided by the Directors and the management of the Group; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Composite Document were true, accurate and complete in all material respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Composite Document are true in all material respects at the time they were made and continue to be true in all material respects as at the Latest Practicable Date and all such statements of belief, opinions and intentions of the Directors and the management of the Group and those as set out or referred to in the Composite Document were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of such information and representations provided to us by the Directors and the management of the Group.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Offeror and parties acting in concert with it) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

the director of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

The Independent Shareholders will be informed by the Company and us as soon as possible if there is any material change to the information disclosed in the Composite Document during the Offer Period, in which case we will consider whether it is necessary to revise our opinion and inform the Independent Board Committee and the Independent Shareholders accordingly.

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have reviewed, among others:

- (i) The Company's annual reports for the years ended 30 June 2017, 2018, 2019, 2020 and 2021;
- (ii) Management account of the Group as at 30 September 2021;
- (iii) Annual reports of Comparable Companies Sector as defined below;
- (iv) Joint offer announcement of Comparable Offers as defined below;
- (v) Other information as set out in this Circular and its relevant supporting documents; and
- (vi) Other publicly available information.

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

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL TERMS OF THE OFFER

Pursuant to the Letter from Kingston Securities, Kingston Securities is, on behalf of the Offeror, making the Offer in compliance with the Takeovers Code on the terms set out on the following basis:

For each Offer Share HK\$0.461 in cash

The Offer Price is the same as the price per Sale Share payable by the Offeror under the Sale and Purchase Agreement.

As at the Latest Practicable Date, the Company had 217,038,506 Shares in issue. Save as aforesaid, the Company did not have any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the Latest Practicable Date.

The Offer is unconditional in all aspects when it is made and is not conditional upon acceptances being received in respect of a minimum number of Shares.

As at the Latest Practicable Date, there are 217,038,506 Shares in issue, of which 128,137,958 Shares (representing approximately 59.04% of the issued share capital of the Company) is held by the Offeror and parties acting in concert with it. There are no outstanding warrants, options, derivatives or other securities convertible into Shares and the Company has not entered into any agreement for the issue of such warrants, options, derivatives or other securities convertible into Shares as at the Latest Practicable Date.

As at the Latest Practicable Date, on the basis of the Offer Price of HK\$0.461 per Offer Share and 217,038,506 Shares in issue, the entire issued share capital of the Company would be valued at approximately HK\$100.1 million. On the assumption that the Offer is accepted in full by the holders of the Offer Shares and on the basis that there will be 88,900,548 Offer Shares, the value of the Offer is approximately HK\$41.0 million.

PRINCIPAL FACTORS AND REASONS CONSIDERED

1. Financial information of the Group

The Company is an investment holding company. The Group is principally engaged in sale of systems products, software licensing and customisation, leasing of systems products and trading of cultural products.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The table below sets forth a summary of the consolidated financial information of the Group for the years ended 30 June 2021, 30 June 2020 and 30 June 2019 as extracted from the annual report for the years ended 30 June 2021 and 30 June 2020 of the Company:

	Year ended 30 June 2019 <i>HK\$'000</i> (audited)	Year ended 30 June 2020 <i>HK\$'000</i> (audited)	Year ended 30 June 2021 <i>HK\$'000</i> (audited)
Revenue	143,966	146,944	139,069
Profit for the year	2,437	3,875	5,689
	As at 30 June 2019 <i>HK\$'000</i> (audited)	As at 30 June 2020 <i>HK\$'000</i> (audited)	As at 30 June 2021 <i>HK\$'000</i> (audited)
Net assets	67,458	52,821	107,663

Revenue

The Group reported a revenue of approximately HK\$144 million, HK\$147 million, and HK\$139 million for the years ended 30 June 2019 (“**FY2019**”), 2020 (“**FY2020**”), and 2021 (“**FY2021**”), respectively. The revenue stayed relatively stable over the years as the Company’s principal subsidiary in UK, Multitone Electronics PLC (“**Multitone**”) provided steady revenue by providing critical messaging, communication and management platforms, systems and solutions in the healthcare, fire services and workplace safety industry.

Profit after taxation

During FY2019, FY2020 and FY2021, the Group recorded profit of HK\$2.44 million, HK\$3.88 million and HK\$5.69 million. The profit in FY2019 is mainly due to the absence of the impairment loss on cultural products occurred in previous financial years. The subsequent increase in profit in FY2020 stemmed from income tax credit from the UK government. The profit for FY2020 would be substantially lower without the one-off tax credit of approximately HK\$3.2 million from the UK government. The further increase in profit in FY2021 was mainly due to the decrease in general and administrative expenses of approximately HK\$8.1 million stemmed from unfilled vacancies of certain skilled workers due to recruitment difficulties.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Net assets

The net assets of the Group amounted to approximately HK\$67.5 million, HK\$52.8 million and HK\$107.7 million as at 30 June 2019, 30 June 2020 and 30 June 2021 respectively. The net assets of the Group remained steady after impairment loss on cultural products were recorded in the year ended 30 June 2017 and 30 June 2018. The decrease in net assets from 30 June 2019 to 30 June 2020 was mainly due to an increase of retirement benefit obligation, which was mainly attributable to the significant increase in present value of future obligation as a result of the decrease in discount rate. The discount rate was determined with reference to the corporate bond yield change from 2.3% per annum as at 30 June 2019 to 1.5% per annum as at 30 June 2020. The increase in net assets from 30 June 2020 to 30 June 2021 was mainly due to a decrease of retirement benefit obligations of approximately HK\$35 million and gain on exchange difference arising on translation of foreign operations of HK\$12 million which was proportionally spread within the assets and liabilities of the Group. The decrease in retirement obligation of the Group was mainly due to the increase in inflation rate, increase in the defined benefit scheme assets which was due to higher stock valuation regarding stocks the respective pension fund invested in, and decrease in the number of employees entitled to the retirement benefit scheme.

Conclusion

We notice that although the Group has been making profit since FY2019, the increase in profit in FY2020 was mainly due to UK government tax benefits and that for FY2021 was resulted from the decrease in staff salaries under the General and Administrative Expenses instead of improvement in business operations. The increase in net asset value in FY2021 was also due to exogenous factors including exchange rates, inflation rates and securities valuations. The combined resultant effect of which rendered the reduction of the Group's Retirement Benefit Obligation by HK\$35 million as compared with FY2020. We are of the view that the growth of the business is uncertain and subject to external factors.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. Outlook of the Group

We believe the Offer with the Offer Price at a premium provides a good opportunity for the Independent Shareholders to exit as the growth of the business of the Group is uncertain in the future and the share price of the Company remains uncertain after taking into account the following outlook of the Group:

— *Slow growth rates in regions of operations*

The majority of the Group's business is operating in UK and Europe, which represent a well-developed markets with limited rooms for speedy growth. The table below set out the revenue attributed by region of operations from FY2019 to FY2021:

	FY2019	FY2020	FY2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
UK	108,967	116,037	106,240
Europe	34,999	30,907	29,692
Hong Kong (<i>Note</i>)	<u>—</u>	<u>—</u>	<u>3,137</u>
Total Revenue	<u>143,966</u>	<u>146,944</u>	<u>139,069</u>

Note: With reference to the annual report for FY2021, cultural products of three gold ornaments were purchased and sold during FY2021 in Hong Kong.

