
THIS 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 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 HNA Technology Investments Holdings Limited, you should at once hand this Composite Document and the accompanying Form of Acceptance to the purchaser(s) or the transferee(s) or to the bank, 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 the transferee(s).

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

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 arising from or in reliance upon the whole or any part of the contents of this Composite Document and the accompanying Form of Acceptance.



Mars Development Limited
(incorporated in BVI with limited liability)

Megacore Development Limited
(incorporated in BVI with limited liability)

HNA Technology Investments Holdings Limited
海航科技投資控股有限公司
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 2086)

**COMPOSITE DOCUMENT RELATING TO
MANDATORY UNCONDITIONAL CASH OFFER
BY HOORAY SECURITIES LIMITED
ON BEHALF OF THE JOINT OFFERORS
TO ACQUIRE ALL THE ISSUED SHARES OF
HNA TECHNOLOGY INVESTMENTS HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED BY THE JOINT OFFERORS
AND PARTIES ACTING IN CONCERT WITH ANY OF THEM)**

Financial Adviser to Joint Offerors



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



First Capital International Finance 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 Hooray Securities containing, among other things, details of the terms of the Offer is set out on pages 11 to 29 of this Composite Document. A letter from the Board is set out on pages 30 to 36 of this Composite Document. A letter from the Independent Board Committee is set out on pages 37 to 38 of this Composite Document. A letter from the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 39 to 66 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. Acceptances 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 Friday, 25 February 2022 or such later time and/or date as the Joint Offerors may determine and announce with the consent of the Executive, in accordance with 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 Hong Kong should read the details in this regard which are contained in the section headed "Important Notices" and the paragraph headed "Important note to Shareholders outside Hong Kong" in the "Letter from Hooray Securities" contained in this Composite Document. It is the responsibility of each Overseas 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 and the payment of any transfer or other taxes due in respect of such jurisdiction. Overseas 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.hnatechinv.com> as long as the Offer remains open.

4 February 2022

CONTENTS

| | <i>Page</i> |
|--|-------------|
| IMPORTANT NOTICES | ii |
| EXPECTED TIMETABLE | iii |
| DEFINITIONS | 1 |
| LETTER FROM HOORAY SECURITIES | 11 |
| LETTER FROM THE BOARD | 30 |
| LETTER FROM THE INDEPENDENT BOARD COMMITTEE | 37 |
| LETTER FROM THE INDEPENDENT FINANCIAL ADVISER | 39 |
| APPENDIX I — FURTHER TERMS OF THE OFFER AND ACCEPTANCE PROCEDURES | I-1 |
| APPENDIX II — FINANCIAL INFORMATION OF THE COMPANY | II-1 |
| APPENDIX III — GENERAL INFORMATION OF THE COMPANY | III-1 |
| APPENDIX IV — GENERAL INFORMATION OF THE JOINT OFFERORS | IV-1 |
| APPENDIX V — DOCUMENTS AVAILABLE FOR INSPECTION | V-1 |
| ACCOMPANYING DOCUMENT — FORM OF ACCEPTANCE | |

IMPORTANT NOTICES

NOTICE TO INDEPENDENT SHAREHOLDERS OUTSIDE HONG KONG

The making of the Offer to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or affected by the laws and regulations of the relevant jurisdictions. Independent Shareholders who are citizens or residents or nationals of jurisdictions outside Hong Kong should inform themselves about and observe any applicable legal requirements and, where necessary, seek independent legal advice. It is the responsibility of any such Independent Shareholder who wishes to accept the Offer to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the 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 jurisdiction. Any acceptance of the Offer by any Independent Shareholders will be deemed to constitute a representation and warranty from such Independent Shareholders to the Joint Offerors that the local laws and requirements have been complied with (including, without limitation, payment of any taxes or other required payments due from him/her/it in connection with such acceptance in the relevant jurisdictions) and that such acceptance shall be valid and binding in accordance with all applicable laws and regulations. The Independent Shareholders should consult their professional advisers if in doubt.

The Joint Offerors and the parties acting in concert with any of them, the Company, Hooray Securities, Hooray Capital, the Independent Financial Adviser, the Registrar or any of their respective professional advisers or any of their respective ultimate beneficial owners, directors, officers, advisers, 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 see the paragraph headed “Important note to Shareholders outside Hong Kong” in the “Letter from Hooray Securities” contained in this Composite Document.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Composite Document contains forward-looking statements, which may be identified by words such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “seek”, “estimate”, “will”, “would” or words of similar meaning, that involve risks and uncertainties, as well as assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. The Joint Offerors and the Company assume no obligation and do not intend to update these forward-looking statements, except as required pursuant to applicable laws or regulations, including but not limited to the Listing Rules and/or the Takeovers Code.

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 times and dates in this Composite Document and the Form of Acceptance shall refer to Hong Kong times and dates.

| | |
|---|---|
| Despatch date of this Composite Document and the Form of Acceptance and commencement date of the Offer (<i>Note 1</i>) | Friday, 4 February 2022 |
| Latest time and date for acceptance of the Offer (<i>Notes 2 and 4</i>) | By 4:00 p.m. Friday, 25 February 2022 |
| Closing Date (<i>Notes 2 and 4</i>) | Friday, 25 February 2022 |
| Announcement of the results of the Offer to be posted on the Stock Exchange's website (<i>Note 2</i>) | By 7:00 p.m. On Friday, 25 February 2022 |
| Latest date of posting of remittances for the amounts due in respect of valid acceptances received under the Offer (<i>Notes 3 and 4</i>) | Tuesday, 8 March 2022 |

Notes:

1. The Offer, which is unconditional, is made on the date of posting of this Composite Document, and is capable of acceptance on and from that date until the Closing Date. Acceptances of the Offer shall be irrevocable and shall not be capable of being withdrawn, except in the circumstances set out in the section headed "Right of Withdrawal" in Appendix I to this Composite Document.
2. In accordance with the Takeovers Code, the Offer must initially be opened for acceptance for at least 21 days following the date on which this Composite Document is posted. The latest time for acceptance is at 4:00 p.m. on Friday, 25 February 2022 unless the Joint Offerors revise or extend the Offer in accordance with the Takeovers Code. An announcement will be published on the website of the Stock Exchange by 7:00 p.m. on Friday, 25 February 2022 stating whether the Offer has been extended, revised or expired. In the event that the Joint Offerors decide to extend the Offer and the announcement does not specify the next closing date, at least 14 days' notice by way of an announcement will be given before the Offer is closed to those Independent Shareholders who have not accepted the Offer.

Beneficial owners of the Offer Shares who hold their Offer Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures. Further details in this regard have been set out in Appendix I to this Composite Document.

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 made as soon as possible, but in any event within seven Business Days following the date of receipt of a duly completed Form of Acceptance in accordance with the Takeovers Code.

EXPECTED TIMETABLE

4. If there is a tropical cyclone warning signal number 8 or above, or a black rainstorm warning or “extreme condition” caused by super typhoon:
 - (a) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the Offer and the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances, the latest time for acceptance of the Offer and the posting of remittances will remain at 4:00 p.m. on the same Business Day; or
 - (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offer and the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances, the latest time for acceptance of the Offer 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 warning in force at any time between 9:00 a.m. and 4:00 p.m. or such other day as the Executive may approve in accordance with the Takeovers Code.

Unless otherwise expressly stated, all times and dates in this Composite Document and the Form of Acceptance shall refer to Hong Kong times and dates.

DEFINITIONS

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

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|------------------------------|---|
| “acting in concert” | has the meaning ascribed to it under the Takeovers Code |
| “associate(s)” | has the meaning ascribed to it 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 |
| “Closing Date” | 25 February 2022, the closing date of the Offer, which is the 21st calendar day after the date of posting of this Composite Document, or if the Offer is extended or revised, any subsequent closing date(s) of the Offer as may be determined and announced jointly by the Joint Offerors and the Company, with the consent of the Executive in accordance with the Takeovers Code |
| “Company” | HNA Technology Investments Holdings Limited (海航科技投資控股有限公司), a company incorporated in Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 2086) |
| “Completion” | completion of the Transaction |
| “Completion Date” | 12 January 2022, the date on which Completion took place |
| “Composite Document” | this composite offer document and response document jointly issued by the Joint Offerors 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 in respect of the Offer |
| “controlling shareholder(s)” | has the meaning ascribed to it under the Listing Rules |

DEFINITIONS

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| “Custodian Agreement” | the agreement dated 12 January 2022 entered into between the Joint Offerors (as chargors), Premium Financial (as chargee) and Hooray Securities (as custodian) in relation to the Joint Offerors Securities Cash Account |
| “Deed of Concert Parties” | the deed of concert parties dated 12 January 2022 entered into between Mr. Mai and Mr. Zhang, details of which are set out in the section headed “Deed of Concert Parties” in the “Letter from Hooray Securities” contained in this Composite Document |
| “Director(s)” | the director(s) of the Company |
| “Executive” | the Executive Director of the Corporate Finance Division of the SFC from time to time or any delegate of such Executive Director |
| “Existing Share Charge” | the charge dated 28 August 2019 entered into between the Target Company (as chargor) and Premium Financial (as chargee) pursuant to which the Target Company charged to Premium Financial all the 238,899,669 Shares (representing approximately 74.75% of the issued Shares as at the Latest Practicable Date) owned by it in favour of Premium Financial by way of first fixed charge as security for the PF Loan |
| “First Mandatory Prepayment” | the prepayment of the PF Loan pursuant to the Third Supplemental Agreement in the principal amount of HK\$20,000,000, together with all accrued unpaid interest (if any), made by the Target Company to Premium Financial on the date of the Third Supplemental Agreement |
| “Form of Acceptance” | the form of acceptance and transfer in respect of the Offer accompanying this Composite Document |
| “Group” | the Company and its subsidiaries |
| “Guarantee” | the corporate guarantees and personal guarantees provided by each of the Joint Offerors Obligor, each as guarantor, on a joint and several basis in relation to the repayment obligation of the Target Company under the PF Loan |

DEFINITIONS

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| “Henter Finance” | Henter Finance Limited (衡泰財務有限公司), a company incorporated in Hong Kong with limited liability and a licensed money lender in Hong Kong under the Money Lenders Ordinance (Cap. 163 of the Laws of Hong Kong) |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “HKSCC” | Hong Kong Securities Clearing Company Limited |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Hooray Capital” | Hooray Capital Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO, being the financial adviser to the Joint Offerors in respect of the Offer |
| “Hooray Securities” | Hooray Securities Limited, a licensed corporation to carry out type 1 (dealing in securities) regulated activity under the SFO |
| “HT Loan” | the interest-bearing loan granted by Henter Finance to Mr. Zhang |
| “Independent Board Committee” | an independent committee of the Board comprising three (3) independent non-executive Directors, namely, Mr. Guo Dan, Dr. Lin Tat Pang and Ms. O Wai, established in accordance with the Takeovers Code to give recommendations to the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer |
| “Independent Financial Adviser” | First Capital International Finance Limited, a corporation licensed by the SFC to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Offer |
| “Independent Shareholders” | the Shareholders other than the Joint Offerors and the Joint Offerors’ Concert Parties |
| “Joint Announcement” | the joint announcement issued by the Joint Offerors and the Company dated 12 January 2022 in relation to, among other things, the SPA and the Offer |

DEFINITIONS

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| “Joint Offerors” | collectively, Mars Development and Megacore Development, being the purchasers of the Sale Shares and the Shareholder’s Loan under the SPA and the joint offerors in relation to the Offer |
| “Joint Offerors’ Concert Parties” | party(ies) acting in concert and presumed to be acting in concert with the Joint Offerors as determined in accordance with the Takeovers Code (including Mars Enterprise, Megacore International, Zhong Zhao, Mr. Mai and Mr. Zhang, as well as Premium Financial and Henter Finance and their respective beneficial owners and/or parties acting in concert with any of them) |
| “Joint Offerors Obligors” | the Joint Offerors, Mars Enterprise, Megacore International, Zhong Zhao, Mr. Mai and Mr. Zhang |
| “Joint Offerors Securities Cash Account” | the securities cash account in the joint names of the Joint Offerors held with Hooray Securities Limited for (i) holding the MGO Funds; and (ii) receiving all MGO Acquired Shares |
| “Joint Offerors Share Charges” | the share charges dated 12 January 2022 entered into between the Joint Offerors (as chargors) and Premium Financial (as chargee) pursuant to which the Joint Offerors agreed to charge, among others, all MGO Acquired Shares and the Joint Offerors Securities Cash Account to Premium Financial as security for the PF Loan |
| “Last Offer Acceptance Date” | 25 February 2022, being the last date of receipt of valid acceptances under the Offer as set out in the Composite Document (and any supplemental offer document thereof) |
| “Last Trading Day” | 11 January 2022, being the last trading day of on which the Shares before publication of the Joint Announcement |
| “Latest Practicable Date” | 31 January 2022, 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 |
| “Main Board” | the main board maintained and operated by the Stock Exchange |

DEFINITIONS

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| “Mars Development” | Mars Development Limited, a company incorporated in the BVI with limited liability, being one of the purchasers under the SPA and the Joint Offerors, as well as a direct wholly-owned subsidiary of Mars Enterprise |
| “Mars Enterprise” | Mars Enterprise Holdings Limited, a company incorporated in the BVI with limited liability, which is directly wholly-owned by Mr. Mai. It directly and wholly owns Mars Development |
| “Megacore Development” | Megacore Development Limited, a company incorporated in the BVI with limited liability, being one of the purchasers under the SPA and the Joint Offerors, as well as a direct wholly-owned subsidiary of Megacore International |
| “Megacore International” | Megacore International Innovation Limited, a company incorporated in the BVI with limited liability, and a direct wholly-owned subsidiary of Zhong Zhao. It directly and wholly owns Megacore Development |
| “MGO Acquired Shares” | any Shares that may be acquired by the Joint Offerors under the Offer |
| “MGO Fund” | the amount of not less than HK\$69,000,000, being the financial resources made available by the Joint Offerors for satisfying total maximum consideration, stamp duty and brokerage commission payable under the Offer |
| “MGO Remaining Funds” | all remaining cash in the Joint Offerors Securities Cash Account as at the Last Offer Acceptance Date, after deducting all remaining consideration, stamp duty and brokerage commission payable under the Offer |
| “Mr. Mai” | Mr. Mai Zhaoping (麥照平先生), the ultimate beneficial owner of Mars Enterprise and Mars Development |
| “Mr. Zhang” | Mr. Zhang Xueqin (張學勤先生), the ultimate beneficial owner of Zhong Zhao, Megacore International and Megacore Development |
| “Offer” | the mandatory unconditional cash offer being made by Hooray Securities Limited for and on behalf of the Joint Offerors to acquire all the Offer Shares in accordance with the Takeovers Code |

DEFINITIONS

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| “Offer Period” | the period commencing from 11 November 2020, being the date of the announcement made by the Company pursuant to Rule 3.7 of the Takeovers Code until the Closing Date, or such other time and/or date to which the Joint Offerors may decide to extend or revise the Offer in accordance with the Takeovers Code |
| “Offer Price” | HK\$0.84 for each Offer Share payable by the Joint Offerors to the Independent Shareholders accepting the Offer |
| “Offer Shares” | all the issued Shares (other than those already owned and/or agreed to be acquired by the Joint Offerors and the Joint Offerors’ Concert Parties) |
| “Offer Withdrawal Date” | the date the Offer is withdrawn by the Joint Offerors with the consent of the Executive pursuant to the Takeovers Code |
| “Ownership Percentage” | 60% and 40% in respect of Mars Development and Megacore Development |
| “Overseas Shareholder(s)” | the Independent Shareholder(s) whose address(es) as shown on the register of members of the Company is (are) outside Hong Kong |
| “Pacpo Formula” | has the meaning ascribed to it under Practice Note 19 to the Takeovers Code |
| “PF Loan” | the secured interest-bearing loan granted by Premium Financial to the Target Company in the outstanding principal amount of (i) HK\$175,000,000 immediately after Completion and after the First Mandatory Prepayment, and as at the date of the Joint Announcement; and (ii) HK\$175,000,000 as at the Latest Practicable Date |
| “PF Loan Agreement” | the loan agreement dated 27 August 2019 entered into between the Target Company, Premium Financial and the Vendor in respect of the PF Loan (as amended and supplemented by the supplemental agreements dated 27 August 2020 and 27 August 2021 and the Third Supplemental Agreement) |