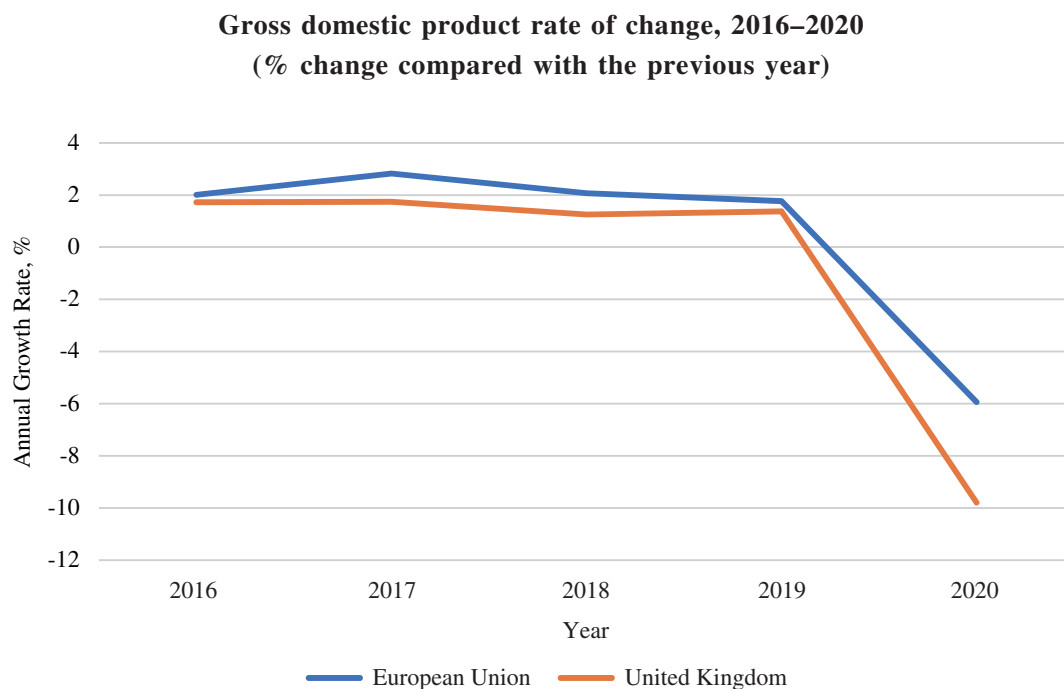
The revenue of the Group for the previous three financial years were stagnant as mentioned in the above section. In fact, the Group was facing keen competition from its competitors in UK and adverse operating environment in Europe. For more details, please refer to the section below headed "Keen competition among suppliers in UK" and "Adverse operating environment in Europe". To further assess the market conditions in UK and Europe, we analyze the real growth rate of gross domestic product in different regions in the world from 2016 to 2020.

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Having considered that

- (i) the Group also has customers in both the private and public sector; and
- (ii) the Group mainly operates in UK and Europe,

we consider the gross domestic product, which includes but not limited to private consumption, investment and government spending, may serve as a general reference for the growth of the Group.



Source: *The World Bank*

As shown in the diagram above, we noticed that the European Union and UK, as developed countries and regions, have slow growth rates. During the period from 2016 to 2020, the European Union recorded a growth rate ranging from -5.9% to 2.8% with an average of 0.55%. The UK recorded a growth rate ranging from -9.8% to 1.7% with an average of -0.74% during the aforementioned period.

As seen in the above diagram, the economic activities in UK and Europe have been generally heading downwards since 2019 though it had remained stable from 2016 through to 2019. The downward trend is most likely caused by the pandemic. We are unsure as to when the economy would recover fully from the pandemic. Even if the economy recovers, it is likely that the economic growth would remain at low levels as seen in the trend from 2016 to 2019. As such, we consider, from a macroeconomic point of view, the Group's growth may continue to be confined since the overall economic development of these two regions are expected to be slow and the negative impact of Brexit over cross-border trades with the European Union gradually manifests.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

— *Keen competition among suppliers in UK*

The Company is facing keen competition among suppliers in UK. To exemplify this, one of the Company's major customers is National Health Services ("NHS") in UK. The revenue from NHS accounts for approximately HK\$32.8 million out of HK\$139 million revenue for the Group in FY2021, which represents approximately 23.6% of the total revenue in FY2021. Multitone, the Company's subsidiary, provides messaging systems, communication tools, safety alarms and management systems for them.

Upon searching, we found 23 other accredited suppliers providing similar communication services for NHS as stated on their website. Although we are not sure how long have these competitors been competing with the Group, we do see a rising trend in the number of competitors working for NHS in recent years. During the past 3 years, Multitone has competed with approximately 9 new competitors in 2019 and rising up to 16 new competitors in 2021. Some of these competitors are large international corporations who are renowned in the telecommunication industry who have been extending new offerings and capabilities within their portfolio, posing greater threat to Multitone. We believe that since these competitors have taken up some of the market share of Multitone in the NHS market, they would continue to be actively competing against Multitone in the medium and long run. As such, we are of the view that Multitone is facing keen competition from other suppliers in UK which may affect the Company's prospects in the medium and long run.

— *Adverse operating environment in Europe*

As for the European market, Multitone provides lone-worker solutions for major psychiatric clinic chains. Multitone is currently the market leader for this solution. However, considering that (i) the revenue of the Group from Europe has been steadily decreasing for the past few years as stated in the above section headed "Slow growth rates in regions of operations"; (ii) the plan for proliferation of the solution in other European countries has come to a halt since the pandemic; and (iii) the overall economic growth in Europe remains at a low level even if the European economy recovers from the pandemic as discussed in the above section headed "Slow growth rates in regions of operations", we are of the view that, although Multitone is not facing as severe competition in Europe as in UK, the market share of Multitone in Europe will continue to be steadily decreasing.

— *Business prospects of the Group*

The Group is principally engaged in the sale of systems products, software licensing and customization, and leasing of systems products in UK and Europe. The Group has not been able to expand its business for the past 20 months due to the pandemic. The Group's sales teams had plans to compete for projects in regions other than UK and Europe but were not able to do so due to border restrictions worldwide as a result of the pandemic. Given that the international travel restrictions are still in place, we are uncertain about the Group's business prospect.

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Having considered the above factors, in particular (i) the Group's inability to expand into new markets due to the pandemic; (ii) the exacerbating competition among suppliers in UK as mentioned in the section headed "Keen competition among suppliers in UK"; (iii) the adverse operating environments in Europe as mentioned in the section headed "Adverse operating environment in Europe"; and (iv) overall slow economic growth rates in regions of operations as mentioned in the section headed "Slow growth rates in regions of operations", we consider the business growth of the Group may enter a downward trend in the foreseeable future.

— *Lack of dividend track record*

There has been no dividends distribution for the past six years since 2016 regardless of the Company making profit or experiencing loss.

3. Information of the Offeror

The Offeror is a company incorporated in the BVI with limited liability on 17 May 2021 which was incorporated solely for the purpose of holding the Sale Shares to be acquired by the Offeror.

As of the Latest Practicable Date, the Offeror is wholly owned by Mr. Chan. Mr. Chan, aged 59, has over 30 years of experience in the trading and distribution business. In 1990, Mr. Chan started his own business in the automotive industry. From 2008 to 2010, Mr. Chan held around 90% equity interest in Richard Mille Macau Limited, which was the sole agent for Richard Mille in Macau. From 2011 to 2014, he held 55% equity interest in Symphony Lotus Limited, which was an automotive wholesaler and distributor for sports cars and the sole agent for Lotus Cars in the PRC.