DEFINITIONS

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| “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 People’s Republic of China and Taiwan |
| “Premium Financial” | Premium Financial Limited (永寶物業按揭有限公司), a company incorporated in Hong Kong with limited liability and a licensed money lender in Hong Kong under the Money Lenders Ordinance (Cap. 163 of the Laws of Hong Kong), and is beneficially wholly-owned by Mr. Qiu Yong |
| “Public Float Requirement” | the requirement for at least 25% of the total issued shares of the Company be held by the public at all times in compliance with Rule 8.08(1)(a) of the Listing Rules |
| “Public Float Restoration Transaction” | <p>in the event that as a result of the Offer, the Company does not meet the Public Float Requirement, and for so long as the Public Float Requirement is not restored:</p> <p>(a) each disposal of Shares by all or any of the Joint Offerors (or any of their affiliates) to any member of the public (as defined in the Listing Rules); or</p> <p>(b) each placing of Shares by a placing agent to be appointed by all or any of the Joint Offerors or any other person to any member of the public (as defined in the Listing Rules),</p> <p>which has the effect of reducing the equity interest of the Joint Offerors and its affiliates in the Company until the Public Float Requirement is restored</p> |
| “Public Float Restoration Transaction Date” | the business day notified by the Joint Offerors as the date on which the Public Float Requirement has been restored following completion of one or more Public Float Restoration Transaction(s) (which shall be a date falling no later than 30 days after the Last Offer Acceptance Date), or, failing such notification, a date designated by Premium Financial |
| “Registrar” | Computershare Hong Kong Investor Services Limited, the branch share registrar and transfer office of the Company |

DEFINITIONS

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| “Relevant Period” | the period commencing on 11 May 2020, being the date falling six months preceding the commencement of the Offer Period, up to and including the Latest Practicable Date |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Sale Shares” | 500,000 shares in the Target Company, representing the entire issued share capital of the Target Company |
| “Second Mandatory Prepayment” | the prepayment of the PF Loan pursuant to the Third Supplemental Agreement in the principal amount of not less than HK\$50,000,000, together with all accrued unpaid interest (if any), to be made by the Target Company to Premium Financial on the Second Mandatory Prepayment Date |
| “Second Mandatory Prepayment Date” | (i) the business day immediately after the Last Offer Acceptance Date; (ii) the Specified Date; or (iii) the business day immediately after the Offer Withdrawal Date, whichever is earlier |
| “SFC” | the Securities and Futures Commission of Hong Kong |
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| “Share(s)” | the ordinary share(s) of par value HK\$0.10 each in the share capital of the Company |
| “Shareholder(s)” | the holder(s) of the issued Share(s) |
| “Shareholder’s Loan” | the unsecured and interest-free shareholder’s loan owed by the Target Company to the Vendor in the outstanding amount of HK\$566,000,000 as at the date of the Joint Announcement |
| “SPA” | the sale and purchase agreement dated 12 January 2022 entered into between the Joint Offerors and the Vendor in respect of the Transaction |
| “Specified Date” | the date which is 45 days after the completion of the Transaction, and if that date is not a business day, the business day immediately after that date |

DEFINITIONS

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| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Subordination and Assignment Deed” | the subordination and assignment deed dated 12 January 2022 entered into among the Target Company, the Joint Offerors, Zhong Zhao and Premium Financial pursuant to present and future, actual or contingent, moneys, debts and liabilities due, owing or incurred by the Target Company to all or any of, among others, the Joint Offerors Obligors (including, without limitation, the Shareholder’s Loan and the ZZ Loans) shall be subordinated to the PF Loan and assigned by way of security in favour of Premium Financial as additional security for the PF Loan |
| “Subsequent Mandatory Prepayment(s)” | the prepayment(s) of such principal amount of the PF Loan as would, following such prepayment(s), reduce the principal amount to an amount not exceeding HK\$108,000,000 pursuant to the Third Supplemental Agreement |
| “Takeovers Code” | the Code on Takeovers and Mergers |
| “Target Company” | HNA Ecotech Pioneer Acquisition, a company incorporated in Cayman Islands |
| “Third Supplemental Agreement” | the supplemental agreement with respect to the PF Loan Agreement dated 12 January 2022 entered into among Premium Financial, the Target Company and the Joint Offerors Obligors in relation to, among other things, the conditional extension of the repayment date of the PF Loan |
| “Transaction” | the acquisition of the Sale Shares and the Shareholder’s Loan by the Joint Offerors from the Vendor pursuant to the SPA |
| “Vendor” or “HNA Technology Group” | HNA Technology Group (HK) Co., Limited (海航科技集團(香港)有限公司), a company incorporated in Hong Kong, being the vendor under the SPA, based on the information available to the Company, which is indirectly controlled by Hainan Province Cihang Foundation. For details, please refer to note 1 to the section headed “Shareholding Structure of the Company” in the “Letter from the Board” in this Composite Document |

DEFINITIONS

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| “Zhong Zhao” | Zhong Zhao Investment Holdings Limited, a company incorporated in Hong Kong with limited liability which is directly wholly-owned by Mr. Zhang |
| “ZZ Loans” | ZZ Loan 1 and ZZ Loan 2 |
| “ZZ Loan 1” | the unsecured interest-free loan granted by Zhong Zhao to the Target Company on 26 August 2021 in the outstanding amount of HK\$5,000,000 |
| “ZZ Loan 2” | the unsecured interest-free loan granted by Zhong Zhao to the Target Company on 12 January 2022 after Completion in the outstanding amount of HK\$20,000,000 |
| “%” | per cent. |

* *The English transliteration of the Chinese name(s) in this Composite Document, where indicated, is included for information purpose only.*

1. Certain amounts and percentage figures in this Composite Document have been subject to rounding adjustments.
2. The English transliteration of the Chinese name(s) in this Composite Document, where indicated by an asterisk (*), is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).
3. The singular includes the plural and vice versa, unless the context otherwise requires.
4. References to any Appendix, paragraphs and any sub-paragraphs of them are references to the Appendices to, and paragraphs of, this Composite Document and any sub-paragraphs of them, respectively.
5. References to any statute or statutory provision include a statute or statutory provision which amends, consolidates or replaces the same whether before or after the date of this Composite Document.
6. Reference to one gender is a reference to all or any genders.
7. References to time of the day are to Hong Kong time.



4 February 2022

To the Independent Shareholders

Dear Sir/Madam,

**MANDATORY UNCONDITIONAL CASH OFFER
BY HOORAY SECURITIES LIMITED
ON BEHALF OF THE JOINT OFFERORS
TO ACQUIRE ALL THE ISSUED SHARES OF
HNA TECHNOLOGY INVESTMENTS HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED BY THE JOINT OFFERORS
AND PARTIES ACTING IN CONCERT WITH ANY OF THEM)**

1. INTRODUCTION

Reference is made to the Joint Announcement. On 12 January 2022 (before trading hours), the Joint Offerors and the Vendor entered into the SPA, pursuant to which the Vendor agreed to sell, and the Joint Offerors agreed to acquire the Sale Shares and the Shareholder's Loan at nominal consideration of HK\$1.00 (taking into account the PF Loan and the ZZ Loans). Prior to the Completion, the Target Company held 238,889,669 Shares, representing approximately 74.75% of the issued Shares as at the Latest Practicable Date.

Completion took place on 12 January 2022. Immediately after Completion and as at the Latest Practicable Date, the Target Company is held by Mars Development as to 60% and Megacore Development as to 40% and, as a result, the Joint Offerors collectively are the controlling Shareholders, indirectly holding in aggregate approximately 74.75% of the issued Shares. In accordance with Rule 26.1 of the Takeovers Code, upon Completion, the Joint Offerors are required to make a mandatory unconditional cash offer for the Offer Shares, being all the issued Shares other than those Shares already owned by the Joint Offerors and the Joint Offerors' Concert Parties. We, Hooray Securities, have been appointed by the Joint Offerors to make the Offer for and on behalf of the Joint Offerors.

好盈證券有限公司
Hooray Securities Limited (CE No. AAD967)

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LETTER FROM HOORAY SECURITIES

This letter forms part of this Composite Document and sets out, among other things, the details of the Offer, certain information on the Joint Offerors and the intention of the Joint Offerors regarding the Group. The terms of the Offer and the procedures of acceptances are set out in this letter, Appendix I to this Composite Document and the Form of Acceptance.

The Independent Shareholders are strongly advised to carefully consider the information contained in the “Letter from the Board”, the “Letter from the Independent Board Committee” and the “Letter from the Independent Financial Adviser” as set out in this Composite Document before reaching a decision as to whether or not to accept the Offer.

2. THE OFFER

Hooray Securities is making the Offer on behalf of the Joint Offerors in compliance with the Takeovers Code on the following basis:

Principal terms of the Offer

For each Offer Share HK\$0.84 in cash

The Offer Price of HK\$0.84 per Offer Share is approximately equal to but not lower than the effective acquisition price per effective acquisition Share paid by the Joint Offerors under the Transaction. The effective acquisition price of each Share under the Transaction is derived based on the following:

- (i) taking into account the aggregated consideration paid by and the Guarantees provided by the Joint Offerors Obligors for the purpose of the Transaction, which consists of (1) the ZZ Loan 1 of HK\$5,000,000; (2) the ZZ Loan 2 of HK\$20,000,000; (3) the aggregated financing for the Second Mandatory Prepayment and the Subsequent Mandatory Prepayment(s) in the amount of HK\$67,000,000; (4) the Guarantees to be assumed by the Joint Offerors Obligors for the principal amount of HK\$108,000,000 under the PF Loan (after the Second Mandatory Prepayment and Subsequent Mandatory Prepayment(s)); and (5) the consideration for the Sale Shares and the assignment of the Shareholder’s Loan of HK\$1.00 under the SPA, the effective acquisition price of the Target Company is HK\$200,000,001;
- (ii) save and except for the above, the Joint Offerors confirm that no other payment (including but not limited to any unpaid interest or penalty associated with the PF Loan accrued before the date of Completion) was requested or paid for the purpose of the Transaction;

LETTER FROM HOORAY SECURITIES

- (iii) save for the 238,889,669 Shares, representing approximately 74.75% of the issued Shares as at the date of Completion and up to the Latest Practicable Date, and the bank balance in cash in the amount of approximately HK\$1.46 million based on the unaudited management account of the Target Company as at 31 December 2021, the Target Company does not hold any other significant assets; and
- (iv) pursuant to Note 8 to Rule 26.1 and Practice Note 19 to the Takeovers Code, a chain principle offer was triggered and based on the Pacpo Formula, the effective acquisition price of each Share under the Transaction (i.e. dividing HK\$200,000,001 by 238,889,669 Shares) is approximately HK\$0.8372.

In this regard, despite the transactions described hereinabove represent understandings, arrangements or special deals between the Vendor and parties acting in concert with it on the one hand, and the Joint Offerors and the Joint Offerors' Concert Parties on the other hand, such favorable conditions are effectively extended to all Shareholders in full amount under the Offer by way of adopting all the favorable conditions into the effective acquisition price of the Transaction.

Save and except of the above, there is no other understanding, arrangement or special deal between the Vendor and parties acting in concert with it on the one hand, and the Joint Offerors and the Joint Offerors' Concert Parties on the other hand, that represents a favourable condition that is not extended to all Shareholders, which would constitute a special deal under Rule 25 of the Takeovers Code and require the consent of the Executive.

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

The Joint Offerors will acquire the Shares tendered for acceptance by the Shareholders in accordance with the Ownership Percentage and the terms of the Offer. Each of the Joint Offerors will pay for the Shares tendered under the Offer according to the Ownership Percentage.

As at the Latest Practicable Date, there are 319,564,892 Shares in issue and there are no outstanding options, warrants, derivatives or convertible/exchangeable securities which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares.

The Offer Shares to be acquired under the Offer shall be fully paid and free from all encumbrances whatsoever together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date of the Composite Document.

LETTER FROM HOORAY SECURITIES

Comparison of value

The Offer Price of HK\$0.84 per Offer Share represents:

- (i) a discount of approximately 3.45% to the closing price HK\$0.87 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 25.66% over the closing price of HK\$1.13 per Share as quoted on the Stock Exchange on 11 January 2022, being the Last Trading Day;
- (iii) a discount of approximately 24.32% 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 approximately HK\$1.11 per Share;
- (iv) a discount of approximately 20.00% 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 approximately HK\$1.05 per Share;
- (v) a discount of approximately 17.65% 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 approximately HK\$1.02 per Share;
- (vi) a discount of approximately 14.29% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the sixty (60) consecutive trading days up to and including the Last Trading Day of approximately HK\$0.98 per Share;
- (vii) a premium of approximately 47.4% over the closing price of HK\$0.57 per Share as quoted on the Stock Exchange on 10 November 2020, being the last business day prior to the commencement of the Offer Period (i.e. 11 November 2020);
- (viii) a premium of approximately 162.50% to the audited consolidated net asset value per Share attributable to the Shareholders of approximately HK\$0.32 per Share as at 31 December 2020, calculated based on the Group's audited consolidated net assets attributable to the Shareholders of approximately HK\$101.32 million as at 31 December 2020 and 319,564,892 Shares in issue as at the Latest Practicable Date; and

LETTER FROM HOORAY SECURITIES

- (ix) a premium of approximately 189.66% to the unaudited consolidated net asset value per Share attributable to the Shareholders of approximately HK\$0.29 as at 30 June 2021, calculated based on the Group's unaudited consolidated net assets attributable to the Shareholders of approximately HK\$91.97 million as at 30 June 2021 and 319,564,892 Shares in issue as at the Latest Practicable Date.

Highest and lowest Share Prices

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the period of six (6) months preceding 11 November 2020 (being the date of commencement of the Offer Period) and up to the Latest Practicable Date were HK\$1.27 per Share on 13 January 2022 and HK\$0.38 per Share on 18 June 2020 and 6 July 2020, respectively.

Total value of the Offer

As at the Latest Practicable Date, there are 319,564,892 Shares in issue and there are no outstanding options, warrants, derivatives or convertible/exchangeable securities which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares.

On the basis of the Offer Price of HK\$0.84 per Offer Share, all the issued Shares would be valued at approximately HK\$268.43 million.

Excluding the 238,889,669 Shares, representing approximately 74.75% of the issued Shares, already owned or agreed to be acquired by the Joint Offerors and the Joint Offerors' Concert Parties and assuming there is no change in the share capital of the Company from the Latest Practicable Date to the close of the Offer, the Offer will be extended to 80,675,223 Offer Shares, representing approximately 25.25% of the issued Shares, and the value of the Offer will be approximately HK\$67,767,187.

Based on the Offer Price of HK\$0.84 per Offer Shares and total number of Offer Shares of 80,675,223, the maximum gross amount required to satisfy full acceptance of the Offer would be approximately HK\$67,767,187 (subject to rounding). As such, based on the prevailing rate of stamp duty of 0.13% and the customary brokerage commission rate chargeable by Hooray Securities, the maximum amount of stamp duty and brokerage commission payable by the Joint Offerors would be approximately HK\$88,097 (subject to rounding) and approximately HK\$169,418 (subject to rounding) respectively. As such, the maximum total amount required to satisfy full acceptance of the Offer including the stamp duty and brokerage commission payable would be approximately HK\$68,024,702 (subject to rounding).

LETTER FROM HOORAY SECURITIES

Confirmation of financial resources available to the Joint Offerors

Based on the Offer Price of HK\$0.84 per Offer Share and 80,675,223 Offer Shares, the total maximum consideration of the Offer will be approximately HK\$67,767,187 (assuming the Offer is accepted in full and there is no change in the share capital of the Company from the Latest Practicable Date to the close of the Offer).

The Joint Offerors have maintained the Joint Offerors Securities Cash Account with Hooray Securities, with a balance of HK\$69,000,000 in cash (i.e. the MGO Funds) since 7 December 2021, for the sole purpose of satisfying the consideration, stamp duty and brokerage commission payable by the Joint Offerors in respect of acquiring the Offer Shares. The MGO Funds were advanced, or procured to be advanced, by the Joint Offerors in accordance with the Ownership Percentage, whereby (i) HK\$41,400,000 (representing 60% of the total MGO Funds) was provided by Mars Development through a shareholder's loan from Mars Enterprise and Mr. Mai; and (ii) HK\$27,600,000 (representing 40% of the total MGO Funds) was provided by Megacore Development through a shareholder's loan from Mr. Zhang personally, which was made available under the HT Loan of HK\$27,000,000 from Henter Finance to Mr. Zhang. As such, the amount standing in the Joint Offerors Securities Cash Account is sufficient to satisfy full acceptance of the Offer (including the stamp duty and brokerage commission payable) of approximately HK\$68,024,702 (subject to rounding).

There is no arrangement in relation to the HT Loan under which the payment of interest on, repayment of or security from any liability (contingent or otherwise) will depend, to any significant extent, on the business of the Company.

Pursuant to the Joint Offerors Share Charges, the Joint Offerors, as security for the PF Loan, charged its rights, title and interest in the Joint Offerors Securities Cash Account in favour of Premium Financial. On 12 January 2022, the Joint Offerors, Premium Financial and Hooray Securities entered into the Custodian Agreement in relation to the Joint Offerors Securities Cash Account. Pursuant to the terms of the Joint Offerors Share Charge and the Custodian Agreement, the Joint Offerors and Premium Financial, inter alia, irrevocably authorised Hooray Securities to transfer such amount of cash standing to the credit of the Joint Offerors Securities Cash Account to satisfy any consideration, stamp duty and brokerage commission in respect of acceptances of the Offer in accordance to the payment instructions provided by the Hong Kong branch share registrar of the Company, and such undertaking cannot be unilaterally or jointly rescinded by, inter alia, the Joint Offerors and/or Premium Financial. In addition, such floating charge could only be crystallised into a fixed charge after (i) the business day immediately after the latest day for posting of remittances in respect of valid acceptances received under the Offer; or (ii) the Offer Withdrawal Date, whichever is earlier. As such, despite there is a floating charge over the Joint Offerors Securities Cash Account, the money therein (namely the MGO Funds) is not subject to any restrictions in respect of the Offer.

LETTER FROM HOORAY SECURITIES

Premium Financial is presumed to be acting in concert with the Joint Offerors under Class (9) of the definition of “acting in concert” under the Takeovers Code. Premium Financial has confirmed that neither Premium Financial nor the parties acting in concert with it (i) has dealt in the Shares during the period of six (6) months preceding 11 November 2020 (being the date of commencement of the Offer Period) and up to the Latest Practicable Date; or (ii) is a Shareholder as at the Latest Practicable Date.

Henter Finance is presumed to be acting in concert with the Joint Offerors under class (9) of the definition of “acting in concert” under the Takeovers Code, and it has confirmed that neither Henter Finance nor the parties acting in concert with it (i) has dealt in the Shares during the period of six (6) months preceding 11 November 2020 (being the date of commencement of the Offer Period) and up to the Latest Practicable Date; or (ii) is a Shareholder as at the Latest Practicable Date.

As such, Hooray Capital, the financial adviser to the Joint Offerors, is satisfied that sufficient financial resources are, and will continue to be, available to the Joint Offerors to satisfy the total maximum consideration payable upon full acceptance of the Offer.

Effect of accepting the Offer

Acceptance of the Offer by any Independent Shareholder will constitute a warranty by such person that all Offer Shares to be sold by such person under the Offer are fully paid and free from all encumbrances whatsoever together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date of the Composite Document.

The Company confirms that as at the Latest Practicable Date, (a) it has not declared any dividend, the record date of which falls on or after the date of this Composite Document; and (b) it does not have any intention to make, declare or pay any future dividend or make other distributions until after the close of the Offer. Furthermore, there was no dividend declared but unpaid as at the Latest Practicable Date.

Acceptance of the Offer will be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code. Please refer to paragraph 6 of Appendix I of this Composite Document for details.

Independent Shareholders are reminded to read the recommendation of the Independent Board Committee and the advice of the Independent Financial Adviser in respect of the Offer which will be included in the Composite Document.

Hong Kong’s stamp duty

Sellers’ Hong Kong ad valorem stamp duty on acceptances of the Offer at a rate of 0.13% of the consideration payable in respect of the relevant acceptances or, if higher, the

LETTER FROM HOORAY SECURITIES

market value of the Shares subject to such acceptance, will be deducted from the amounts payable to the Independent Shareholders who accept the Offer.

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

Payment

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 of the date on which the duly completed acceptances of the Offer and all relevant documents of title in respect of such acceptances are received by the Joint Offerors (or their agents acting on their behalf) to render each such acceptance complete and valid pursuant to the Takeovers Code.

3. 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:

| | Immediately prior to Completion | | Immediately after Completion and as at the Latest Practicable Date | |
|---------------------|------------------------------------|----------------------|--|----------------------|
| | <i>No. of Shares</i> | <i>Approximate %</i> | <i>No. of Shares</i> | <i>Approximate %</i> |
| Target Company | 238,889,669 <i>(Note 1)</i> | 74.75 | 238,889,669 <i>(Note 2)</i> | 74.75 |
| Public Shareholders | <u>80,675,223</u> | <u>25.25</u> | <u>80,675,223</u> | <u>25.25</u> |
| Total | <u>319,564,892</u> | <u>100.00</u> | <u>319,564,892</u> | <u>100.00</u> |

Notes:

1. Immediately prior to Completion, the Target Company was wholly-owned by the Vendor, which in turn is held as to 100% by HNA EcoTech Group Co., Ltd. HNA EcoTech Group Co., Ltd. is held as to 59.8% by HNA Group Co. Limited. HNA Group Co. Limited is held as to 70% by Hainan Traffic Administration Holding Co., Ltd. Hainan Traffic Administration Holding Co., Ltd. is in turn held as to 50% by Sheng Tang Development (Yangpu) Co., Ltd. Sheng Tang Development (Yangpu) Co., Ltd. is held as to 65% by Hainan Province Cihang Foundation and as to 35% by Tang Dynasty Development Co. Ltd. Tang Dynasty Development Co. Limited is in turn 98% held by Pan-American Aviation Holding Company, which is wholly held by Cihang Sino-Western Cultural and Educational Exchange Foundation Limited. Under the SFO, the Vendor was deemed to be interested in the 238,889,669 Shares held by the Target Company.

LETTER FROM HOORAY SECURITIES

2. Immediately after Completion, the Target Company is owned as to 60% and 40% by Mars Development and Megacore Development respectively. Mars Development is a direct wholly-owned subsidiary of Mars Enterprise, which in turn is wholly-owned by Mr. Mai. Megacore Development is a direct wholly-owned subsidiary of Megacore International, which in turn is a direct wholly-owned subsidiary of Zhong Zhao, which in turn is direct wholly-owned by Mr. Zhang. On 12 January 2022, Mr. Mai and Mr. Zhang entered into the Deed of Concert Parties to acknowledge and confirm their acting-in-concert relationship. Under the SFO, each of Mars Development, Megacore Development, Mars Enterprise, Megacore International, Zhong Zhao, Mr. Mai and Mr. Zhang is deemed to be interested in the 238,889,669 Shares held by the Target Company.

4. INFORMATION OF 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.

5. INFORMATION ON THE JOINT OFFERORS

Mars Development

Mars Development is a limited liability company incorporated in the BVI and is an investment holding company. It is an investment vehicle of Mr. Mai incorporated for the purpose of acquiring interests in the Company through the SPA and the Offer, and has not engaged in any business activities since its incorporation on 2 June 2021. Mars Development is wholly owned by Mars Enterprise, a limited liability company incorporated in the BVI, principal business of which is investment holding. As at the Latest Practicable Date, save and except for its investment in Mars Development, Mars Enterprise has no other material business or investments. Mr. Mai is interested in 100% of the share capital of Mars Enterprise.

Mr. Mai, aged 54, is the sole director and the sole ultimate beneficial owner of Mars Development. He is the vice chairman of Guangdong Hongfa Investment Group Co., Limited (廣東鴻發投資集團有限公司), a limited liability company based in Guangdong province, the PRC with a registered paid in capital of RMB161,600,000. It is focusing in, inter alia, properties development, financial services, healthcare, education and public area construction in the PRC (www.hongfagroup.net). Guangdong Hongfa Investment Group Co., Limited (廣東鴻發投資集團有限公司) is beneficially owned as to 20% by Mr. Mai and 80% by members of his family. In addition, Mr. Mai has a 90% interests in 廣州市皇稼農業科技有限公司 (Guangzhou Huangjia Agricultural Science Company Limited*) which is focusing in agriculture science research and development, and balance of the ownership is owned by an independent third party.

Megacore Development

Megacore Development is a limited liability company incorporated in the BVI and is an investment holding company. It is an indirect wholly-owned subsidiary of Zhong Zhao. It is an investment vehicle of Mr. Zhang incorporated for the purpose of acquiring interests in the Company through the SPA and the Offer, and has not engaged in any business

LETTER FROM HOORAY SECURITIES

activities since its incorporation on 22 January 2021. It is wholly owned by Megacore International, which is in turn wholly owned by Zhong Zhao. Mr. Zhang is interested in 100% of the issued share capital of Zhong Zhao. The principal business of each of Megacore International and Zhong Zhao is investment holding and they have no other material assets or investments save and except for described herein.

Mr. Zhang, aged 50, is the sole director and sole ultimate beneficial owner of Megacore Development. Mr. Zhang holds 90% interest in 廣東中兆實業集團有限公司 (Guangdong Zhong Zhao Industrial Group Company Limited*), a limited liability company based in Guangdong province, the PRC with a registered paid in capital of RMB50,000,000. It is focusing in, inter alia, property investments and investments in industrial businesses. In addition, Mr. Zhang has a 15% beneficial interests in 廣州宇泰行數據科技有限公司 (Guangzhou Yutaixing Data Technology Co., Ltd.*) which is focusing in corporate data management business in the PRC, and balance of ownership is owned by independent third party.

Each of Mr. Mai, Mr. Zhang, Mars Enterprise, Megacore International and Zhong Zhao is a party acting in concert with the Joint Offerors.

Following Completion, the Joint Offerors are in aggregate indirectly interested in 238,889,669 Shares (through their respective interest held in the Target Company), representing approximately 74.75% of the total issued Shares as at the Latest Practicable Date.

Save as disclosed above, the Joint Offerors and the Joint Offerors' Concert Parties do not hold any Shares or any other securities of the Company as at the Latest Practicable Date.

Save for (i) the Transaction between the Joint Offerors and the Vendor; and (ii) the provision of the ZZ Loan 1 by Zhong Zhao to the Target Company prior to the Transaction, there is or was no other present or past relationship (formal or informal, business or otherwise) between each of Mr. Mai and Mr. Zhang and the Company or its connected persons.

6. DEED OF CONCERT PARTIES

On 12 January 2022, Mr. Mai and Mr. Zhang entered into the Deed of Concert Parties for the purposes of regulating (i) the arrangement between them in respect of the Transaction; (ii) the conduct and implementation of the Offer; and (iii) the arrangement between them concerning the management of the Group upon completion of the Offer.

Pursuant to the Deed of Concert Parties, Mr. Mai and Mr. Zhang agreed to, and agreed to procure Mars Development and Megacore Development to, among others:

- (a) cast unanimous vote collectively for or against all board resolutions or shareholders' resolutions to be passed at any board meetings or shareholders' meeting of the Target Company and companies in the Group;

LETTER FROM HOORAY SECURITIES

- (b) maintain and centralise ultimate control and management with respect to the companies in the Group by way of mutual cooperation;
- (c) acquire the Sale Shares and the Shareholder's Loan in accordance with the Ownership Percentage (i.e. 60% and 40% in respect of Mars Development and Megacore Development);
- (d) assume joint and several liabilities for the outstanding indebtedness of the PF Loan upon completion of the Transaction by providing such securities and guarantees as may be mutually agreed with Premium Financial, provided that Mr. Mai and Mr. Zhang shall apportion such liabilities among themselves pro rata to the Ownership Percentage;
- (e) deposit all the Shares to be acquired by the Joint Offerors under the Offer into securities cash accounts in the joint names of the Joint Offerors held with Hooray Securities, and charge, assign by way of security or otherwise deal with such Shares and the rights, title and interest in such securities cash accounts in favour of Premium Financial in accordance with the terms of the Third Supplemental Agreement or other relevant documents contained therein (i.e. executing the Joint Offerors Share Charges in favour of Premium Financial);
- (f) advance sufficient cash in immediately available funds in time in accordance with the Ownership Percentage for settlement of the consideration of the Offer; and
- (g) in the event that as a result of the Offer, the Company no longer complies with the minimum public float requirement under Rule 8.08 of the Listing Rules as imposed or modified by the Stock Exchange from time to time, each of Mr. Mai and Mr. Zhang undertakes to, and shall procure its respective Joint Offerors to undertake to, restore the minimum public float as soon as practicable by selling, or procuring its respective Joint Offerors to sell, to members of the public a sufficient number of Shares to restore the minimum public float on terms mutually agreed and in the proportion equal to their Ownership Percentage, provided that if the Shares held by any of them or its affiliates form part of the public float of the Company at the relevant time, such party and its Joint Offerors shall not be required to comply with this paragraph.

7. DEALING AND INTERESTS IN THE COMPANY'S SECURITIES

Prior to Completion, the Target Company held 238,889,669 Shares, representing approximately 74.75% of the issued Shares as at the Latest Practicable Date. The Existing Share Charge has been provided by the Target Company prior to Completion in favour of Premium Financial by way of first fixed charge as security for the PF Loan over all the 238,889,669 Shares held by it.

Immediately after Completion and as at the Latest Practicable Date, the Target Company was held by Mars Development and Megacore Development as to 60% and 40%, respectively.

LETTER FROM HOORAY SECURITIES

The Existing Share Charge continued in full force and effect upon Completion. In addition, on 12 January 2022, the Joint Offerors executed the Joint Offerors Share Charges, pursuant to which, among other things, the Joint Offerors agree to charge all the issued Shares that might be acquired by the Joint Offerors under the Offer (i.e. the MGO Acquired Shares) in favour of Premium Financial as security for the PF Loan. Premium Financial is presumed to be acting in concert with the Joint Offerors under Class (9) of the definition of “acting in concert” under the Takeovers Code.

Save for (i) the Transaction; (ii) the Existing Share Charge; (iii) the Joint Offerors Share Charges, none of the Joint Offerors and the Joint Offerors’ Concert Parties had dealt for value in any Shares, options, derivatives, warrants or other securities convertible into Shares during the Relevant Period.

8. FUTURE INTENTION OF THE JOINT OFFERORS IN RELATION TO THE GROUP

Following the close of the Offer, it is the intention of the Joint Offerors that the Group will continue with its existing principal activities and maintain the employment of the existing employees of the Group including operational staff (except for the proposed changes to the members of the Board as set out in the section headed “9. Proposed Change to the Board Composition” below).

Leveraging on the experience of Mr. Mai and Mr. Zhang in business development and management and their respective investments in technology related companies of 廣州市皇稼農業科技有限公司 (Guangzhou Huangjia Agricultural Science Company Limited*) and 廣州宇泰行數據科技有限公司 (Guangzhou Yutaixing Data Technology Co., Ltd*) (both of which have no present or past relationship with any members of the Group, other than Mr. Mai and Mr. Zhang (as the case may be) being the common beneficial shareholders), the Joint Offerors will continue to explore possible business opportunities appropriate to the Group’s business and operations with a view to enhance the value of the Group. It is also the business intention of the Joint Offerors to explore the feasibility of investing into technology based companies and to generate potential synergies among them. Mr. Mai is a major shareholder of Guangzhou Huangjia Agricultural Science Company Limited, and he is responsible for the overall strategic development and major business decision making of the company. Mr. Zhang is a passive investor in Guangzhou Yutaixing Data Technology Co., Ltd, but provides similar advice in the areas of overall strategic development and major business decision making to Guangzhou Yutaixing Data Technology Co., Ltd as a shareholder. However, neither Mr. Mai and Mr. Zhang are involved in the daily management of the businesses of Guangzhou Huangjia Agricultural Science Company Limited and Guangzhou Yutaixing Data Technology Co., Ltd, respectively. It is their visions to explore any potential synergy, such as cross selling opportunities and bundled solutions among any or all of the two investments and the Company upon the close of the Offer. As at the Latest Practicable Date, the Joint Offerors have not identified any particular target company(ies) and yet to have formulated any detailed plan in this regard. Upon the close of the Offer, the Joint Offerors will conduct a detailed review of the operations of the Group and formulate business strategies for the Group’s long term development.

LETTER FROM HOORAY SECURITIES

As at the Latest Practicable Date, no investment or business opportunities has been identified nor have the Joint Offerors entered into any agreement, arrangements, understandings or negotiation in relation to (a) the injection of any assets or business into the Group; or (b) the disposal of any assets or business of the Group, other than those conducted by the Company in its ordinary course of business and/or those which are immaterial in nature.

Save for the anticipated changes to the members of the Board as described in section headed “9. Proposed Change to the Board Composition” in this Composite Document below, the Joint Offerors have no intention to (i) discontinue the employment of any employees of the Group or change the composition of the board of the directors of the Group’s subsidiaries; (ii) redeploy the fixed assets of the Group other than those in its ordinary and usual course of business; or (iii) introduce any major changes in the existing operations and business of the Group, following the close of the Offer.

9. PROPOSED CHANGE TO THE BOARD COMPOSITION

The Board is currently made up of five executive Directors, one non-executive Director and three independent non-executive Directors.

It is proposed that Mr. Jiang Hao, Mr. Peng Zhi, Mr. Xu Jie, Mr. Wang Jing, Mr. Guo Dan and Ms. O Wai will resign as Director with effect from a date which is no earlier than such date as permitted under Rule 7 of the Takeovers Code (i.e. after the close of the Offer).

Mr. Wong Chi Ho, who has been an executive Director since 24 March 2015, will remain as an executive Director. Mr. Wong Chi Ho is also a director and the legal representative of several subsidiaries of the Group.

Mr. Shum Ngok Wa will remain as a non-executive Director. He has been a non-executive Director since 11 August 2021. Mr. Shum Ngok Wa is also a director and vice president of Premium Financial.

Dr. Lin Tat Pang, who has been an independent non-executive Director since 22 December 2017, will remain as an independent non-executive Director.