Apart from actively participating in the trading and distribution industry, Mr. Chan also ventured into the hotel and property development industry. He had been the director of Golden Bauhinia International Hotel since July 2013. Golden Bauhinia International Hotel is a 4-star hotel located in Nanning city of Guangxi Province in the PRC. His first venture into property development in Malaysia Kuala Lumpur is a residential development project known as Pavilion Ceylon Hill in which he owns 49% equity stake since April 2016. The development is currently under construction with completion targeted by the end of 2021. He is also a director of and owns 20% equity interest in Sering Manis Sdn Bhd, which owns 280 acres of freehold land at Pahang, Malaysia, which is about 11 kilometres away from the peak of Genting Highlands. The project is currently in its planning stage. Mr. Chan is also a director of Buddhist Li Chong Yuet Ming Nursing Home for the Elderly, a nursing home in Hong Kong.

Based on the above information of the Offeror, we found that the Offeror has ample experience in the business world, in particular in the automotive industry, hotel industry and property development industry. The Offeror's involvement in different industries provided him with management and operation experience, including making critical decisions, managing sales, marketing and managing employees. The experience of the Offeror may be beneficial to the business development of the Group. However, since the Offeror does not have any prior experience in the information technology industry, being the primary operating business sector of the Group,

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we are unsure if the Offeror has sufficient technical knowledge to grasp the latest trends within the ever-changing information technology industry and to enhance the overall development of the Group.

4. Analysis on the Offer Price

(a) *Comparison on the Offer Price*

The Offer Price of HK\$0.461 per Offer Share represents:

- (i) a discount of approximately 16.18% to the closing price of HK\$0.55 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 12.44% over the closing price of HK\$0.410 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 21.96% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day of HK\$0.378 per Share;
- (iv) a premium of approximately 30.97% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day of HK\$0.352 per Share;
- (v) a premium of approximately 18.21% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the thirty (30) consecutive trading days up to and including the Last Trading Day of HK\$0.390 per Share;
- (vi) a premium of approximately 51.64% over the unaudited consolidated net asset value attributable to Shareholders per Share as at 31 December 2020 of approximately HK\$0.304 per Share based on 217,038,506 Shares in issue as at the Latest Practicable Date; and
- (vii) a discount of approximately 7.06% to the consolidated net asset value attributable to Shareholders per Share as at 30 June 2021 of approximately HK\$0.496 per Share based on 217,038,506 Shares in issue as at the Latest Practicable Date.

(b) *Historical performance of Shares*

Set out below is a chart showing the movement of the closing prices of the Shares during the period from 1 January 2019, one year prior to the pandemic up to and including the Last Trading Day.

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Closing Price vs Offer Price (from 1/1/2019 to Last Trading Day) (including the Review Period and Pre-Pandemic Period)



Source: Yahoo finance (finance.yahoo.com)

We have further divided the above period into two periods, from 1 January 2019 to 1 January 2020 (the “**Pre-Pandemic Period**”) and from 1 June 2020 to the Last Trading Day (the “**Review Period**”).

In respect of the Pre-Pandemic Period, we consider it to be the period where the Share prices were not affected by the pandemic and captures the pre-pandemic market sentiment.

In respect of the Review Period, we consider it to be reasonably long enough to illustrate the historical trend and level of movement of the closing prices of the Shares. The Review Period also captures the post-pandemic market sentiment and provides sufficient market data.

As shown in the chart above, the price of the Shares during the Pre-Pandemic Period, it was traded from approximately HK\$0.325 to HK\$0.530 with an average daily closing price of approximately HK\$0.414. The closing price of the Shares represents a relatively steady trend during the Pre-Pandemic Period.

We note that the prices of the Shares rise above the Offer Price from 27 February 2019 to 12 March 2019; from 14 March 2019 to 28 March 2019; from 3 October 2019 to 4 October 2019; from 19 November 2019 to 20 November 2019; and from 3 December 2019 to 4 December 2019. The reason for the increase in Share price was unknown to us since

- (i) the Directors were not aware of any reason for such increase in the Share price; and
- (ii) we have reviewed all the announcements disclosed between 27 February 2019 and 4 December 2019, and we were not aware of any information which led to such increase of the Share prices during the aforementioned period.

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During the Pre-Pandemic Period, the Offer Price represents:

- (i) a discount of approximately 21.5% to the highest closing price of the Shares of HK\$0.530 per Share;
- (ii) a premium of approximately 41.8% over the lowest closing price of the Shares of HK\$0.325 per Share; and
- (iii) a premium of approximately 11.4%% over the average closing price of the Shares of HK\$0.414 per Share.

As shown in the chart above, during the Review Period, the closing price of the Shares fluctuated in a range of between HK\$0.230 and HK\$0.465, with an average daily closing price of the Shares of approximately HK\$0.354. The closing price of the Shares represents a general steady trend during the Review Period apart from a substantial plunge in closing price on 30 October 2020.

We note that the substantial fall in Share price on 30 October 2020 appeared to be associated with substantial trading volume of the Shares. The reason for the substantial fall in Share price was unknown to us since:

- (i) the Directors were not aware of any reason for such fall in the Share price; and
- (ii) we have reviewed all the announcements disclosed between 30 October 2020 and the Last Trading Day, and we were not aware of any information which led to the abrupt drop in the Share prices during the aforementioned period.

During the Review Period, the Offer Price represents:

- (i) a discount of approximately 0.860% to the highest closing price of the Shares of HK\$0.465 per Share;
- (ii) a premium of approximately 100% over the lowest closing price of the Shares of HK\$0.230 per Share; and
- (iii) a premium of approximately 30.2% over the average closing price of the Shares of HK\$0.354 per Share.

During the Pre-Pandemic Period and the Review Period, the Offer Price represents a premium to the average Share prices during both periods. We consider the Offer Price fair and reasonable so far as the Independent Shareholders are concerned.

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(c) Trading volume of Shares

The table below sets out the average daily trading volume of the Shares on a monthly basis during the Review Period and the respective percentages of the average daily trading volume of the Shares as compared to the total number of issued Shares and total number of issued public Shares:

Period	Number of trading days	Total trading volume of shares	Average daily trading volume of the Shares	Percentage of average daily trading volume to total number of issued Shares as at the end of the month/period	Percentage of average daily trading volume to total number of issued public Shares as at the end of the month/period
		<i>Number of Shares</i>	<i>Number of Shares</i>	<i>%</i>	<i>%</i>
Jun 2020	21	344,486	16,404	0.0076	0.018
Jul 2020	22	353,621	16,074	0.0074	0.018
Aug 2020	21	2,109,106	100,434	0.0463	0.113
Sept 2020	22	142,514	6,478	0.0030	0.007
Oct 2020	18	22,237,524	1,235,418	0.5692	1.390
Nov 2020	21	3,272,253	155,822	0.0718	0.175
Dec 2020	22	336,371	15,290	0.0070	0.017
Jan 2021	20	938,009	46,900	0.0216	0.053
Feb 2021	18	226,051	42,558	0.0058	0.014
Mar 2021	23	487,845	21,211	0.0098	0.024
Apr 2021	19	359,656	18,929	0.0087	0.021
May 2021	<u>20</u>	<u>18,300,210</u>	<u>915,010</u>	<u>0.4216</u>	<u>1.029</u>
The Review Period	<u>247</u>	<u>49,107,646</u>	<u>198,816</u>	<u>0.0916</u>	<u>0.224</u>

Source: the website of the Stock Exchange

As illustrated in the above table, the liquidity of Shares was generally low with the percentage of the average daily trading volume to the total number of issued Shares ranging from approximately 0.0030% to 0.5692%. The average daily trading volume of the Shares during the Review Period was approximately 198,816 Shares, representing approximately 0.0916% of the total number of issued Shares as at the Last Trading Day.