The Joint Offerors propose to nominate Mr. Mai, Mr. Zhang and Ms. Xu Tingting as executive Directors, Ms. Mai Qiqi as non-executive Director, and Mr. Lai Chi Leung and Mr. Zhang Dingfang as independent non-executive Directors. The appointment of the new executive Directors, non-executive Director and independent non-executive Directors will take effect after the posting of this Composite Document. Meanwhile, the Joint Offerors are considering other potential candidates for nomination as Directors. Any changes to the composition of the Board will be made in compliance with the Takeovers Code and the Listing Rules and further announcement(s), including but not limited to the details required by Rule 13.51(2) of the

LETTER FROM HOORAY SECURITIES

Listing Rules, will be made upon any resignation and appointment of the Directors becoming effective. The biographies of the new Directors to be nominated are set out below:

Biographies of new Directors nominated by the Joint Offerors

Mr. Mai Zhaoping (麥照平), aged 54, nominated by the Joint Offerors as an executive Director, obtained the master of management in December 2009 from the Jinan University in the PRC. Mr. Mai has extensive experience in business development and management. He is currently the vice chairman of Guangdong Hongfa Investment Group Co., Limited* (廣東鴻發投資集團有限公司), a company based in the PRC focusing in, inter alia, properties development, financial services, healthcare, education and public area construction in the PRC (www.hongfagroup.net). Mr. Mai was also a former member of the Guangdong Provincial People's Political Consultative Conference during January 2008 to January 2018.

Mr. Mai, being the sole ultimate beneficial owner of Mars Development (one of the Joint Offerors), was interested in 74.75% of the entire issued share capital of the Company as at the Latest Practicable Date through (i) the interest of Mars Development in 60% of the entire issued share capital in the Target Company; and (ii) the acting in concert arrangement with Mr. Zhang pursuant to the Deed of Concert Parties. Mr. Mai is the father of Ms. Mai Qiqi, a new non-executive Director to be appointed to the Board.

Mr. Mai was one of the shareholders and directors (together with another individual) of Top Treasure Engineering Limited ("**Top Treasure**"), a company incorporated with limited liability under the laws of Hong Kong, since April 2000 and until prior to its dissolution. Top Treasure was dissolved or put into liquidation during his directorship. Top Treasure recorded a default in payment of material sum to one of its major customers in 2001. It had then suffered from liquidity issue and unable to settle, inter alia, salary payables when became due. A creditor of Top Treasure filed a petition for its winding up in January 2005 with the High Court of Hong Kong in relation to overdue salary. Top Treasure was dissolved by compulsory winding up by the High Court of Hong Kong in July 2009. Mr. Mai confirmed that (i) there was no wrongful act on his part which led to the winding up or dissolution of Top Treasure; (ii) he is not aware of any actual or potential claim that has been made against him as a result of the winding up or dissolution of Top Treasure; (iii) no misconduct or misfeasance on his part were involved in the winding up or dissolution of Top Treasure.

It is proposed that Mr. Mai will enter into a service contract with the Company for a term of three years and his remuneration will be determined by the Board and the remuneration committee of the Board by reference to his background, experience, qualifications, duties and responsibilities with the Company, the remuneration policy of the Company as well as the prevailing market rates.

Mr. Zhang Xueqin (張學勤), aged 50, nominated by the Joint Offerors as an executive Director, obtained the master of business administration from the Macau

LETTER FROM HOORAY SECURITIES

University of Science and Technology in June 2005. Mr. Zhang has extensive experience in business development and management. He is currently the chairman of the board of directors of Guangdong Zhong Zhao Industrial Group Company Limited* (廣東中兆實業集團有限公司), a company based in the PRC focusing in, inter alia, property investments and investments in industrial businesses.

Mr. Zhang, being the sole ultimate beneficial owner of Megacore Development (one of the Joint Offerors), was interested in 74.75% of the entire issued share capital of the Company as at the Latest Practicable Date through (i) the interest of Megacore Development in 40% of the entire issued share capital in the Target Company; and (ii) the acting in concert arrangement with Mr. Mai pursuant to the Deed of Concert Parties.

It is proposed that Mr. Zhang will enter into a service contract with the Company for a term of three years and his remuneration will be determined by the Board and the remuneration committee of the Board by reference to his background, experience, qualifications, duties and responsibilities with the Company, the remuneration policy of the Company as well as the prevailing market rates.

Ms. Xu Tingting (許婷婷) (“**Ms. Xu**”), aged 38, nominated by the Joint Offerors as an executive Director, graduated from South China Agricultural University (華南農業大學) in July 2007, majoring in accounting and obtained a bachelor’s degree in accounting and management. In addition, she obtained the qualification of an intermediate accountant from the Guangdong Provincial Department of Human Resources and Social Security in August 2009 and was qualified as a certified public accountant in the PRC in March 2011. Ms. Xu was a financial manager of Dongguan Zhenglian Financial Consulting Co., Ltd.* (東莞市正聯財務諮詢有限公司) from September 2007 to March 2011. She has also served as a chief accountant of Dongguan Zhenglian C.P.A. Limited (general partner)* (東莞市正聯會計師事務所(普通合夥)) since April 2011. In addition, Ms. Xu is an executive director of Shenzhen Shangyicheng Trading Limited* (深圳尚一城貿易有限公司), a company indirectly wholly-owned by Mr. Zhang. Ms. Xu has been appointed as an independent non-executive Director of Dongguan Rural Commercial Bank Co., Ltd.* (東莞農村商業銀行股份有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 9889) since October 2019. It is proposed that Ms. Xu will enter into a service contract with the Company for a term of three years and her remuneration will be determined by the Board and the remuneration committee of the Board by reference to her background, experience, qualifications, duties and responsibilities with the Company, the remuneration policy of the Company as well as the prevailing market rates.

Ms. Mai Qiqi (麥綺琪) (“**Ms. Mai**”), aged 29, nominated by the Joint Offerors as a non-executive Director, obtained her Master of Philosophy degree from the University of Cambridge in 2019 and her bachelor’s degree in science from the University of Toronto in 2017. She has been an analyst of SDIC Innovation Investment Management (Shanghai) Co., Ltd. (國投創新投資管理(上海)有限公司) during December 2019 to January 2022. Ms. Mai is the daughter of Mr. Mai. It is proposed that Ms. Mai will enter into a letter of

LETTER FROM HOORAY SECURITIES

appointment with the Company for a term of three years and her remuneration will be determined by the Board and the remuneration committee of the Board by reference to her background, experience, qualifications, duties and responsibilities with the Company, the remuneration policy of the Company as well as the prevailing market rates.

Mr. Lai Chi Leung (黎志良) (“Mr. Lai”), aged 53, nominated by the Joint Offerors as an independent non-executive Director, obtained the bachelor’s degree in art with a first class honour in 1991 from City of London Polytechnic (currently known as London Metropolitan University) in the United Kingdom. Mr. Lai is a member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Mr. Lai has extensive working experience in audit, taxation, internal control and business review and appraisal for around 25 years. Mr. Lai is currently a director of South China CPA Limited, a corporate CPA practice in Hong Kong. Mr. Lai was also a former independent non-executive director of Tai Shing International (Holdings) Limited (currently known as hmvod Limited), a company listed on GEM of the Stock Exchange (stock code: 8103), during November 2014 to April 2016. It is proposed that Mr. Lai will act as an independent non-executive Director for a term of two years and receive a basic remuneration of HK\$240,000 per annum, which is determined with reference to his background, experience, qualifications, duties and responsibilities with the Company, the remuneration policy of the Company as well as the prevailing market rates, and such other benefits as may be determined by, and at the discretion of, the Board from time to time.

Mr. Zhang Dingfang (張定昉) (“Mr. Zhang DF”), aged 37, nominated by the Joint Offerors as an independent non-executive Director, obtained the bachelor of communication engineering in 2006 from the Beijing University of Posts and Telecommunications in the PRC and the master of science in telecommunication in 2011 from the Hong Kong University of Science and Technology in Hong Kong. Mr. Zhang DF has been certified as a chartered financial analyst (CFA) by the CFA Institute in 2015. Mr. Zhang DF has more than 10 years of experience in corporate finance, capital market and cross-border transaction practices. He has been the head of debt capital markets of CNCB (Hong Kong) Investment Limited since 2016. Prior to that, he worked as vice president at Hong Kong International Capital Management Limited during December 2011 to December 2014, and as senior manager at Hong Kong Huafa Investment Holdings Limited during January 2015 to June 2016. Mr. Zhang DF is currently licensed by the SFC to act as a responsible officer to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) and representative to carry out Type 4 (advising on securities) regulated activities under the SFO. It is proposed that Mr. Zhang DF will act as an independent non-executive Director for a term of two years and receive a basic remuneration of HK\$240,000 per annum, which is determined with reference to his background, experience, qualifications, duties and responsibilities with the Company, the remuneration policy of the Company as well as the prevailing market rates, and such other benefits as may be determined by, and at the discretion of, the Board from time to time.

LETTER FROM HOORAY SECURITIES

Save as disclosed above, as at the Latest Practicable Date, each of the new Directors nominated by the Joint Offerors did not (i) hold any other interests in the shares of the Company within the meaning of Part XV of the SFO (other than Mr. Mai and Mr. Zhang being interested in 74.75% of the entire issued share capital of the Company through their interests in the Joint Offerors); (ii) have any relationship with any other directors, senior management, substantial shareholder or controlling shareholder of the Company; (iii) hold any other positions with the Company or other members of the Group; and (iv) hold any other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

Save as disclosed above, there are no other matters relating to the appointment of new Directors nominated by the Joint Offerors that need to be brought to the attention of the shareholders of the Company nor any information to be disclosed pursuant to the requirements of Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

10. COMPULSORY ACQUISITION

The Joint Offerors do not intend to exercise any power of compulsory acquisition of any outstanding Offer Shares not acquired under the Offer after the close of the Offer.

11. PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

The Joint Offerors intend the Company to remain listed on the Stock Exchange. The directors of the Joint Offerors and the new directors to be appointed to the Board of the Company will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

The Stock Exchange has indicated that if, upon closing 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:

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

it will consider exercising its discretion to suspend dealing in the Shares until the prescribed level of public float is restored.

12. IMPORTANT NOTE TO SHAREHOLDERS OUTSIDE HONG KONG

The Offer is made in respect of securities of a company incorporated in the Cayman Islands and subject to the statutory procedural and disclosure requirements of Hong Kong, which may be different from those of other jurisdictions.

LETTER FROM HOORAY SECURITIES

The Offer is available to all Independent Shareholders including those with registered addresses outside Hong Kong. The availability of the Offer to any Overseas Shareholders may however be affected by the applicable laws and regulations of their relevant jurisdictions of residence. Overseas Shareholders should fully observe any applicable legal and regulatory requirements and, where necessary, consult their own professional advisers. It is the responsibilities of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders in respect of such jurisdictions).

Acceptance of the Offer by any Overseas Shareholders will be deemed to constitute a representation and warranty from such Overseas Shareholders to the Joint Offerors that all local laws and requirements have been complied with. The Overseas Shareholders should consult their professional advisers if in doubt.

13. 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 Joint Offerors or the Joint Offerors' Concert Parties, the Company, Hooray Securities, Hooray Capital, the Independent Financial Adviser and their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

14. ACCEPTANCE AND SETTLEMENT

Your attention is drawn to the further details regarding the procedures for acceptance and settlement and acceptance period as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

15. GENERAL

To ensure equality of treatment of all Independent Shareholders, those registered Independent Shareholders who hold the Shares as nominee 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 owner of the Offer Shares whose investments are registered in the name of a nominee to provide instructions to their nominee of their intentions with regards to the Offer.

All documents and remittances will be sent to the Independent Shareholders by ordinary post at their own risk. Such documents and remittances will be sent to them at their respective addresses as they appear in the register of members of the Company or, in the case of joint Independent Shareholders, to the Independent Shareholder whose name appears first in the register of members of the Company, as applicable. None of the Joint Offerors, or the Joint

LETTER FROM HOORAY SECURITIES

Offerors' Concert Parties, the Company, Hooray Securities, Hooray Capital, the Independent Financial Adviser, the Registrar or the company secretary of the Company or any of their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other parties involved in the Offer will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof or in connection therewith.

16. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Composite Document and the accompanying Form of Acceptance, 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
Hooray Securities Limited
Simon NG
Director and Chief Executive Officer



HNA Technology Investments Holdings Limited
海航科技投資控股有限公司
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 2086)

Executive Directors:

Mr. Jiang Hao
Mr. Peng Zhi
Mr. Xu Jie
Mr. Wang Jing
Mr. Wong Chi Ho

Registered office:

P.O. Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

Non-executive Director:

Mr. Shum Ngok Wa

*Principal place of business
in Hong Kong:*

Units 4108–4110
41st Floor Manhattan Place
23 Wang Tai Road
Kowloon Bay
Hong Kong

Independent non-executive Directors:

Mr. Guo Dan
Dr. Lin Tat Pang
Ms. O Wai

4 February 2022

To the Independent Shareholders

Dear Sir/Madam,

**MANDATORY UNCONDITIONAL CASH OFFER
BY HOORAY SECURITIES LIMITED
ON BEHALF OF THE JOINT OFFERORS
TO ACQUIRE ALL THE ISSUED SHARES OF
HNA TECHNOLOGY INVESTMENTS HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED BY THE JOINT OFFERORS
AND PARTIES ACTING IN CONCERT WITH ANY OF THEM)**

LETTER FROM THE BOARD

INTRODUCTION

Reference is made to the Joint Announcement.

As disclosed in the Joint Announcement, the Company was informed by the Joint Offerors that on 12 January 2022 (before trading hours), the Joint Offerors and the Vendor entered into the SPA, pursuant to which the Vendor agreed to sell, and the Joint Offerors agreed to acquire the Sale Shares and the Shareholder's Loan at nominal consideration of HK\$1.00 (taking into account the PF Loan and the ZZ Loans). Completion took place on 12 January 2022.

As at the Latest Practicable Date, the Company had 238,889,669 Shares in issue. Save as aforesaid, the Company did not have any outstanding options, derivatives, warrants, relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) or securities which were convertible or exchangeable into Shares as at the Latest Practicable Date.

Prior to Completion, the Target Company held 238,889,669 Shares, representing approximately 74.75% of the issued Shares as at the date of the Joint Announcement and as at the Latest Practicable Date.

Immediately prior to Completion, the Joint Offerors and the Joint Offerors' Concert Parties had no interest in the Shares (save for the security interest of Premium Financial under the Existing Share Charge over the 238,889,669 Shares held by the Target Company) and have not dealt in any securities of the Company during the Relevant Period.

Immediately after Completion and as at the Latest Practicable Date, the Target Company is held by Mars Development as to 60% and Megacore Development as to 40% and, as a result, the Joint Offerors collectively are the controlling Shareholders, indirectly holding in aggregate approximately 74.75% of the issued Shares.

Immediately after Completion, the Joint Offerors are in aggregate indirectly interested in 238,889,669 Shares (through their respective interests held in the Target Company), representing approximately 74.75% of the total issued share capital of the Company.

Pursuant to Note 8 to Rule 26.1 and Practice Note 19 to the Takeovers Code, a chain principle offer was triggered and based on the Pacpo Formula. In accordance with Rule 26.1 of the Takeovers Code, upon Completion, the Joint Offerors are required to make a mandatory unconditional cash offer for the Offer Shares, being all the issued Shares other than those Shares already owned by the Joint Offerors and the Joint Offerors' Concert Parties.

Details of the Offer are set out in the "Letter from Hooray Securities", Appendix I to this Composite Document and the accompanying Form of Acceptance.

LETTER FROM THE BOARD

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 2.1 of the Takeovers Code, the Company has established the Independent Board Committee comprising three (3) independent non-executive Directors, namely, Mr. Guo Dan, Dr. Lin Tat Pang and Ms. O Wai to advise the Independent Shareholders in relation to the terms of the Offer, in particular as to whether the Offer is, or is not, fair and reasonable and as to acceptance of the Offer. Mr. Shum Ngok Wa, a non-executive Director, is a vice-president and a director of Premium Financial, which is presumed to be acting in concert with the Joint Offerors under class (9) of the definition of “acting in concert” under the Takeovers Code and is considered to have material interests in the Offer. Therefore, Mr. Shum Ngok Wa shall not be a member of the Independent Board Committee.

Pursuant to Rule 2.1 of the Takeovers Code, First Capital International Finance Limited has been appointed as the Independent Financial Adviser by the Company after approval by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in respect of the Offer and in particular as to whether the Offer is, or is not, fair and reasonable so far as the Independent Shareholder are concerned and as to the acceptance of the Offer.

The purpose of this Composite Document is to provide you with, amongst others, information relating to the Group, the Joint Offerors and the Offer as well as setting out the letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in respect of the terms of the Offer and as to acceptance and the letter from the Independent Financial Adviser containing their advice to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Offer and as to acceptance.

THE OFFER

The terms of the Offer as set out in the “Letter from Hooray Securities” are extracted below. You are recommended to refer to the “Letter from Hooray Securities” and the accompanying Form of Acceptance for further details.