We have also compared the average daily trading volume of the Shares with the total number of issued public Shares. The percentage of the average daily trading volume to the total number of issued public Shares ranging from approximately 0.007% to 1.39%. The average daily trading volume of the Shares during the Review Period was approximately 198,816 Shares, representing approximately 0.224% of the total number of issued public Shares as at the Last Trading Day.

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In light of the above, we are of the view that the trading volume of the Shares was thin during the Review Period.

Since the trading volume of the Shares was thin, it may be difficult for Independent Shareholders to dispose of the Shares in the market. Considering the Offer Price as discussed in the section headed “Analysis of the Offer Price”, the Offer provides an exit for Independent Shareholders to realize their investments in the Shares.

(d) Analysis on comparable companies

(i) Selection of valuation methodologies

Price-to-earnings multiples (“**P/E multiple(s)**”), price-to-book multiples (“**P/B multiple(s)**”) and price-to-sale multiples (“**P/S multiple(s)**”) are the three most commonly used benchmarks in valuing a company.

P/E multiple is usually the benchmark for profit making companies.

P/B multiple is typically applied for valuing companies holding sufficient tangible assets on their balance sheets.

P/S multiple is appropriate for valuing companies which have volatile earnings or loss but relatively stable revenue.

Considering that (a) the Group has been generating net profit during the financial year 2020 and 2021; and (b) the Group held sufficient tangible assets as at 30 June 2020 and 2021, we consider that the P/E multiple and P/B multiple (collectively, the “**Multiples**”) are more appropriate in assessing the valuation of the Shares.

The following table sets forth the calculation of the Multiples for the Offer:

P/E multiple (times)

Basis: The P/E multiple is calculated based on (a) the implied market capitalization of the Company pursuant to the Offer Price per Offer Share of approximately HK\$100.1 million; and (b) the audited profit after taxation of the Group of approximately HK\$5.69 million for FY2021.

Calculation:	$\frac{\text{Implied market capitalization}}{\text{Audited profit after taxation for FY2021}}$
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Ratio: 17.59

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P/B multiple (times)

Basis: The P/B multiple is calculated based on (a) the implied market capitalization of the Company pursuant to the Offer Price per Offer Share of approximately HK\$100.1 million; and (b) the audited net assets as at 30 June 2020 of the Group of approximately HK\$107.7 million.

Calculation:
$$\frac{\text{Implied market capitalization}}{\text{Audited net assets as at 30 June 2021}}$$

Ratio: 0.93

For the purpose of assessing the fairness and reasonableness of the Offer Price, we have derived the Multiples of the Offer and compared with the Multiples of companies which are listed in Hong Kong and have operations similar to the Group (the “Comparable Companies”).

(ii) *Selection of Comparable Companies*

We have formulated the following criteria in selecting the Comparable Companies: (a) they are mainly engaged in a similar line of business, being information technology (“IT”) service, products or solution providers; (b) they are listed on the main board of Stock Exchange; (c) they are making profit as presented in their latest annual results; and (d) they have positive net assets as presented in their latest annual results.

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As such, we have selected an exhaustive list of 10 Comparable Companies. The following table set out a summary of the Multiples of the Comparable Companies:

	Comparable Companies	Stock Code	Principal Activities	Market capitalization <i>(Note 1)</i> HK\$	P/E multiple <i>(Note 2)</i> times	P/B multiple <i>(Note 3)</i> times
1	Computer And Technologies Holdings Limited	46	provision of enterprise applications software and e-business services for enterprises	591,287,470	9.87	1.15
2	Sino-I Technology Limited	250	provision of enterprise cloud services	847,099,690	7.63	0.54
3	Chinasoft International Limited	354	development and provision of IT solutions services, outsourcing services and training services	25,134,368,647	22.28	2.41
4	Futong Technology Development Holdings Limited	465	provision of enterprise IT infrastructure products, services and solutions, cloud computing products and intelligent digitalised application products	192,975,000	55.50	0.30
5	Automated Systems Holdings Limited	771	provision of next generation one-stop integrated managed services, leading edge innovative solutions and tech hub	1,115,442,052	1.30	0.51
6	Hi Sun Technology (China) Limited	818	provision of telecommunication solutions, financial solutions, payment solutions and sales of electronic power meters and solutions	2,804,602,173	3.60	0.44
7	VSTECs Holdings Limited	856	provision of IT products, provision of enterprise system tools for IT infrastructure and IT infrastructure design and implementation, training, maintenance and support services, as well as the provision of network security hardware and software required for big data and cloud computing	9,254,893,907	8.67	1.36
8	Digital China Holdings Limited	861	provision of IT services, including systems integration, technical service, application software development, agricultural informatisation, sale of financial specified equipment, etc	10,638,806,935	11.02	0.77
9	Maxnerva Technology Services Limited	1037	sales of IT products and software applications, and the provision of system and network integration, IT solutions development and implementation, and related maintenance services to office, industrial and retail customers	687,960,000	39.51	1.63

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Comparable Companies	Stock Code	Principal Activities	Market capitalization (Note 1) HK\$	P/E multiple (Note 2) times	P/B multiple (Note 3) times	
10	ICO Group Limited	1460	provision of IT application and solution development services, IT infrastructure solutions services, IT secondment services, IT maintenance and support services, and property leasing and e-commerce business.	228,173,481	14.24	0.45
			Kantone	100,054,751	17.59	0.93
				Maximum	55.50	2.41
				Minimum	1.30	0.30
				Average	17.36	0.96
				Median	10.44	0.66

Source: the website of the Stock Exchange and the latest annual results of each Comparable Company

Note 1: The market capitalization is calculated based on the number of issued shares as at the last day of the respective financial year multiplied by the share price as at the same day.

Note 2: The P/E multiple of the respective Comparable Companies is calculated based on the respective market capitalization as at the last day of the respective financial year divided by the profit for the respective latest financial year as disclosed in the respective latest annual results.

Note 3: The P/B multiple of the respective Comparable Companies is calculated based on the respective market capitalization as at the last day of the respective financial year divided by the latest audited net asset value.

As shown in the table above, the P/E multiples of the Comparable Companies ranged from approximately 1.30 to 55.50 with an average of 17.36 and a median of 10.44. The P/E multiple of the Offer is higher than the average and median of the P/E multiples of the Comparable Companies and within the range of the P/E multiples of the Comparable Companies.

In respect of the P/B multiples of the Comparable Companies, they ranged from approximately 0.30 to 2.41 with an average of 0.96 and median of 0.66. The P/B multiple of the Offer is lower than the average but higher than the median of the P/B multiples of the Comparable Companies and within the range of the P/B multiples of the Comparable Companies.

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Since the P/E multiple of the Offer is higher than the average and median of the P/E multiple of the Comparable Companies and within range of the P/E multiples of the Comparable Companies; and the P/B multiple of the Offer is lower than the average but higher than the median of the P/B multiples of the Comparable Companies and within range of the P/B multiples of the Comparable Companies, we are of the view that under this comparison method, the Offer Price is within normal range of market prices of companies engaged in similar line of business.