Hooray Securities is making the Offer, on behalf of the Joint Offerors, in compliance with the Takeovers Code on the following basis:

For each Offer Share HK\$0.84 in cash

The Offer Price of HK\$0.84 per Offer Share is approximately equal to but not lower than the effective acquisition price per effective acquisition Share paid by the Joint Offerors under the Transaction. The effective acquisition price of each Share under the Transaction is derived based on the following:

- (i) taking into account the aggregated consideration paid by and the Guarantees provided by the Joint Offerors Obligor for the purpose of the Transaction, which consists of (1) the ZZ Loan 1 of HK\$5,000,000; (2) the ZZ Loan 2 of HK\$20,000,000; (3) the

LETTER FROM THE BOARD

aggregated financing for the Second Mandatory Prepayment and the Subsequent Mandatory Prepayment(s) in the amount of HK\$67,000,000; (4) the Guarantees to be assumed by the Joint Offerors Obligor for the principal amount of HK\$108,000,000 under the PF Loan (after the Second Mandatory Prepayment and Subsequent Mandatory Prepayment(s)); and (5) the consideration for the Sale Shares and the assignment of the Shareholder's Loan of HK\$1.00 under the SPA, the effective acquisition price of the Target Company is HK\$200,000,001;

- (ii) save and except for the above, the Joint Offerors confirm that no other payment (including but not limited to any unpaid interest or penalty associated with the PF Loan accrued before the date of Completion) was requested or paid for the purpose of the Transaction;
- (iii) save for the 238,889,669 Shares, representing approximately 74.75% of the issued Shares as at the date of Completion and up to the Latest Practicable Date, and the bank balance in cash in the amount of approximately HK\$1.46 million based on the unaudited management account of the Target Company as at 31 December 2021, the Target Company does not hold any other significant assets; and
- (iv) pursuant to Note 8 to Rule 26.1 and Practice Note 19 to the Takeovers Code, a chain principle offer was triggered and based on the Pacpo Formula, the effective acquisition price of each Share under the Transaction (i.e. dividing HK\$200,000,001 by 238,889,669 Shares) is approximately HK\$0.8372.

In this regard, despite the transactions described hereinabove represent understandings, arrangements or special deals between the Vendor and parties acting in concert with it on the one hand, and the Joint Offerors and the Joint Offerors' Concert Parties on the other hand, such favorable conditions are effectively extended to all Shareholders in full amount under the Offer by way of adopting all the favorable conditions into the effective acquisition price of the Transaction.

Save and except of the above, there is no other understanding, arrangement or special deal between the Vendor and parties acting in concert with it on the one hand, and the Joint Offerors and the Joint Offerors' Concert Parties on the other hand, that represents a favourable condition that is not extended to all Shareholders, which would constitute a special deal under Rule 25 of the Takeovers Code and require the consent of the Executive.

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

The Joint Offerors will acquire the Shares tendered for acceptance by the Shareholders in accordance with the Ownership Percentage and the terms of the Offer. Each of the Joint Offerors will pay for the Shares tendered under the Offer according to the Ownership Percentage.

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.

| | Immediately prior to Completion | | Immediately after Completion and as at the Latest Practicable Date | |
|---------------------|------------------------------------|---------------|--|---------------|
| | Number of Shares | Approximate % | Number of Shares | Approximate % |
| Target Company | 238,889,669 (Note 1) | 74.75 | 238,889,669 (Note 2) | 74.75 |
| Public Shareholders | <u>80,675,223</u> | <u>25.25</u> | <u>80,675,223</u> | <u>25.25</u> |
| Total | <u>319,564,892</u> | <u>100.00</u> | <u>319,564,892</u> | <u>100.00</u> |

Notes:

1. Immediately prior to Completion, the Target Company was wholly-owned by the Vendor, which in turn is held as to 100% by HNA EcoTech Group Co., Ltd. HNA EcoTech Group Co., Ltd. is held as to 59.8% by HNA Group Co. Limited. HNA Group Co. Limited is held as to 70% by Hainan Traffic Administration Holding Co., Ltd. Hainan Traffic Administration Holding Co., Ltd. is in turn held as to 50% by Sheng Tang Development (Yangpu) Co., Ltd. Sheng Tang Development (Yangpu) Co., Ltd. is held as to 65% by Hainan Province Cihang Foundation and as to 35% by Tang Dynasty Development Co. Ltd. Tang Dynasty Development Co. Limited is in turn 98% held by Pan-American Aviation Holding Company, which is wholly held by Cihang Sino-Western Cultural and Educational Exchange Foundation Limited. Under the SFO, the Vendor was deemed to be interested in the 238,889,669 Shares held by the Target Company.
2. Immediately after Completion, the Target Company is owned as to 60% and 40% by Mars Development and Megacore Development respectively. Mars Development is a direct wholly-owned subsidiary of Mars Enterprise, which in turn is wholly-owned by Mr. Mai. Megacore Development is a direct wholly-owned subsidiary of Megacore International, which in turn is a direct wholly-owned subsidiary of Zhong Zhao, which in turn is direct wholly-owned by Mr. Zhang. On 12 January 2022, Mr. Mai and Mr. Zhang entered into the Deed of Concert Parties to acknowledge and confirm their acting-in-concert relationship. Under the SFO, each of Mars Development, Megacore Development, Mars Enterprise, Megacore International, Zhong Zhao, Mr. Mai and Mr. Zhang is deemed to be interested in the 238,889,669 Shares held by the Target Company.

INFORMATION ON THE GROUP

The Company was incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange. The Group is principally engaged in providing development, sales and distribution of smart card products, software and hardware and related services.

Your attention is drawn to Appendices II and III of this Composite Document which contain further financial and general information of the Group.

LETTER FROM THE BOARD

INFORMATION ON THE VENDOR AND THE TARGET COMPANY

The Vendor is a company incorporated under the laws of the Hong Kong with limited liability and is an investment holding company.

The Target Company is a company incorporated under the laws of Cayman Islands with limited liability and is an investment holding company. As at the Latest Practicable Date, save for the 238,889,669 Shares, representing approximately 74.75% of the issued Shares as at the Latest Practicable Date and the bank balance in cash in the amount of approximately HK\$1.46 million based on the unaudited management account of the Target Company as at 31 December 2021, the Target Company does not hold any other significant assets.

Prior to Completion, the Vendor indirectly owned all the issued shares in the Target Company, which in turn held approximately 74.75% of the issued Shares. After Completion, the Vendor ceased to hold any interest in the issued Shares.

INTENTION OF THE JOINT OFFERORS

Your attention is drawn to the sections headed “Information on the Joint Offerors” and “Future intention of the Joint Offerors in relation to the Group” in the “Letter from Hooray Securities” contained in this Composite Document. Save for the anticipated changes to the members of the Board as described in section headed “9. Proposed Change to the Board Composition” in the “Letter from Hooray Securities”, the Company is given to understand from the Joint Offerors that they have no intention to (i) discontinue the employment of any employees of the Group or change the composition of the board of the directors of the Group’s subsidiaries; (ii) redeploy the fixed assets of the Group other than those in its ordinary and usual course of business; or (iii) introduce any major changes in the existing operations and business of the Group, following the close of the Offer. Based on the above, the Board is of the view that the intentions of the Joint Offerors in relation to the Group and its employees are reasonable as it would ensure continuity and stability of the Group’s business operations going forward and are not expected to have a material adverse impact on the existing business of the Group .

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that, if, at 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.

LETTER FROM THE BOARD

The Board noted from the section headed “Future intention of the Joint Offerors to maintain the listing of the Company” in the “Letter from Hooray Securities” contained in this Composite Document that the Joint Offerors intend the Company to remain listed on the Stock Exchange after close of the Offer.

RECOMMENDATION

Your attention is drawn to (i) the “Letter from the Independent Board Committee” on pages 37 to 38 of this Composite Document, which sets out its advice and recommendations to the Independent Shareholders as to whether the terms of the Offer are, or are not, fair and reasonable so far as the Independent Shareholders are concerned, and as to acceptance thereof; and (ii) the “Letter from Independent Financial Adviser” on pages 39 to 66 of this Composite Document, which sets out its advice and recommendation to the Independent Board Committee and the Independent Shareholders as to whether the terms of the Offer are, or are not, fair and reasonable so far as the Independent Shareholders are concerned, and as to acceptance thereof, and the principal factors considered by it before arriving at its advice and recommendation.

ADDITIONAL INFORMATION

Your attention is also drawn to the “Letter from Hooray Securities” and the additional information contained in the appendices to the Composite Document.

Yours faithfully,
By order of the Board
HNA Technology Investments Holdings Limited
Wong Chi Ho
Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Set out below is the text of the letter of recommendation from the Independent Board Committee in respect of the Offer which has been prepared for the purpose of inclusion in this Composite Document.



HNA Technology Investments Holdings Limited
海航科技投資控股有限公司
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 2086)

4 February 2022

To the Independent Shareholders

Dear Sir/Madam,

**MANDATORY UNCONDITIONAL CASH OFFER
BY HOORAY SECURITIES LIMITED
ON BEHALF OF THE JOINT OFFERORS
TO ACQUIRE ALL THE ISSUED SHARES OF
HNA TECHNOLOGY INVESTMENTS HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED BY THE JOINT OFFERORS
AND PARTIES ACTING IN CONCERT WITH ANY OF THEM)**

INTRODUCTION

We refer to the composite offer and response document (the “**Composite Document**”) dated 4 February 2022 issued jointly by the Joint Offerors and the Company, of which this letter forms part. Capitalised terms used in this letter have the same meanings as defined elsewhere in the Composite Document unless the context requires otherwise.

We have been appointed by the Board to form the Independent Board Committee to consider the terms of the Offer and to make recommendations to you as to whether, in our opinion, the terms of the Offer are, or are not, fair and reasonable so far as the Independent Shareholders are concerned, and as to acceptances thereof.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

First Capital International Finance Limited has been appointed as the Independent Financial Adviser and approved by the Independent Board Committee to advise us in respect of the terms of the Offer and as to acceptance thereof. Details of its advice and the principal factors and reasons taken into account by it in arriving at its advice and recommendations are set out in the “Letter from the Independent Financial Adviser” on pages 39 to 66 of the Composite Document.

We also wish to draw your attention to the “Letter from the Board”, the “Letter from Hooray Securities” and the additional information set out in the Appendices to the Composite Document.

We, being the members of the Independent Board Committee, have declared that, we are independent and do not have any conflict of interest in respect of the Offer and are therefore able to consider the terms of the Offer and to make recommendations to the Independent Shareholders.

RECOMMENDATIONS

Having considered the terms of the Offer and the letter of advice and recommendations from the Independent Financial Adviser, we consider that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned, and therefore we recommend the Independent Shareholders to accept the Offer. The Independent Shareholders are recommended to read the full text of the “Letter from the Independent Financial Adviser” set out in the Composite Document.

However, for those Independent Shareholders who are considering to realise all or part of their holdings in the Shares, they should monitor the Share price movement until near the end of the Offer Period. If the net proceeds from the sale of the Shares in the open market after deducting all transaction cost would exceed the net amount receivable under the Offer, the Independent Shareholders should consider selling their Shares in the market, rather than accepting the Offer.

Notwithstanding our recommendation, the Independent Shareholders should consider carefully the terms of the Offer. In any case, 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 professional advice.

Yours faithfully,
For and on behalf of the
Independent Board Committee of
HNA Technology Investments Holdings Limited

Mr. Guo Dan
Independent
Non-executive Director

Dr. Lin Tat Pang
Independent
Non-executive Director

Ms. O Wai
Independent
Non-executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of the letter of advice from First Capital International Finance Limited, the Independent Financial Adviser, prepared for the purpose of inclusion in this Composite Document, setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the Offer.



**FIRST CAPITAL INTERNATIONAL
FINANCE LIMITED**
Unit 4513, 45th Floor
The Center
99 Queen's Road Central
Hong Kong

4 February 2022

To: The Independent Board Committee and the Independent Shareholders

Dear Sirs,

**MANDATORY UNCONDITIONAL CASH OFFER
BY HOORAY SECURITIES LIMITED
ON BEHALF OF THE JOINT OFFERORS
TO ACQUIRE ALL THE ISSUED SHARES OF
HNA TECHNOLOGY INVESTMENTS HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED BY THE JOINT OFFERORS
AND PARTIES ACTING IN CONCERT WITH ANY OF THEM)**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the Offer. Details of the Offer are set out in this Composite Document dated 4 February 2022 jointly issued by the Company and the Joint Offerors to the Independent Shareholders, of which this letter (the "**Letter**") forms part. Terms used herein shall have the same meanings as defined in this Composite Document unless the context requires otherwise.

Reference is made to the Joint Announcement in relation to, among other things, the SPA and the Offer.

On 12 January 2022 (before trading hours), the Joint Offerors and the Vendor entered into the SPA, pursuant to which the Vendor agreed to sell, and the Joint Offerors agreed to acquire the Sale Shares and the Shareholder's Loan at nominal consideration of HK\$1.00 (taking into account the PF Loan and the ZZ Loans). Completion took place on 12 January 2022.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Completion took place on 12 January 2022. Immediately after Completion and as at the Latest Practicable Date, the Target Company was held by Mars Development as to 60% and Megacore Development as to 40% and, as a result, the Joint Offerors collectively are the controlling Shareholders, indirectly holding in aggregate approximately 74.75% of the issued Shares. In accordance with Rule 26.1 of the Takeovers Code, upon Completion, the Joint Offerors are required to make a mandatory unconditional cash offer for the Offer Shares, being all the issued Shares other than those Shares already owned by the Joint Offerors and the Joint Offerors' Concert Parties.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all the three independent non-executive Directors, namely Mr. Guo Dan, Dr. Lin Tat Pang and Ms. O Wai, has been established to advise the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer pursuant to Rule 2.1 of the Takeovers Code. Mr. Shum Ngok Wa, a non-executive Director, is a vice-president and a director of Premium Financial, which is presumed to be acting in concert with the Joint Offerors under class (9) of the definition of "acting in concert" under the Takeovers Code and is considered to have material interests in the Offer. Therefore, Mr. Shum Ngok Wa shall not be a member of the Independent Board Committee.

First Capital International Finance Limited ("**First Capital**") has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard. Our appointment as the Independent Financial Adviser has been approved by the Independent Board Committee.

INDEPENDENCE OF FIRST CAPITAL

Save for this appointment as the Independent Financial Adviser to provide our independent advice on the Offer, as at the Latest Practicable Date, First Capital did not have any other relationship or connection, financial or otherwise, with or any interests in the Company, its financial or other professional advisers, the Vendor, the Target Company, the Joint Offerors or the Joint Offerors' Concert Parties that could reasonably be regarded as relevant to our independence. In the last two years, save for the appointment as the Independent Financial Adviser in connection with the Offer, there was no engagement between the Group, the Joint Offerors or the Joint Offerors' Concert Parties and First Capital. Apart from normal professional fees paid or payable to us in connection with this appointment, no arrangement exists whereby we have received or will receive any fees or benefits from the Group, the Joint Offerors or the Joint Offerors' Concert Parties. Accordingly, we are considered eligible to act as the Independent Financial Adviser and to give independent advice on the Offer under Rule 2.1 of the Takeovers Code.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR ADVICE

In formulating our advice, we have relied on the truth, accuracy and completeness of the statements, information, facts, representations and opinions contained or referred to in this Composite Document, provided and made to us by the management of the Company (collectively, the “**Management**”), the Company, the Joint Offerors, the directors of the Joint Offerors and their respective professional advisers (as the case may be). We have reviewed, amongst other things, (i) the Joint Announcement; (ii) the interim report of the Company for the six months ended 30 June 2021 (the “**2021 Interim Report**”); (iii) the annual report of the Company for the year ended 31 December 2020 (the “**2020 Annual Report**”); and other information, representations and opinions as contained or referred to in this Composite Document and those provided by the Management, the Company, the Joint Offerors, the directors of the Joint Offerors and their respective professional advisers (as the case may be).

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for us to formulate our advice as set out in this Letter. We have assumed that all statements, information, facts, representations and opinions contained or referred to in this Composite Document and/or those provided to us by the Management, the Company, the Joint Offerors, the directors of the Joint Offerors and their respective professional advisers (as the case may be), for which they are solely and wholly responsible, are true, accurate and complete in all material respects and not misleading or deceptive at the time when they were provided or made and will continue to be so in all material respect up to the Closing Date of the Offer. Shareholders will be notified of any material changes, if any, to such statements, information, facts, representations and/or opinions as soon as possible in accordance with Rule 9.1 of the Takeovers Code.

We have also assumed that all the statements, information, facts, representations and opinions contained or referred to in this Composite Document and/or provided to us have been reasonably made after due enquiries and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any such statement contained in this Composite Document misleading. We have no reason to suspect that any material information or facts have been omitted or withheld nor to doubt the truth, accuracy or completeness of the information and facts contained in this Composite Document or provided to us, or the reasonableness of the opinions expressed by the Management, the Company, the Joint Offerors, the directors of the Joint Offerors and their respective professional advisers (as the case may be), which have been provided to us. We have also sought and received confirmation from the Directors that no material information and facts have been omitted from the information and facts provided to us and the representations made and opinions expressed by them are not misleading or deceptive in any material respect.

We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Composite Document, save and except for this Letter.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We consider that we have performed all the necessary steps to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our advice. We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the businesses, affairs, operations, financial position or future prospects of the Group, the Joint Offerors or their respective subsidiaries or associates (if applicable).