(e) *Conclusion*

Based on the above, considering that:

- (i) the Offer Price falls within the range of the closing prices of the Shares during the Review Period and represents (1) only a discount of approximately 0.860% to the highest closing price during the Review Period; (2) a premium of approximately 100% to the lowest closing price during the Review Period; and (3) a premium of approximately 30.2% to the average closing price during the Review Period;
- (ii) the P/E multiple of the Offer is within range of the Comparable Companies and above the median and average of the Comparable Companies;
- (iii) the P/B multiple of the Offer is within range of the Comparable Companies, above the median but below the average of the Comparable Companies; and
- (iv) the trading volume of the Shares was thin during the Review Period, having compared to total number of issued Shares and issued public Shares,

we are of the view that the Offer Price is fair and reasonable for the Independent Shareholders who would like to exit by realising their investments in the Shares.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above and, in particular:

- (i) the growth and scale of the business of the Group remains uncertain in the future due to substantial competition from competitors in UK and the economic outlook in its regions of operations as discussed under the section headed “Outlook of the Group”; and
- (ii) the Offer Price is fair and reasonable for the Independent Shareholders who would like to exit by realizing their investments in the Shares as discussed under the section headed “Analysis on the Offer Price”

we consider that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to accept the Offer.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Independent Shareholders, in particular those who intend to accept the Offer, are reminded to note recent fluctuation in the prices of the Shares. There is no guarantee that the current market price of the Shares will or will not sustain and will or will not be higher than the Offer Price during and after the Offer Period. The Independent Shareholders who intend to accept the Offer are reminded to closely monitor the market price and the liquidity of the Shares during the period for the acceptance of the Offer and shall, having regard to their own circumstances and investment objectives, consider selling their Shares in the open market, instead of accepting the Offer, if the net proceeds from the sale of such Shares would be higher than that receivable under the Offer.

The Independent Shareholders should read carefully the procedures for accepting the Offer as detailed in the Composite Document, the appendices to the Composite Document and the form of acceptance, if they wish to accept the Offer.

Yours faithfully,
For and on behalf of
Donvex Capital Limited
Sy Wai Shuen
Director

Ms. Sy Wai Shuen is a person licensed to carry out type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance and is a responsible officer of Donvex Capital Limited who has around 19 years of experience in corporate finance advisory.

1. PROCEDURES FOR ACCEPTANCE OF THE OFFER

- (a) To accept the Offer, you should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Offer.
- (b) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Offer, you must send the duly completed and signed Form of Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar, being Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, by post or by hand, marked "**Kantone Holdings Limited General Offer**" on the envelope, as soon as possible and in any event not later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code.
- (c) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer whether in full or in part of your Shares, you must either:
- (i) lodge your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Offer on your behalf and requesting it to deliver in an envelope marked "**Kantone Holdings Limited General Offer**" the duly completed and signed Form of Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or
 - (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver in an envelope marked "**Kantone Holdings Limited General Offer**" the duly completed and signed Form of Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code; or

- (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorize HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
- (iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set out by HKSCC Nominees Limited.
- (d) If the Share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Offer in respect of your Shares, the Form of Acceptance should nevertheless be completed, signed and delivered in an envelope marked "**Kantone Holdings Limited General Offer**" to the Registrar together with a letter stating that you have lost one or more of your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title, you should also write to the Registrar a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.
- (e) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your Share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete and sign the Form of Acceptance and deliver it in an envelope marked "**Kantone Holdings Limited General Offer**" to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to the Offeror and/or Kingston Securities and/or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant Share certificate(s) when issued and to deliver such Share certificate(s) to the Registrar on your behalf and to authorize and instruct the Registrar to hold such Share certificate(s), subject to the terms and conditions of the Offer, as if it was/they were delivered to the Registrar with the Form of Acceptance.

- (f) Acceptance of the Offer will be treated as valid only if the completed and signed Form of Acceptance is received by the Registrar by no later than 4:00 p.m. on the Closing Date (or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code) and the Registrar has recorded the Form of Acceptance and any relevant documents required by the Takeovers Code have been so received, and is:
- (i) accompanied by the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if that/those Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in your favour executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or
 - (ii) from a registered Shareholder or his/her/its personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under another subparagraph of this paragraph (f)); or
 - (iii) certified by the Registrar or the Stock Exchange.

If the Form of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar must be produced.

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

2. SETTLEMENT OF THE OFFER

Provided that a valid Form of Acceptance and the relevant certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and in good order in all respects in accordance with the Takeovers Code and have been received by the Registrar no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code, a cheque for the amount representing the cash consideration due to each of the Independent Shareholders who accepts the Offer less seller's ad valorem stamp duty in respect of the Shares tendered by it/him/her under the Offer will be despatched to such Independent Shareholder by ordinary post at its/his/her own risk as soon as possible but in any event within

seven (7) Business Days after the date on which all the relevant documents which render such acceptance complete and valid are received by the Registrar in accordance with the Takeovers Code.

Settlement of the consideration to which any accepting Independent Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer (save with respect to the payment of seller's ad valorem stamp duty), 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 accepting Independent Shareholder.

3. ACCEPTANCE PERIOD AND REVISIONS

- (a) In order to be valid for the Offer, the Form of Acceptance must be received by the Registrar in accordance with the instructions printed thereon by 4:00 p.m. on the Closing Date, unless the Offer is extended or revised in accordance with the Takeovers Code. The Offer is unconditional.
- (b) The Offeror reserves the right to revise the terms of the Offer in accordance with the Takeovers Code. If the Offeror revises the terms of the Offer, all the Independent Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms.
- (c) If the Offer is extended or revised, the announcement of such extension or revision will state the next closing date or the Offer will remain open until further notice. In the latter case, at least 14 days' notice in writing will be given before the Offer is closed to the Independent Shareholders who have not accepted the Offer, and an announcement will be released. The revised Offer will be kept open for at least 14 days thereafter.
- (d) If the Closing Date of the Offer is extended, any reference in this Composite Document and in the Form of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the closing date of the Offer as so extended.
- (e) Any acceptance of the relevant revised Offer shall be irrevocable unless and until the Independent Shareholders who accept the Offer become entitled to withdraw their acceptance under the paragraph headed "6. RIGHT OF WITHDRAWAL" below and duly do so.

4. NOMINEE REGISTRATION

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

5. ANNOUNCEMENTS

- (a) By 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension or expiry of the Offer. The Offeror must post an announcement on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating the results of the Offer and whether the Offer has been revised, extended, or has expired.

The announcement will state the total number of Shares:

- (i) for which acceptances of the Offer have been received;
- (ii) held, controlled or directed by the Offeror or persons acting in concert with it before the Offer Period; and
- (iii) acquired or agreed to be acquired during the Offer Period by the Offeror and persons acting in concert with it.

The announcement must include details of any relevant securities (as defined in the Takeovers Code) in the Company which the Offeror and parties acting in concert with it have borrowed or lent, save for any borrowed shares which have been either on-lent or sold.

The announcement must also specify the percentages of the issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers.

In computing the total number of Shares represented by acceptances, only valid acceptances that are complete, in good order and fulfill the acceptance conditions set out in this Appendix, and which have been received by the Registrar respectively no later than 4:00 p.m. on the Closing Date, unless the Offer is extended or revised in accordance with the Takeovers Code, shall be included.