We have also not considered the tax and regulatory implications on the Group or the Independent Shareholders as a result of the Offer since these depend on their individual circumstances. In particular, the Independent Shareholders who are residents overseas or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax positions and, if in any doubt, should consult their own professional advisers. We will not accept responsibility for any tax effect on or liability of any person resulting from his or her acceptance or non-acceptance of the Offer.

Our advice is necessarily based on the prevailing financial, economic, market and other conditions and the information made available to us as at the Latest Practicable Date. Where information in this Letter has been extracted from published or otherwise publicly available sources, the sole responsibility of ours is to ensure that such information has been correctly and fairly extracted, reproduced or presented from the relevant stated sources and not used out of context.

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

PRINCIPAL TERMS OF THE OFFER

1. The Offer

Hooray Securities, on behalf of the Joint Offerors and in compliance with the Takeovers Code, is making the Offer to acquire all the Offer Shares on the terms as set out in this Composite Document in accordance with the Takeovers Code on the following basis:

For each Offer Shares HK\$0.84 in cash

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Offer Price of HK\$0.84 per Offer Share is approximately equal to but not lower than the effective acquisition price per effective acquisition Share paid by the Joint Offerors under the Transaction. The effective acquisition price of each Share under the Transaction is derived based on the following:

- (i) taking into account the aggregated consideration paid by and the Guarantees provided by the Joint Offerors Obligors for the purpose of the Transaction, which consists of (1) the ZZ Loan 1 of HK\$5,000,000; (2) the ZZ Loan 2 of HK\$20,000,000; (3) the aggregated financing for the Second Mandatory Prepayment and the Subsequent Mandatory Prepayment(s) in the amount of HK\$67,000,000; (4) the Guarantees to be assumed by the Joint Offerors Obligors for the principal amount of HK\$108,000,000 under the PF Loan (after the Second Mandatory Prepayment and Subsequent Mandatory Prepayment(s)); and (5) the consideration for the Sale Shares and the assignment of the Shareholder's Loan of HK\$1.00 under the SPA, the effective acquisition price of the Target Company is HK\$200,000,001;
- (ii) save and except for the above, the Joint Offerors confirm that no other payment (including but not limited to any unpaid interest or penalty associated with the PF Loan accrued before the date of Completion) was requested or paid for the purpose of the Transaction;
- (iii) save for the 238,889,669 Shares, representing approximately 74.75% of the issued Shares as at the date of Completion and up to the Latest Practicable Date, and the bank balance in cash in the amount of approximately HK\$1.46 million based on the unaudited management account of the Target Company as at 31 December 2021, the Target Company does not hold any other significant assets; and
- (iv) pursuant to Note 8 to Rule 26.1 and Practice Note 19 to the Takeovers Code, a chain principle offer was triggered and based on the Pacpo Formula, the effective acquisition price of each Share under the Transaction (i.e. dividing HK\$200,000,001 by 238,889,669 Shares) is approximately HK\$0.8372.

In this regard, despite the transactions described in the section headed "Principal terms of the Offer" in the "Letter from Hooray Securities" contained in this Composite Document represent understandings, arrangements or special deals between the Vendor and parties acting in concert with it on the one hand, and the Joint Offerors and the Joint Offerors' Concert Parties on the other hand, such favorable conditions are effectively extended to all Shareholders in full amount under the Offer by way of adopting all the favorable conditions into the effective acquisition price of the Transaction.

Save and except of the above, there is no other understanding, arrangement or special deal between the Vendor and parties acting in concert with it on the one hand, and the Joint Offerors and the Joint Offerors' Concert Parties on the other hand, that represents a favourable condition

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

that is not extended to all Shareholders, which would constitute a special deal under Rule 25 of the Takeovers Code and require the consent of the Executive.

The Offer is unconditional in all aspects and is not conditional upon acceptances being received in respect of a minimum number of Shares or other conditions.

The Joint Offerors will acquire the Offer Shares tendered for acceptance by the Shareholders in accordance with the Ownership Percentage and the terms of the Offer. Each of the Joint Offerors will pay for the Offer Shares tendered under the Offer according to the Ownership Percentage.

2. Total value of the Offer

As at the Latest Practicable Date, there were 319,564,892 Shares in issue and there were no outstanding options, warrants, derivatives or convertible/exchangeable securities which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares.

On the basis of the Offer Price of HK\$0.84 per Offer Share, all the issued Shares are valued at approximately HK\$268.43 million.

Excluding the 238,889,669 Shares, representing approximately 74.75% of the issued Shares, already owned by the Joint Offerors and assuming there is no change in the share capital of the Company from the Latest Practicable to the Closing Date, the Offer is extended to 80,675,223 Offer Shares, representing approximately 25.25% of the issued Shares, and the value of the Offer is approximately HK\$67,767,187.

3. Confirmation of financial resources available to the Joint Offerors

Based on the Offer Price of HK\$0.84 per Offer Share and 80,675,223 Offer Shares, the total maximum consideration of the Offer is approximately HK\$67,767,187 (assuming the Offer is accepted in full and there is no change in the share capital of the Company from the Latest Practicable Date to the Closing Date).

Hooray Capital, the financial adviser to the Joint Offerors, is satisfied that sufficient financial resources are, and will continue to be, available to the Joint Offerors to satisfy the total maximum consideration payable upon full acceptance of the Offer. For details of the arrangements in relation to the financial resources, please refer to the section headed "Confirmation of financial resources available to the Joint Offerors" in the "Letter from Hooray Securities" contained in this Composite Document.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS TAKEN INTO CONSIDERATION ON THE OFFER

In assessing the Offer and in giving our advice to the Independent Board Committee and the Independent Shareholders, we have taken into account the following principal factors and reasons:

1. Background of the Group

The Company was incorporated in the Cayman Islands under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as an exempted company with limited liability on 13 April 2000. Its issued Shares were listed on GEM of the Stock Exchange on 10 November 2003 and have been listed on the Main Board of the Stock Exchange by way of transfer of its listing since 29 September 2015. The Group is principally engaged in providing development, sales and distribution of smart card products, software and hardware and related services.

2. Financial information of the Group

Set out below is the summary of financial information of the Group for (i) the six months ended 30 June 2021 (“HY2021”) and 2020 (“HY2020”) as extracted from the 2021 Interim Report and (ii) the financial years ended 31 December 2020 (“FY2020”) and 2019 (“FY2019”) as extracted from the 2020 Annual Report:

| | For the six months ended | | For the year ended | |
|---|--------------------------|--------------|--------------------|-----------|
| | 30 June 2021 | 30 June 2020 | 31 December 2020 | 2019 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | (unaudited) | (unaudited) | (audited) | (audited) |
| Revenue | 36,250 | 60,771 | 112,747 | 165,727 |
| (Loss)/profit before taxation (adjusted for discontinued operation) | (10,280) | (648) | (19,903) | (7,034) |
| (Loss)/profit for the period attributable to the equity of the Shareholders | (10,889) | (972) | (20,223) | (8,259) |

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

HY2021 as compared to HY2020

The Group recorded total revenue for HY2021 in the amount of approximately HK\$36.3 million, representing a year-on-year (“YOY”) decrease of approximately 40.3% as compared to that of HY2020 of approximately HK\$60.8 million. The decrease in revenue was mainly attributable to the drop in sales caused by the impact of COVID-19 pandemic globally since the beginning of 2020 with no signs of significant recovery in 2021.

The Group recorded a loss attributable to Shareholders for HY2021 in the amount of approximately HK\$10.9 million, representing a deterioration from HY2020, which recorded a loss of approximately HK\$1.0 million. The deterioration was mainly resulted from the outbreak of COVID-19 since early 2020 with no signs of significant recovery in 2021, causing unfavorable impacts to the Group’s operations and financial results during the HY2021.

FY2020 as compared to FY2019

The Group’s total revenue for FY2020 amounted to approximately HK\$112.8 million which represented a decrease of approximately HK\$52.9 million or YOY decrease of approximately 31.9% from approximately HK\$165.7 million for FY2019. The decrease was attributable to the drop in sales which was mainly caused by the serious COVID-19 pandemic globally. In addition, the China-United States of America (“U.S.”) trade conflict had also created a turbulent business environment for the Group. The U.S. government has imposed trade restrictions on “Made in Hong Kong” products, which has a greater impact on the Group’s sales in the U.S.

The Group recorded a loss for the year attributable to Shareholders for FY2020 in the amount of approximately HK\$20.2 million, representing a deterioration from FY2019, which recorded a loss of for the year attributable to Shareholders of approximately HK\$8.3 million. The increase in loss was mainly due to lower revenue, higher impairment loss on intangible assets and increase in writedown of inventories in FY2020.

The Company did not declare any dividend for HY2021, FY2020 and FY2019.

We noted that the Group reported net losses for HY2021, FY2020 and FY2019 which suggests that the Group is operating in a challenging business environment.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3. Financial position of the Group

Set out below is the summary of the Group's financial positions as at 30 June 2021 and 31 December 2020 and 2019, as extracted from and determined based on the 2021 Interim Report and 2020 Annual Report respectively:

| | As at 30 June 2021 | As at 31 December | | Half-year changes | YOY changes |
|-------------------------|-----------------------------------|--------------------------|---------------|------------------------------|------------------------|
| | <i>HK'000</i> | <i>HK'000</i> | <i>HK'000</i> | % | % |
| | (unaudited) | (audited) | (audited) | | |
| Non-current assets | 29,652 | 34,356 | 42,867 | (13.69) | (19.85) |
| Current assets | 83,669 | 87,102 | 102,999 | (3.94) | (15.43) |
| Total assets | 113,321 | 121,458 | 145,866 | (6.70) | (16.73) |
| Non-current liabilities | 4,096 | 5,953 | 3,196 | (31.19) | 86.26 |
| Current liabilities | 17,252 | 14,187 | 23,887 | 21.60 | (40.61) |
| Total liabilities | 21,348 | 20,140 | 27,083 | 6.00 | (25.64) |
| Net current assets | 66,417 | 72,915 | 79,112 | (8.91) | (7.83) |
| Net asset value | 91,973 | 101,318 | 118,783 | (9.22) | (14.70) |

As at 30 June 2021 (with comparative figures as at 31 December 2020)

As at 30 June 2021, the Group had non-current assets of approximately HK\$29.7 million (2020: HK\$34.4 million) which comprised mainly (i) property, plant and equipment of approximately HK\$11.9 million (2020: HK\$15.0 million); (ii) intangible assets of approximately HK\$16.4 million (2020: HK\$17.4 million); and (iii) deferred tax assets of approximately HK\$1.4 million (2020: HK\$1.9 million). The decrease in non-current assets was mainly due to the decrease in property, plant and equipment due to the depreciation of property, plant and equipment.

As at 30 June 2021, the Group had current assets of approximately HK\$83.7 million (2020: HK\$87.1 million) which comprised mainly (i) inventories of approximately HK\$20.4 million (2020: HK\$19.6 million); (ii) trade and other receivables of approximately HK\$10.4 million (2020: HK\$12.2 million); (iii) other financial assets of approximately HK\$0.25 million (2020: HK\$0.33 million); (iv) current tax receivable of approximately HK\$0.6 million (2020: HK\$0.6 million); and (v) cash and cash equivalents of approximately HK\$52.0 million (2020: HK\$54.4 million). The slight decrease in current assets was mainly attributable to the decrease in trade and other receivables, and cash and cash equivalents during HY2021, and was offset by the increases in inventories.

As at 30 June 2021, the Group had non-current liabilities and current liabilities amounted to approximately HK\$4.1 million and HK\$17.3 million respectively (2020: HK\$6.0 million and HK\$14.2 million respectively), comprising mainly trade and other

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

payables of approximately HK\$13.2 million (2020: HK\$10.2 million), defined benefit obligations of approximately HK\$0.5 million (2020: HK\$0.3 million) and lease liabilities of approximately HK\$7.7 million (2020: HK\$9.7 million).

The net current asset position and net asset value of the Group as at 30 June 2021 was approximately HK\$66.4 million and HK\$92.0 million respectively, which were lower than that as at 31 December 2020 of approximately HK\$72.9 million and HK\$101.3 million respectively.

As at 31 December 2020 (with comparative figures as at 31 December 2019)

As at 31 December 2020, the Group had non-current assets of approximately HK\$34.4 million (2019: HK\$42.9 million) which comprised mainly (i) property, plant and equipment of approximately HK\$15.0 million (2019: HK\$10.4 million); (ii) intangible assets of approximately HK\$17.5 million (2019: HK\$30.5 million); and (iii) deferred tax assets of approximately HK\$1.9 million (2019: HK\$1.9 million). The decrease in non-current assets was mainly from the decrease in intangible assets. The intangible assets decreased by 42.6%, from HK\$30.5 million at 31 December 2019 to HK\$17.5 million at 31 December 2020, mainly due to amortisation of HK\$11.2 million and impairment loss recognised of HK\$5.7 million, offset by additions of HK\$3.9 million during the FY2020.

As at 31 December 2020, the Group had current assets of approximately HK\$87.1 million (2019: HK\$103.0 million) which comprised mainly (i) inventories of approximately HK\$19.6 million (2019: HK\$30.8 million); (ii) trade and other receivables of approximately HK\$12.2 million (2019: HK\$24.8 million); (iii) other financial assets of approximately HK\$0.3 million (2019: HK\$0.3 million); (iv) current tax recoverable of approximately HK\$0.6 million (2019: HK\$1.7 million); and (v) cash and cash equivalents of approximately HK\$54.4 million (2019: HK\$45.4 million). The decrease in current assets was mainly attributable to the decrease in inventories, trade and other receivables and current tax recoverable, and offset by the increase in cash and cash equivalents.

As at 31 December 2020, the Group had non-current liabilities and current liabilities amounted to approximately HK\$6.0 million and HK\$14.2 million respectively (2019: HK\$3.2 million and HK\$23.9 million respectively), comprising mainly trade and other payables of approximately HK\$10.2 million (2019: HK\$20.7 million), defined benefit obligations of approximately HK\$0.3 million (2019: HK\$2.0 million) and lease liabilities of approximately HK\$9.7 million (2019: HK\$4.2 million).

The net current asset position and net asset value of the Group as at 31 December 2020 was approximately HK\$72.9 million and HK\$101.3 million respectively, which were lower than that as at 31 December 2019 of approximately HK\$79.1 million and HK\$118.8 million respectively.

We noted that the consolidated net asset value of the Group has been on a declining trend in our review period from the FY2019 to the HY2021 as noted from the table above.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

More details of the financial information of the Group are set out in Appendix II of this Composite Document.

4. Industry outlook and prospects of the Group

The Group's results of operations, financial condition and growth prospects may be affected by risks and uncertainties directly or indirectly pertaining to the Group's businesses. Having discussed with the Management, we set out below the relevant factors that could result in the Group's results of operations, financial condition and growth prospects differing materially from expected or historical results:

(a) Impact of the COVID-19 pandemic

The COVID-19 pandemic has led to significant declines in real gross domestic product ("GDP") in advanced economies in 2020, significantly affecting the global economy.

Annual average growth rates of real GDP by regions 2015 to 2020



Source: United Nations Conference of Trade and Development statistics

Note: Annual growth rates are based on GDP at constant 2015 U.S. dollars.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As noted in the chart above, the annual average growth rate of world real GDP decreased by 3.56% in 2020 as estimated. As the global epidemic situation remains severe, governments and corporations continue to shift budget to epidemic prevention and therefore, many projects especially the national-base government projects are still being put on hold. The pandemic has severely affected various sectors such as education, government, transportation etc. Manufacturing units are hampered due to shutdowns and the unavailability of labour or raw materials. This has resulted in a huge gap between supply and demand. Further, there is a restriction on foreign trades due to the lockdown of international borders, non-operational distribution channels, and various government laws to take precautionary measures for public health and safety.

Set out below is the revenue by geographical locations of customers of the Group:

| | Revenue from external customers | | | | | |
|----------------------------|---------------------------------|----------------|---------------|---------------|---------------|---------------|
| | Year ended | Year ended | Change in % | Six months | Six months | Change in % |
| | 31 December | 31 December | | ended | ended | |
| | 2020 | 2019 | 30 June 2021 | 30 June 2020 | | |
| HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | | | |
| Mainland China, Hong Kong, | | | | | | |
| Macau and Taiwan | 18,633 | 19,916 | -6.4% | 6,975 | 9,355 | -25.4% |
| U.S. | 18,673 | 35,876 | -48.0% | 3,549 | 11,766 | -69.8% |
| Japan | 11,833 | 20,266 | -41.6% | Not disclosed | Not disclosed | NA |
| Turkey | 9,177 | 12,654 | -27.5% | 4,757 | 3,837 | 24.0% |
| Republic of Fiji | 2,443 | 7,755 | -68.5% | Not disclosed | Not disclosed | NA |
| Republic of Philippines | 1,804 | 3,646 | -50.5% | Not disclosed | Not disclosed | NA |
| The Russian Federation | 1,667 | 5,749 | -71.0% | 2,101 | 115 | 1727.0% |
| Germany | Not disclosed | Not disclosed | NA | 2,321 | 2,881 | -19.4% |
| Italy | Not disclosed | Not disclosed | NA | 1,429 | 3,394 | -57.9% |
| Other countries | 48,517 | 59,865 | -19.0% | 15,118 | 29,423 | -48.6% |
| Total | 112,747 | 165,727 | -32.0% | 36,250 | 60,771 | -40.4% |

Source: The Company's 2020 Annual Report and 2021 Interim Report

Note: Where the figures are not disclosed in the 2020 Annual Report and 2021 Interim Report, the changes in percentage are not applicable, which are shown as "NA" in the table above.