- (c) As required under the Takeovers Code, all announcements in relation to the Offer which the Executive and the Stock Exchange have confirmed that they have no further comments thereon must be made in accordance with the requirements of the Takeovers Code and the Listing Rules.

6. RIGHT OF WITHDRAWAL

- (a) Acceptance of the Offer tendered by the Independent Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in subparagraph (b) below.

- (b) If the Offeror is unable to comply with the requirements set out in the paragraph headed “5. ANNOUNCEMENTS” above, the Executive may require that the Independent Shareholders who have tendered acceptances to the Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met.

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

7. OVERSEAS INDEPENDENT SHAREHOLDERS

The availability of the Offer to persons who are not resident in Hong Kong may be affected by the laws of the relevant overseas jurisdictions. The making of the Offer to the Independent Shareholders whose registered addresses are in jurisdictions outside Hong Kong may be prohibited or affected by the laws or regulations of the relevant jurisdictions. Such Independent Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe relevant applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the responsibility of the individual Independent Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any regulatory or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions).

As confirmed by the Company, as at the Latest Practicable Date, the Company has one Shareholder with registered address in Canada and two Shareholders with registered addresses in Malaysia.

As at the Latest Practicable Date, the Offeror had been advised that under the applicable legislations and regulations of Canada and Malaysia, there was no regulatory restriction of any regulatory body or stock exchange with respect to extending the Offer to these Overseas Independent Shareholders in the relevant jurisdictions. Accordingly, the Offer will be extended to the Overseas Independent Shareholders with registered addresses in the above jurisdictions.

Acceptance of the Offer by any Overseas Independent Shareholder will be deemed to constitute a representation and warranty from such Overseas Independent Shareholder to the Offeror that all the laws and requirements of the relevant jurisdictions have been complied with. The Overseas Independent Shareholders should consult their professional advisers in case of any doubt.

8. HONG KONG STAMP DUTY

Seller's ad valorem stamp duty at a rate of 0.13% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the amount payable to the relevant Shareholder on acceptance of the Offer.

The Offeror will arrange for payment of the seller's Hong Kong ad valorem stamp duty on behalf of the relevant Independent Shareholders who accept the Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptances of the Offer and the transfers of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

9. TAXATION ADVICE

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

10. GENERAL

- (a) All communications, notices, Form of Acceptance, Share certificate(s), transfer receipt(s), other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Independent Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk. None of the Offeror, its beneficial owners, the Company, Kingston Corporate Finance, Kingston Securities, the Independent Financial Adviser, the Registrar, any of their respective directors and professional advisers and any other parties involved in the Offer and any of their respective agents accepts any liability for any loss or delay in postage or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the Form of Acceptance form part of the terms and conditions of the Offer.
- (c) The accidental omission to despatch this Composite Document and/or Form of Acceptance or any of them to any person to whom the Offer is made will not invalidate the Offer in any way.

- (d) The Offer is, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.
- (e) Due execution of the Form of Acceptance will constitute an authority to the Offeror, Kingston Securities or such person or persons as the Offeror may direct to complete, amend and execute any document on behalf of the person or persons accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as they may direct, the Shares in respect of which such person or persons has/have accepted the Offer.
- (f) Acceptance of the Offer by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror and the Company that the Shares acquired under the Offer are sold by such person or persons free from all Encumbrances and together with all rights accruing or attaching thereto including (without limitation) the rights to receive in full any and all dividends and distributions declared, made or paid on or after the date on which the Offer is made.
- (g) References to the Offer in this Composite Document and the Form of Acceptance shall include any revision and/or extension thereof.
- (h) Acceptance of the Offer by any person who is an Overseas Independent Shareholder will be deemed to constitute a warranty by such person to the Offeror and the Company that he, she or it has observed the laws of all relevant jurisdictions in connection therewith, obtained all requisite governmental, exchange control or other consents, complied with other necessary formalities or legal requirements and paid any transfer or other taxes due from him, her or it in connection with such acceptance in all relevant jurisdictions, that he, she or it has not taken or omitted to take any action which will, or which may result in the Offeror, the Company, Kingston Securities or any other persons acting or being in breach of the legal or regulatory requirements of any jurisdiction in connection with the Offer or his or her or its acceptance, and he, she or it is permitted under all applicable laws to accept the Offer and any revision thereof, and that such acceptance is valid and binding in accordance with all applicable laws.
- (i) Acceptances of the Offer by any persons will be deemed to constitute a warranty by such persons that such persons are permitted under all applicable laws and regulations to receive and accept the Offer, and any revision thereof, and such acceptances shall be valid and binding in accordance with all applicable laws and regulations. Any such persons will be responsible for any such issue, transfer and other applicable taxes or other governmental payments payable by such persons.

- (j) Subject to the Takeovers Code, the Offeror reserves the right to notify any matter (including the making of the Offer) to all or any Independent Shareholders with registered address(es) outside Hong Kong or whom the Offeror or Kingston Securities knows to be nominees, trustees or custodians for such persons by announcement in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any such Independent Shareholders to receive or see such notice, and all references in this Composite Document to notice in writing shall be construed accordingly.
- (k) In making their decision, the Independent Shareholders must rely on their own examination of the Offeror, the Group and the terms of the Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein, together with the Form of Acceptance, shall not be construed as any legal or business advice on the part of the Company, the Offeror and parties acting in concert with it, Kingston Securities, Kingston Corporate Finance, the Independent Financial Adviser, the Registrar or any of their respective ultimate beneficial owners, directors, officers, agents, professional advisers or associates or any other persons involved in the Offer. The Independent Shareholders should consult their own professional advisers for professional advice.
- (l) Acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Offer Shares, in respect of which it is indicated in the Form of Acceptance, is the aggregate number of Offer Shares held by such nominee for such beneficial owners who accept the Offer.

1. FINANCIAL SUMMARY

The following is a summary of the consolidated financial results of the Group for each of the years ended 30 June 2019 (“FY2019”), 30 June 2020 (“FY2020”) and 30 June 2021 (“FY2021”) as extracted from the audited consolidated financial statements of the Company as set out in Appendix II to the circular of Champion dated 20 October 2021.

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

	FY2019 <i>HK\$'000</i>	FY2020 <i>HK\$'000</i>	FY2021 <i>HK\$'000</i>
Revenue	143,966	146,944	139,069
Cost of sales	<u>(59,679)</u>	<u>(63,813)</u>	<u>(55,793)</u>
Gross profit	84,287	83,131	83,276
Other income and gains — net	3,407	5,929	2,665
Gain on disposal of subsidiaries	109	—	—
Distribution costs	(29,229)	(27,172)	(25,685)
General and administrative expenses	(56,532)	(59,948)	(51,817)
(Impairment losses)/reversal of impairment losses recognised for inventories	—	(22)	20
Finance costs — net	<u>(249)</u>	<u>(808)</u>	<u>(1,105)</u>
Profit before tax	1,793	1,110	7,354
Income tax credit/(expense)	<u>644</u>	<u>2,765</u>	<u>(1,665)</u>
Profit for the year attributable to owners of the Company (Note)	<u>2,437</u>	<u>3,875</u>	<u>5,689</u>
Other comprehensive (expense)/income:			
Item that will not be reclassified to profit or loss:			
Remeasurement of defined benefits pension plans	(882)	(20,922)	37,012
Item that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations	<u>(5,011)</u>	<u>(3,314)</u>	<u>12,141</u>
Other comprehensive (expense)/income for the year	<u><u>(5,893)</u></u>	<u><u>(24,236)</u></u>	<u><u>49,153</u></u>
Total comprehensive (expense)/income for the year attributable to owners of the Company (Note)	<u><u>(3,456)</u></u>	<u><u>(20,361)</u></u>	<u><u>54,842</u></u>
Dividend	—	—	—
Earnings per share			
— Basic and diluted (HK cents)	1.24	1.94	2.62

Note: There is no non-controlling interest.

The auditors' report issued by Moore Stephens CPA Limited in respect of the consolidated financial statements of the Group for each of FY2019, FY2020 and FY2021 did not contain any modified opinion, emphasis of matter or material uncertainty related to going concern.

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

2. FINANCIAL STATEMENTS OF THE GROUP

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

The Financial Statements are set out in Appendix II to the circular of Champion dated 20 October 2021 (the “**Circular**”). The Circular is posted on Champion's website at <http://www.champion.hk>.

Please see below a direct link to the Circular:

https://www.tricor.com.hk/webservice/00092/file/circular_listing/eng/E_00092_Cir_20211019.pdf

The Financial Statements (but not any other part of the Circular in which they appear) are incorporated by reference into this Composite Document and form part of this Composite Document.

3. MATERIAL CHANGE

The Directors confirm that there had been no material change in the financial or trading position or outlook of the Group since 30 June 2021, being the date to which the latest published audited consolidated financial statements of the Company were made up, and up to the Latest Practicable Date.

4. INDEBTEDNESS

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

	<i>HK\$'000</i>
Non-current	
Lease liabilities	1,008
Current	
Lease liabilities	<u>2,497</u>
Total	<u><u>3,505</u></u>

As at 31 October 2021, the Group had lease liabilities of approximately HK\$3,505,000 which was related to present value of lease payments that are not yet paid.

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

RESPONSIBILITY STATEMENT

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

DISCLOSURE OF INTERESTS

Save as disclosed below, as at the Latest Practicable Date, none of the Offeror, the sole director of the Offeror nor any party acting in concert with them owned or controlled any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

Name of Shareholders	Capacity	Number of Shares held/interested	Approximate percentage of the total number of issued Shares (Note 2) (%)
The Offeror (<i>Note 1</i>)	Beneficial owner	128,137,958	59.04
Mr. Chan (<i>Note 1</i>)	Interest of controlled corporation	128,137,958	59.04

Notes:

1. The Offeror is an investment holding company incorporated in the BVI with limited liability which is wholly owned by Mr. Chan. Mr. Chan is the sole ultimate beneficial owner and director of the Offeror as at the Latest Practicable Date. Accordingly, Mr. Chan is deemed under the SFO to be interested in the Shares held by the Offeror.
2. Based on 217,038,506 Shares in issue as at the Latest Practicable Date.

INTERESTS IN THE COMPANY'S SECURITIES AND OTHER ARRANGEMENTS

As at the Latest Practicable Date:

- (a) save as disclosed in the section headed "Disclosure of Interests" in this appendix, none of the Offeror, Mr. Chan or parties acting in concert with them owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.

- (b) save as disclosed in the section headed “Disclosure of Interests” in this appendix, the sole director of the Offeror did not have any interests in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.
- (c) none of the Offeror, Mr. Chan or parties acting in concert with them had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.
- (d) save for the Sale and Purchase Agreement, the Loan Facility Agreement and the Share Charges, none of the Offeror, Mr. Chan or parties acting in concert with them had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with any other persons.
- (e) no person who had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Offeror, Mr. Chan or any person acting in concert with them owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.
- (f) there was no agreement or arrangement to which the Offeror or Mr. Chan is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a condition to the Offer.
- (g) none of the Offeror, Mr. Chan or parties acting in concert with them has received any irrevocable commitment to accept the Offer.
- (h) save for the Loan Facility Agreement and the Share Charges, there was no agreement, arrangement or understanding that any securities of the Company acquired in pursuance of the Offer would be transferred, charged or pledged to any other persons.
- (i) save for the consideration for the Sale Shares, there is no other consideration, compensation or benefit in whatever form paid or to be paid by the Offeror, Mr. Chan or any parties acting in concert with them to Champion or any parties acting in concert with it in connection with the Sale and Purchase Agreement.
- (j) other than the transactions contemplated under the Sale and Purchase Agreement, there is no understanding, arrangement or agreement or special deal under Rule 25 of the Takeovers Code between the Offeror or any parties acting in concert with it on the one hand, and Champion or any parties acting in concert with it on the other hand.
- (k) save for Kingston Securities being one of the two underwriters to the rights issue of Champion (details of which is disclosed on the circular of Champion dated 20 October 2021), there is no understanding, arrangement, agreement or special deal between any Shareholders and the Offeror, Mr. Chan or any parties acting in concert with them.
- (l) no benefit (other than statutory compensation) was or will be given to any Directors as compensation for loss of office or otherwise in connection with the Offer.

- (m) there is no understanding, arrangement, agreement or special deal between any Shareholders and the Company, its subsidiaries or associated companies and the Offeror, Mr. Chan or any parties acting in concert with them.
- (n) save for the Sale and Purchase Agreement, there was no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror, Mr. Chan or parties acting in concert with and any Directors, recent Directors, Shareholders or recent Shareholders which had any connection or was dependent upon the Offer.

DEALING IN SECURITIES OF THE COMPANY

During the Relevant Period:

- (a) save for the Sale Shares acquired by the Offeror under the Sale and Purchase Agreement, none of the Offeror, Mr. Chan or parties acting in concert with them has dealt in any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.
- (b) save for the entering into of the Sale and Purchase Agreement and the transactions contemplated thereunder, the sole director of the Offeror had not dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.
- (c) no person who had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Offeror, Mr. Chan or any person acting in concert with them had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.

MARKET PRICES

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

Date	Closing price per Share <i>HK\$</i>
2021	
26 February	0.31
31 March	0.36
30 April	0.42
31 May (the Last Trading Day)	0.41
30 June	Trading in Shares halted
31 July	Trading in Shares halted
31 August	0.56
30 September	0.50
29 October	0.51
30 November	0.54
1 December (the Latest Practicable Date)	0.55

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK\$0.67 per Share (on 15 November 2021) and HK\$0.285 per Share (on 15 March 2021), respectively.

EXPERTS AND CONSENTS

The followings are the qualification of the experts whose letter or opinion are contained in this Composite Document:

Name	Qualification
Kingston Corporate Finance	Kingston Corporate Finance Limited, a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO
Kingston Securities	Kingston Securities Limited, a corporation licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO

Each of Kingston Securities and Kingston Corporate Finance has given and has not withdrawn its written consents to the issue of this Composite Document with the inclusion of the text of its letter or report and/or references to its name in the form and context in which they are respectively included.