It is noted that the Group's total revenue for FY2020 amounted to approximately HK\$112.8 million which represented a decrease of approximately HK\$52.9 million or YOY decrease of approximately 31.9% from approximately HK\$165.7 million for FY2019. The decrease was attributable to the drop in sales which was mainly caused by the serious COVID-19 pandemic globally. For HY2021, the Group recorded total revenue in the amount of approximately HK\$36.3 million, representing a decrease of approximately 40.3% as compared to that of HY2020 of approximately HK\$60.8 million. The decrease in revenue

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

was mainly attributable to the drop in sales caused by the impact of COVID-19 pandemic globally since the beginning 2020 with no signs of significant recovery in 2021.

(b) Worldwide shortage of integrated circuit (“IC”)

Research by an analyst from Goldman Sachs quoted by Yahoo Finance news dated 17 October 2021, and an analyst from the Guardian News and CNBC news dated 17 October 2021, for the years 2020 to 2021, it has been an ongoing crisis in which the demand for ICs has been greater than the supply, affecting a wide range of industries and has led to major price increases, shortages and queues amongst consumers for automobiles, graphics cards, video game consoles, computers, and other products that require ICs. Equipment manufacturers in industries that rely heavily on ICs, like consumer electronics, have had to delay their production lines.

The Group’s financial technology and smart living segment mainly includes smart card and related products business. Worldwide shortage of IC has seriously affected the Group’s devices shipment schedule.

(c) Trade war

The Group engages in international trade with its target market in the U.S. The trade war between China and the U.S. escalated through 2019 and has no sign of significant improvement. Research by an analyst from Goldman Sachs quoted by CNBC news dated 13 May 2019 suggested that average American tariffs on Chinese goods increased from 3.1% in 2017 to 24.3% by August 2019. Furthermore, tariffs were raised from 25% to 30% on the existing U.S. Dollars (“US\$”) 250 billion worth of Chinese goods beginning on 1 October 2019, and from 10% to 15% on the remaining US\$300 billion worth of goods beginning on 15 December 2019.

The Group does not own any production facilities and it subcontracts substantially all of the production activities to external manufacturers in China. During the year ended 31 December 2020, the Group engaged three manufacturers for manufacturing smart cards, and one manufacturer for manufacturing smart card reader. As such, the products of the Group are labelled as made in China and accordingly, subject to U.S. tariffs for the sales to customers in the U.S.

It is noted from the table above setting out revenue by geographical locations of customers that the Group’s sales to its principal market in the U.S. dropped significantly from FY2019 to FY2020 and this situation did not improve in HY2021. Due to the adverse impact of the trade war especially to the customers in the U.S., the Group shifted its customer base to other countries to avoid the high tariffs importing to the U.S. The Group’s sales to the U.S. in 2019 represented approximately 21.6% of the overall annual sales of the Group in 2019 which dropped to approximately 16.6% in 2020. The sales to the U.S. as a percentage of the overall sales further declined from approximately 19.4% in HY2020 to 9.8% in HY2021.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(d) Business risk

According to the Group's 2020 Annual Report, the Group operates in a market which is characterized by rapid changes in technology, industry standards, customer preferences and frequent introductions and enhancements of products and services. Accordingly, the performance of the Group depends on overall market demand on smart card technology and related products and its ability to improve the functions and reliability of its products and services and adapt to new industry standards and customer preferences. In the event of the Group failing to adapt successfully to such changes, the performance and growth prospects of the Group may be adversely affected. Further, the introduction of new products and services in response to rapid changes in technology, industry standards and customer preferences require relative high level of capital expenditure. During the year ended 31 December 2020, the Group recorded additions of HK\$3.9 million (2019: HK\$0.7 million) on development costs of new products and services. The increase was mainly due to the development of the bus validator product ACR350, an upgrade of the existing product ACR330. Although the relative higher level of capital expenditure may improve the technical aspect of its products or services, it may also have an adverse financial implication on the Group if the new products and services do not achieve market acceptance or there is substantial delay in the process. As such, the performance and growth prospects of the Group may be adversely affected.

As discussed with the Company, we understand that it anticipates the challenging business environment is likely to remain until the China-U.S. trade war and the COVID-19 pandemic situation improves as such, the prospects of the industry would cast uncertainty on the prospects of the Group. The China-U.S. trade war and the COVID-19 pandemic have disrupted the global supply chain for ICs. With the unfavorable environment, the Group remains focused on its core strengths. In order to ensure adequate supply of ICs, the Group has allocated extra budget for raw material preparation and explored alternative for critical components substitution. The Group will continue to closely monitor the market situations and make necessary adjustments to its strategies and operations. The Group has changed its marketing strategies by focusing on online marketing to increase sales channels and strengthening the relationship with local customers with regular visits and products sponsorship. It is the intention of the Group that it will expand market shares and strive to provide better products and services, such as enhancement of features on existing products.

5. Information of the Joint Offerors

Mars Development

Mars Development is a limited liability company incorporated in the BVI and is an investment holding company. It is an investment vehicle of Mr. Mai incorporated for the purpose of acquiring interests in the Company through the SPA and the Offer, and has not engaged in any business activities since its incorporation on 2 June 2021. Mars Development is wholly owned by Mars Enterprise, a limited liability company incorporated in the BVI, principal business of which is investment holding. As at the Latest Practicable

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Date, save and except for its investment in Mars Development, Mars Enterprise has no other material business or investments. Mr. Mai is interested in 100% of the share capital of Mars Enterprise.

Mr. Mai, aged 54, is the sole director and the sole ultimate beneficial owner of Mars Development. He is the vice chairman of 廣東鴻發投資集團有限公司 (Guangdong Hongfa Investment Group Co., Limited*), a limited liability company based in Guangdong province, the PRC with a registered paid in capital of RMB161,600,000. It is focusing in, inter alia, properties development, financial services, healthcare, education and public area construction in the PRC (www.hongfagroup.net). 廣東鴻發投資集團有限公司 (Guangdong Hongfa Investment Group Co., Limited*) is beneficially wholly owned as to 20% by Mr. Mai and 80% by members of his family. In addition, Mr. Mai has a 90% interests in 廣州市皇稼農業科技有限公司 (Guangzhou Huangjia Agricultural Science Company Limited*) (“**Guangzhou Huangjia**”) which is focusing in agriculture science research and development, and balance of the ownership is owned by an independent third party.

Megacore Development

Megacore Development is a limited liability company incorporated in the BVI and is an investment holding company. It is an indirect wholly-owned subsidiary of Zhong Zhao. It is an investment vehicle of Mr. Zhang incorporated for the purpose of acquiring interests in the Company through the SPA and the Offer, and has not engaged in any business activities since its incorporation on 22 January 2021. It is wholly owned by Megacore International, which is in turn wholly owned by Zhong Zhao. Mr. Zhang is interested in 100% of the issued share capital of Zhong Zhao. The principal business of each of Megacore International and Zhong Zhao is investment holding and they have no other material assets or investments save and except for described in the Composite Document.

Mr. Zhang, aged 50, is the sole director and sole ultimate beneficial owner of Megacore Development. Mr. Zhang holds 90% interest in 廣東中兆實業集團有限公司 (Guangdong Zhong Zhao Industrial Group Company Limited*), a limited liability company based in Guangdong Province, the PRC with a registered paid in capital of RMB50,000,000. It is focusing in, inter alia, property investments and investments in industrial businesses. In addition, Mr. Zhang has a 15% beneficial interests in 廣州宇泰行數據科技有限公司 (Guangzhou Yutaixing Data Technology Co., Ltd.*) (“**Guangzhou Yutaixing**”) which is focusing in corporate data management business in the PRC, and balance of ownership is owned by independent third party.

Each of Mr. Mai, Mr. Zhang, Mars Enterprise, Megacore International and Zhong Zhao is a party acting in concert with the Joint Offerors.

Following Completion, the Joint Offerors are in aggregate indirectly interested in 238,889,669 Shares (through their respective interest held in the Target Company), representing approximately 74.75% of the total issued Shares as at the Latest Practicable Date. Save as disclosed in the Composite Document, the Joint Offerors and the Joint Offerors’ Concert Parties did not hold any Shares or any other securities of the Company as at the Latest Practicable Date. Save for (i) the Transaction between the Joint Offerors and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

the Vendor; and (ii) the provision of the ZZ Loan 1 by Zhong Zhao to the Target Company prior to the Transaction, there is or was no other present or past relationship (formal or informal, business or otherwise) between each of Mr. Mai and Mr. Zhang and the Company or its connected persons.

6. Future intention of the Joint offerors in relation to the Group

Following the close of the Offer, it is the intention of the Joint Offerors that the Group will continue with its existing principal activities and maintain the employment of the existing employees of the Group including operational staff (except for the proposed changes to the members of the Board as set out in the section headed “Proposed Change to the Board Composition” in the “Letter from Hooray Securities” contained in this Composite Document).

Leveraging on the experience of Mr. Mai and Mr. Zhang in business development and management and their respective investments in technology related companies of Guangzhou Huangjia and Guangzhou Yutaixing (both of which have no present or past relationship with any members of the Group, other than Mr. Mai and Mr. Zhang (as the case may be) being the common beneficial shareholders), the Joint Offerors will continue to explore possible business opportunities appropriate to the Group’s business and operations with a view to enhance the value of the Group. It is also the business intention of the Joint Offerors to explore the feasibility of investing into technology based companies and to generate potential synergies among them. Mr. Mai is a major shareholder of Guangzhou Huangjia, and he is responsible for the overall strategic development and major business decision making of the company. Mr. Zhang is a passive investor in Guangzhou Yutaixing, but provides similar advice in the areas of overall strategic development and major business decision making to Guangzhou Yutaixing as a shareholder. However, neither Mr. Mai and Mr. Zhang are involved in the daily management of the businesses of Guangzhou Huangjia and Guangzhou Yutaixing, respectively. It is their visions to explore any potential synergy, such as cross selling opportunities and bundled solutions among any or all of the two investments and the Company upon the close of the Offer. As at the Latest Practicable Date, the Joint Offerors have not identified any particular target company(ies) and yet to have formulated any detailed plan in this regard. Upon the close of the Offer, the Joint Offerors will conduct a detailed review of the operations of the Group and formulate business strategies for the Group’s long term development.

As at the Latest Practicable Date, no investment or business opportunities has been identified nor have the Joint Offerors entered into any agreement, arrangements, understandings or negotiation in relation to (a) the injection of any assets or business into the Group; or (b) the disposal of any assets or business of the Group, other than those conducted by the Company in its ordinary course of business and/or those which are immaterial in nature.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Save for the anticipated changes to the members of the Board as described in section headed “Proposed Change to the Board Composition” in the “Letter from Hooray Securities” contained in this Composite Document, the Joint Offerors have no intention to (i) discontinue the employment of any employees of the Group or change the composition of the board of the directors of the Group’s subsidiaries; (ii) redeploy the fixed assets of the Group other than those in its ordinary and usual course of business; or (iii) introduce any major changes in the existing operations and business of the Group, following the close of the Offer.

7. Proposed changes to the Board Composition

The Board is currently made up of five executive Directors, one non-executive Director and three independent non-executive Directors. It is proposed that four out of the five executive Directors, namely Mr. Jiang Hao, Mr. Peng Zhi, Mr. Xu Jie and Mr. Wang Jing, and two out of the three independent non-executive Directors, namely Mr. Guo Dan and Ms. O Wai, will resign as Directors with effect from a date which is no earlier than such date as permitted under Rule 7 of the Takeovers Code (i.e. after the close of the Offer).

Mr. Wong Chi Ho, who has been an executive Director since 24 March 2015, will remain as an executive Director. Mr. Wong Chi Ho is also a director and the legal representative of several subsidiaries of the Group. Mr. Shum Ngok Wa will remain as a non-executive Director. He has been a non-executive Director since 11 August 2021. Mr. Shum Ngok Wa is also a director and vice president of Premium Financial. Dr. Lin Tat Pang, who has been an independent non-executive Director since 22 December 2017, will remain as an independent non-executive Director.

The Joint Offerors propose to nominate Mr. Mai, Mr. Zhang and Ms. Xu Tingting as executive Directors, Ms. Mai Qiqi as non-executive Director, and Mr. Lai Chi Leung and Mr. Zhang Dingfang as independent non-executive Directors. The appointment of the new executive Directors, non-executive Director and independent non-executive Directors will take effect after the posting of this Composite Document. Meanwhile, the Joint Offerors are considering other potential candidates for nomination as Directors. Any changes to the composition of the Board will be made in compliance with the Takeovers Code and the Listing Rules and further announcement(s), including but not limited to the details required by Rule 13.51(2) of the Listing Rules, will be made upon any resignation and appointment of the Directors becoming effective. The biographies of the new Directors to be nominated are set out in the section headed “Proposed Change to the Board Composition” in the “Letter from Hooray Securities” contained in this Composite Document.

We note that although Mr. Mai and Mr. Zhang have investments in companies involved in technology related businesses that Mr. Mai is responsible for the business direction and vision of Guangzhou Huangjia, and Mr. Zhang is a passive investor in Guangzhou Yutaixing and provides similar advice in the areas of overall strategic development and major business decision making to Guangzhou Yutaixing as a shareholder, there is no direct similarity or overlapping of business

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

between Guangzhou Huangjia and Guangzhou Yutaixing and that of the Group. Based on the background information of Mr. Mai, Mr. Zhang, Ms. Xu Tingting, Ms. Mai Qiqi, Mr. Lai Chi Leung and Mr. Zhang Dingfang, it appears that they do not have immediate experience in similar business of the Group and they have yet to conduct a detailed review of the operations of the Group and formulate business strategies for the Group's long term development.

8. Intention of the Joint Offerors to maintain the listing status of the Company

The Joint Offerors intend the Company to remain listed on the Stock Exchange. The directors of the Joint Offerors and the new directors to be appointed to the Board of the Company will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

The Stock Exchange has indicated that if, upon 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 (a) a false market exists or may exist in the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend trading in the Shares until the prescribed level of public float is restored.

9. Analysis of the Offer Price

(a) Comparisons of Offer Price

The Offer Price of HK\$0.84 per Offer Share represents:

- (i) a discount of approximately 3.45% to the closing price of HK\$0.87 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 25.66% to the closing price of HK\$1.13 per Share as quoted on the Stock Exchange on 11 January 2022, being the Last Trading Day;
- (iii) a discount of approximately 24.32% to 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 approximately HK\$1.11 per Share;
- (iv) a discount of approximately 20.00% to 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 approximately HK\$1.05 per Share;
- (v) a discount of approximately 17.65% to 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 approximately HK\$1.02 per Share;

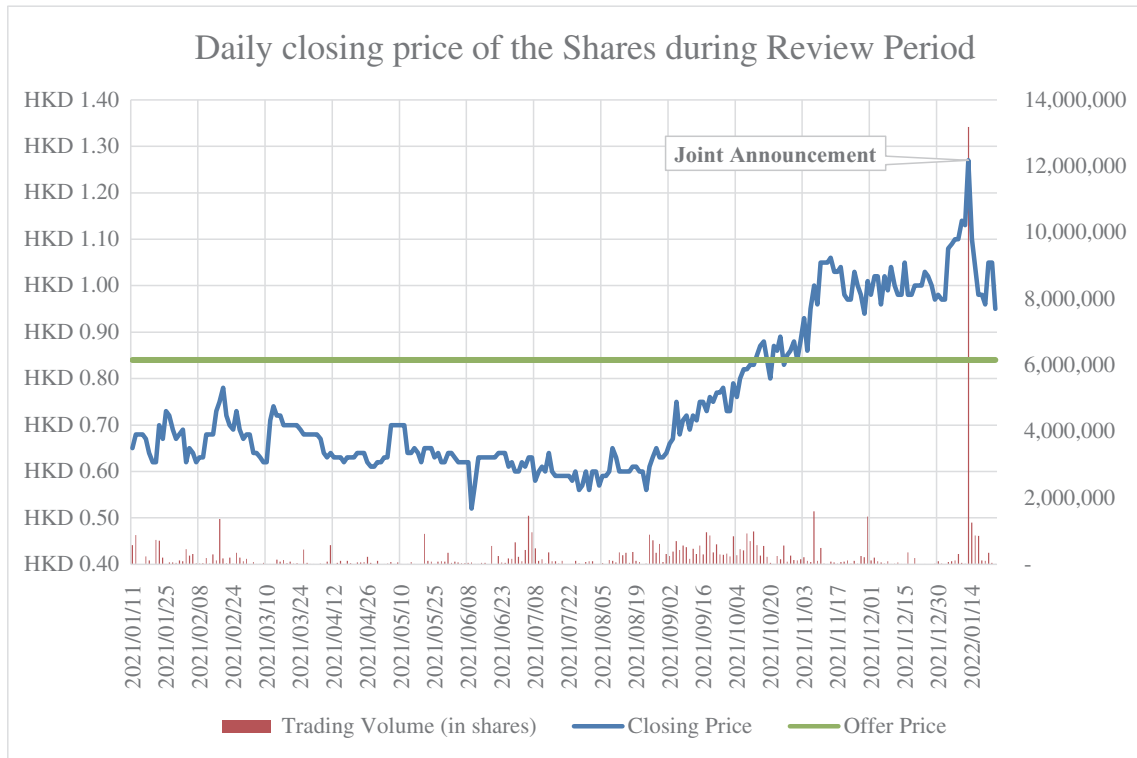
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (vi) a discount of approximately 14.29% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the sixty (60) consecutive trading days up to and including the Last Trading Day of approximately HK\$0.98 per Share;
- (vii) a premium of approximately 47.4% over the closing price of HK\$0.57 per Share as quoted on the Stock Exchange on 10 November 2020, being the last business day prior to the commencement of the Offer Period (i.e. 11 November 2020);
- (viii) a premium of approximately 162.50% over the audited consolidated net asset value per Share attributable to the Shareholders of approximately HK\$0.32 per Share as at 31 December 2020, calculated based on the Group's audited consolidated net assets attributable to the Shareholders of approximately HK\$101.32 million as at 31 December 2020 and 319,564,892 Shares in issue as at the Latest Practicable Date; and
- (ix) a premium of approximately 189.66% over the unaudited consolidated net asset value per Share attributable to the Shareholders of approximately HK\$0.29 as at 30 June 2021, calculated based on the Group's unaudited consolidated net assets attributable to the Shareholders of approximately HK\$91.97 million as at 30 June 2021 and 319,564,892 Shares in issue as at the Latest Practicable Date.