MISCELLANEOUS

As at the Latest Practicable Date:

- (a) The principal members of the Offeror's concert group are the Offeror and Mr. Chan;
- (b) the registered office address of the Offeror is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands;
- (c) the correspondence address of the Offeror is 610 Mandarin Plaza, 14 Science Museum Road, Tsim Sha Tsui East, Kowloon, Hong Kong;
- (d) the correspondence address of Mr. Chan is 610 Mandarin Plaza, 14 Science Museum Road, Tsim Sha Tsui East, Kowloon, Hong Kong;
- (e) the registered address of Kingston Corporate Finance is 72/F, The Center, 99 Queen's Road Central, Central, Hong Kong; and
- (f) the registered address of Kingston Securities is 72/F, The Center, 99 Queen's Road Central, Central, Hong Kong.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (i) at the principal office of the Company at Unit 4215, 42nd Floor, Hong Kong Plaza, 188 Connaught Road West, Hong Kong during normal business hours from 9:30 a.m. to 5:30 p.m. (on any weekdays, except public holidays); (ii) on the website of the Company (<https://www.tricor.com.hk/web/service/01059/>); and (iii) on the website of the SFC (<http://www.sfc.hk>), from the date of this Composite Document up to and including the Closing Date:

- (a) the memorandum and articles of association of the Offeror;
- (b) the letter from Kingston Securities, the text of which is set out on pages 7 to 15 of this Composite Document; and
- (c) the written consents referred to under the paragraph headed "EXPERTS AND CONSENTS" in this appendix.

1. RESPONSIBILITY STATEMENT

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

2. SHARE CAPITAL

As at the Latest Practicable Date:

	Number of Shares	Amount
Authorised share capital:		
Ordinary Shares of HK\$0.1 each	5,000,000,000	HK\$500,000,000
Issued and fully paid:		
Ordinary Shares of HK\$0.1 each	217,038,506	HK\$21,703,850.6

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

The number of Shares in issue as at 30 June 2021, being the date to which the latest audited financial statements of the Company were made up, was 217,038,506. No new Shares have been issued by the Company since 30 June 2021 and up to the Latest Practicable Date.

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

3. DISCLOSURE OF INTERESTS

(a) Directors and chief executives' interests in securities

As at the Latest Practicable Date, none of the Directors or chief executive of the Company or any of their spouses or children under eighteen years of age had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (as defined in Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests which the Director or chief executive of the Company was taken or deemed to have under such provisions of the SFO); (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange; or (iv) pursuant to the Takeovers Code, to be disclosed in this Composite Document.

(b) Substantial shareholders

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

Name	Capacity	Number of shares (Note 1)	Approximate percentage* of the issued share capital (Note 3)
The Offeror (Note 2)	Beneficial owner	128,137,958 (L)	59.04%
Mr. Chan (Note 2)	Interest of controlled corporation	128,137,958 (L)	59.04%

Notes:

- The letter "L" denotes the shareholder's long position in the shares of the Company.
- The Offeror, is an investment holding company incorporated in the BVI with limited liability which is wholly owned by Mr. Chan. Mr. Chan is the sole ultimate beneficial owner and director of the Offeror as at the Latest Practicable Date. Accordingly, Mr. Chan is deemed under the SFO to be interested in the shares of the Company held by the Offeror.
- Based on 217,038,506 shares of the Company in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, according to the register of interests required to be kept by the Company under section 336 of the SFO, there was no person who had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or required to be entered in the register maintained by the Company pursuant to section 336 of the SFO or required to be disclosed under the Takeovers Code.

(c) Interests in the Offeror

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

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

As at the Latest Practicable Date,

- (i) save for the Sale and Purchase Agreement entered into between Champion, as vendor, and the Offeror, none of the Directors have dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares during the Relevant Period;
- (ii) none of the Directors and the Company have dealt for value in any shares of the Offeror or any convertible securities, warrants, options or derivatives in respect of the shares of the Offeror during the Relevant Period;
- (iii) none of the Directors have any interest in the Shares, derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into the Shares;
- (iv) none of the Directors have any beneficial shareholdings in the Company which would entitle them to accept or reject the Offer;
- (v) none of the subsidiaries of the Company, the pension fund of the Company or of its subsidiaries, or the person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of acting in concert under the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of associate under the Takeovers Code but excluding exempt principal traders and exempt fund managers, owned or controlled any Shares or any other convertible securities, warrants, options or derivatives in respect of Shares and none of them had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company during the Relevant Period;

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

4. MARKET PRICE

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

Date	Closing price per Share (HK\$)
26 February 2021	0.31
31 March 2021	0.36
30 April 2021	0.42
31 May 2021 (the Last Trading Day)	0.41
30 June 2021	Trading in Shares halted
30 July 2021	Trading in Shares halted
31 August 2021	0.56
30 September 2021	0.50
29 October 2021	0.51
30 November	0.54
1 December 2021 (the Latest Practicable Date)	0.55

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK\$0.67 per Share on 15 November 2021 and HK\$0.285 per Share on 15 March 2021, respectively.

5. LITIGATION

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

6. MATERIAL CONTRACTS

Save for a placing agreement dated 6 May 2020 entered into by the Company and Head & Shoulders Securities Limited, as placing agent, pursuant to which Head & Shoulders Securities Limited conditionally agreed to place, on a best effort basis, 19,731,000 Shares to placees at the price of HK\$0.32 per Share, there was no material contract (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by any member of the Group) entered into by any member of the Group within the two years prior to the commencement of the offer period (as defined in the Takeovers Code) and ending on the Latest Practicable Date.

7. QUALIFICATIONS OF EXPERTS

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

Kingston Corporate Finance	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
Kingston Securities	a corporation licensed to carry out Type 1 (dealing in securities) regulated activity under the SFO
Donvex Capital Limited	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

8. DIRECTORS' SERVICE AGREEMENTS

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

9. CONSENT

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

10. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at (a) the Company's principal place of business in Hong Kong at Unit 4215, 42nd Floor, Hong Kong Plaza, 188 Connaught Road West, Hong Kong from 9:30 a.m. to 5:30 p.m., Monday to Friday (except public

holidays); (b) on the website of the Company (<http://www.tricor.com.hk/web/service/01059>); and (c) on the website of the SFC (<http://www.sfc.hk>) from the date of this Composite Document up to and including the Closing Date:

- (i) the amended and restated memorandum of association and articles of association of the Company;
- (ii) the annual reports of the Group for the three years ended 30 June 2019, 2020 and 2021;
- (iii) the “Letter from Kingston Securities”, the text of which is set out on pages 7 to 15 of the Composite Document;
- (iv) the “Letter from the Board”, the text of which is set out on pages 16 to 20 of the Composite Document;
- (v) the “Letter from the Independent Board Committee”, the text of which is set out on pages IBC-1 to IBC-2 of the Composite Document;
- (vi) the “Letter from the Independent Financial Adviser”, the text of which is set out on pages IFA-1 to IFA-20 of the Composite Document;
- (vii) the written consents from each of the parties referred to in the paragraph headed “7. Qualifications of Experts” in this appendix;
- (viii) the material contract referred to in the paragraph headed “6. Material contracts” in this appendix;
- (ix) the memorandum of association and articles of association of the Offeror;
- (x) the circular of Champion dated 20 October 2021;
- (xi) the AGM Circular dated 30 November 2021;
- (xii) the Sale and Purchase Agreement; and
- (xiii) this Composite Document.

11. MISCELLANEOUS

- (i) As at the Latest Practicable Date, none of the Directors had been or would be given any benefit as compensation for loss of office or otherwise in connection with the Offer;
- (ii) As at the Latest Practicable Date, there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer; and

- (iii) As at the Latest Practicable Date, there was no material contracts entered into by the Offeror in which any Director has a material personal interest.