(b) *Historical price performance of the Shares*

Set out in the chart below are the daily closing prices and trading volumes of the Shares on the Stock Exchange during the period from 11 January 2021, being the date falling twelve (12) months preceding the Last Trading Day, up to and including the Latest Practicable Date (the “**Review Period**”). We consider that the Review Period is fair, adequate, representative and sufficient to illustrate the general trend and level of movement of recent closing prices of the Shares for conducting a reasonable comparison among the historical closing prices of the Shares and the Offer Price.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER



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

During the period from 11 January 2021 to the Last Trading Day (the “**Pre-Announcement Period**”), the Shares closed between HK\$0.52 and HK\$1.14. The closing prices were lower than the Offer Price of HK\$0.84 in 188 trading days out of the 249 trading days during the Pre-Announcement Period. The Offer Price represents a premium of approximately 13.98% over the average closing price of approximately HK\$0.737 per Share during such period.

At the start of the Review Period from 11 January 2021 to early October 2021, the closing price generally moved between HK\$0.52 per Share and HK\$0.80 per Share. An upward trend is observed commencing from early October 2021. The trend persisted until 15 November 2021 when the closing price climbed to HK\$1.06. Since then, the Share price had started fluctuating in the range of HK\$0.94 and HK\$1.10 for a sustained period until 7 January 2022. Thereafter, the closing price moved further upward and reached to its then one-year high within the Pre-Announcement Period at HK\$1.14 on 10 January 2022, one day before the Last Trading Day.

After our review of the Share price movement of the aforementioned period, we noted that on 11 October 2021, the Company published an announcement in respect of the monthly progress update on the possible sale and purchase of the Target Company (the “**Possible Transaction**”) pursuant to Rule 3.7 of the Takeover Code in which it disclosed that as informed by the Vendor, the Company was given to understand that the potential purchaser had substantially completed due diligence review for the purpose of the Possible

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Transaction and the parties were in the process of finalizing the terms and conditions of the definitive sale and purchase agreement relating to the Possible Transaction. In addition, the Company was also given to understand from the Vendor that there may be more than one potential purchaser in respect of the Possible Transaction. The upward trend of closing prices of the Shares commenced from early October 2021 may be the market reaction to the progress of the Possible Transaction. Subsequent to the publication of the Joint Announcement, closing price of the Shares spiked to a high of HK\$1.27 on 13 January 2022 and then eased back to HK\$0.87 on the Latest Practicable Date.

Having made enquiry with the Company with respect to the reason for the movement of the market price of the Shares, the Directors confirmed that they are not aware of any reason which could lead to the fluctuation of the closing Share price during the Review Period.

Shareholders should note that the information set out above is not an indicator of the future performance of the Shares, and that the price of the Shares may increase or decrease from its closing price as at the Latest Practicable Date.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(c) Historical trading liquidity of the Shares

The following table sets out the average daily trading volume (the “**Average Daily Trading Volume**”) of the Shares for each month or period and the percentages of such Average Daily Trading Volumes to the total issued Shares and the Shares held by public Shareholders (the “**public float**”) during the Review Period.

| Month/Period | Number of trading days <i>(Note 1)</i> <i>(Days)</i> | Monthly total trading volume | Average Daily Trading Volume <i>(Note 2)</i> <i>(approximate)</i> | Percentage of Average Daily Trading Volume to the total issued Shares <i>(Note 3)</i> <i>(approximate %)</i> | Percentage of Average Daily Trading Volume to the public float <i>(Note 4)</i> <i>(approximate %)</i> |
|------------------|--|------------------------------|---|--|---|
| 2021 | | | | | |
| 11 to 31 January | 15 | 3,745,000 | 249,667 | 0.078% | 0.309% |
| February | 18 | 4,200,000 | 233,333 | 0.073% | 0.289% |
| March | 23 | 1,400,000 | 60,870 | 0.019% | 0.075% |
| April | 19 | 1,521,000 | 80,053 | 0.025% | 0.099% |
| May | 20 | 1,940,000 | 97,000 | 0.030% | 0.120% |
| June | 21 | 2,578,000 | 122,762 | 0.038% | 0.152% |
| July | 21 | 4,671,000 | 222,429 | 0.070% | 0.276% |
| August | 22 | 4,662,000 | 211,909 | 0.066% | 0.263% |
| September | 21 | 9,747,000 | 464,143 | 0.145% | 0.575% |
| October | 18 | 6,872,000 | 381,778 | 0.119% | 0.473% |
| November | 22 | 5,381,000 | 244,591 | 0.077% | 0.303% |
| December | 22 | 1,386,000 | 63,000 | 0.020% | 0.078% |
| 2022 | | | | | |
| January | 20 | 19,304,373 | 965,219 | 0.302% | 1.196% |

Source: The website of the Stock Exchange

Notes:

1. Number of trading days of the Shares represents number of trading days during the month/period which excludes any trading day on which trading of the Shares on the Stock Exchange was halted.
2. The Average Daily Trading Volume is calculated by dividing the total trading volume of the Shares for the month/period by the number of trading days during the month/period.
3. The calculation is based on the Average Daily Trading Volume of the Shares divided by the total number of the Shares in issue in the relevant month/period.
4. The calculation is based on the Average Daily Trading Volume of the Shares divided by 80,675,223 Shares, being the number of Shares held by the public Shareholders in the relevant month/period.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As noted from the above table, the Average Daily Trading Volume of the Shares as a percentage of the total issued Shares had been thin between January 2021 and December 2021, which ranged from approximately 0.019% to 0.145%. During the same period, the corresponding Average Daily Trading Volume of the Shares as a percentage of the total issued Shares held by public Shareholders ranged from approximately 0.075% to 0.575%.

On the first trading day after the release of the Joint Announcement (i.e. 13 January 2022), the daily trading volume of the Shares increased to approximately 13.2 million Shares, representing approximately 4.124% of the total issued Shares and 16.336% of the number of Shares held by the public Shareholders. This is a record high for the twelve-month period prior to the Last Trading Day. Such increase in trading volume of the Shares could be the initial market reaction to the Joint Announcement. Although the trading volume of the Shares was active on the first trading day after the release of the Joint Announcement, the trading volume reduced to approximately 1.3 million Shares on the next trading day (i.e. 14 January 2022) and reduced further on the subsequent trading days. The Average Daily Trading Volume in January 2022 was approximately 965,219 Shares, representing: (i) approximately 0.302% of the total number of issued Shares; and (ii) approximately 1.196% of the number of Shares held by the public Shareholders. The relatively higher figures for the month of January 2022 than other months/periods during the Review Period are mainly due to the high trading volume on 13 January 2022, which appears to be the market reaction to the Joint Announcement as discussed above. If the trading volumes on 13 January 2022 and 31 January 2022 (on which the Stock Exchange was only open for trading in the morning) are removed from the calculation of the Average Daily Trading Volume, the adjusted Average Daily Trading Volume for the month of January 2022 was 338,556 Shares, representing approximately 0.106% of the total issued Shares and 0.402% of the number of Shares held by public Shareholders, which are the usual level prior to the Joint Announcement.

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

(d) Comparable analysis

To further assess the fairness and reasonableness of the Offer Price where information is available, we have conducted a comparable analysis through identifying companies listed on the website of ET Net, Bloomberg Terminal and the Stock Exchange which are engaging

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

in similar business of the Group (the “**Comparable Companies**”). In the selection of the Comparable Companies, our selection criteria focused on companies that are (i) listed on the Main Board of the Stock Exchange on the Latest Practicable Date; and (ii) principally engaged in the smart card, payment or transportation related, telecommunication hardware related business (the “**Comparable Business**”); and (iii) under HK\$1.0 billion of market capitalization as at the Last Trading Day, which is comparable with the principal business of the Group.

Based on the above selection criteria, we have identified five Comparable Companies as set out in the table below. We are of the view that the Comparable Companies have been exhaustively identified and form a fair, reasonable, appropriate and representative sample for the purpose of drawing a meaningful comparison to the Offer Price.

For comparison purpose, we have considered the price-to-earnings ratio (the “**P/E Ratio**”), which is the most commonly adopted valuation benchmark for valuation of companies. However, given that the Company reported consolidated net loss attributable to the Shareholders for FY2021, we are unable to conduct the comparison on P/E Ratio. We therefore considered the use of the price-to-revenue ratio (the “**P/S Ratio**”) and the price-to-book ratio (the “**P/B Ratio**”) in our market comparable analysis as reference, details of which are set out below.

| Comparable No. | Comparable Companies | Principal business | Market capitalization (HK\$'million) (approximate) | P/S Ratio (times) (Note 1) | P/B Ratio (times) (Note 2) |
|-------------------|--|--|---|----------------------------------|----------------------------------|
| 1. | BII Railway Transportation Technology Holdings Company Limited (1522) | The principal activities of the group are (i) design, production, implementation and sale, and maintenance of application solutions for the networking and controlling systems of public transport and other companies, (ii) provision of civil communication transmission services, (iii) design, implementation and sale of related software, hardware and spare part in utility tunnel areas, and (iv) investment in the railway transportation areas and infrastructure areas through investing in equity. | 891.29 | 0.58 | 0.34 |
| 2. | China e-Wallet Payment Group Limited (802) | The principal activities of the group are (i) programming and advertising solutions in mobile platform and (ii) distribution of computer-related and mobile-related electronic products and accessories. | 319.88 | 5.30 | 0.73 |

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

| Comparable No. | Companies | Principal business | Market capitalization (HK\$'million) (approximate) | P/S Ratio (times) (Note 1) | P/B Ratio (times) (Note 2) |
|-------------------|--|---|---|----------------------------------|----------------------------------|
| 3. | Elate Holdings Limited (76) (Note 3) | The principal activities of the group are (i) manufacturing and sales of graphite products, (ii) manufacturing and sales of electronic products, and (iii) design and manufacturing services. | 364.34 | 0.49 | 0.12 |
| 4. | Link-Asia International MedTech Group Limited (1143) | The principal activities of the group are (i) provision of electronic manufacturing of communication products, appliances and appliances control products, portable storage devices, multimedia products and beauty care equipment, (ii) marketing and distribution of communication products; (iii) real estate supply chain services; (iv) assisted reproduction medical technology business; and (v) securities and other assets investment. | 157.14 | 0.26 | 0.49 |
| 5. | Synertone Communication Corporation (1613) | The principal activities of the group are (i) design, development and sale of automation control systems and (ii) design, research and development, manufacture and sales of intelligent building system including video intercom and surveillance system for buildings. | 247.23 | 2.74 | 1.28 |
| | | Maximum | 891.29 | 5.30 | 1.28 |
| | | Minimum | 157.14 | 0.26 | 0.12 |
| | | Average | 395.98 | 1.87 | 0.59 |
| | | Median | 319.88 | 0.58 | 0.49 |
| | | | | Implied P/S Ratio | Implied P/B Ratio |

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

| Comparable No. Companies | Principal business | Market capitalization (HK\$'million) (approximate) | P/S Ratio (times) (Note 1) | P/B Ratio (times) (Note 2) |
|-----------------------------|---|---|----------------------------------|----------------------------------|
| The Company | Financial technology and smart living business, and financial services | 268.43 | 2.38 | 2.92 |

Notes:

- The P/S Ratios of the Comparable Companies are calculated by dividing their respective market capitalization as at the Last Trading Day by their respective revenue for the financial year according to their respective latest available annual reports.

The implied P/S Ratio of the Company (the “**Implied P/S Ratio**”) is calculated by dividing its market capitalization based on the Offer Price by the revenue (or sales) of the Group of approximately HK\$112.7 million in FY2020.

- The P/B Ratios of the Comparable Companies are calculated by dividing their respective market capitalization as at the Last Trading Day by their respective unaudited consolidated net asset values according to their respective latest interim reports.

The implied P/B Ratio of the Company (the “**Implied P/B Ratio**”) is calculated by dividing its market capitalization based on the Offer Price by the unaudited consolidated net assets attributable to the Shareholders of approximately HK\$92.0 million as at 30 June 2021.

- The reporting currency of Elate Holdings Limited is in US\$, which have been converted into HK\$ at the rate of US\$1.00 = HK\$7.80 for illustration purpose only.

We noted from the above table that:

- the Implied P/S Ratio of approximately 2.38 times is (i) within the range of P/S Ratios of the Comparable Companies of approximately 0.26 times to 5.30 times; and (ii) higher than the average P/S Ratio of the Comparable Companies of approximately 1.87 times and the median P/S Ratio of the Comparable Companies of approximately 0.58 times; and
- the Implied P/B Ratio of approximately 2.92 times than (i) the range of the P/B Ratios of the Comparable Companies from approximately 0.12 times to approximately 1.28 times; (ii) the average P/B Ratio of the Comparable Companies of approximately 0.59 times and (iii) the median P/B Ratio of the Comparable Companies of approximately 0.49 times,

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

accordingly, we are of the view that the Offer Price is fair and reasonable so far as the Independent Shareholders are concerned.

We consider an offer price comparable analysis using other general offer transactions would not be meaningful in our consideration as such analysis overlooks certain crucial factors, including but not limited to, the difference of valuation, business environment and outlook among different industries. There were no general offers involving any companies listed on the Main Board of the Stock Exchange engaging in the Comparable Business within one year prior to the Latest Practicable Date for us to make any meaningful comparison and thus assess the fairness and reasonableness of the Offer Price.

RECOMMENDATION

Having considered the principal factors and reasons as discussed above, in particular,

- (i) the Group reported net losses for HY2021, FY2020 and FY2019 which suggests that the Group is operating in a challenging business environment;
- (ii) the consolidated net asset value of the Group has been on a declining trend in our review period from the FY2019 to HY2021;
- (iii) it is anticipated that the such challenging business environment is likely to remain until the China-U.S. trade war and the pandemic situation improves as such, the prospects of the industry would cast uncertainty on the prospects of the Group;
- (iv) although Mr. Mai and Mr. Zhang have investments in companies involved in technology related businesses that Mr. Mai is responsible for the business direction and vision of Guangzhou Huangjia, and Mr. Zhang is a passive investor in Guangzhou Yutaixing and provides similar advice in the areas of overall strategic development and major business decision making to Guangzhou Yutaixing as a shareholder, there is no direct similarity or overlapping of business between Guangzhou Huangjia and Guangzhou Yutaixing and that of the Group. Based on the background information of Mr. Mai, Mr. Zhang, Ms. Xu Tingting, Ms. Mai Qiqi, Mr. Lai Chi Leung and Mr. Zhang Dingfang, it appears that they do not have immediate experience in similar business of the Group and they have yet to conduct a detailed review of the operations of the Group and formulate business strategies for the Group's long term development;
- (v) the Offer Price represents a premium of approximately 13.98% over the average closing price of approximately HK\$0.737 per Share during the Pre-Announcement Period;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (vi) the closing prices of the Share has been on upward trend commenced from early October 2021 which may be the market reaction to the progress of the Possible Transaction and, subsequent to the Joint Announcement, closing price of the Shares spiked to a high of HK\$1.27 on 13 January 2022 and then ease back to HK\$0.87 on the Latest Practicable Date. The Directors confirmed that they are not aware of any reason which could lead to the fluctuation of the closing Share price during the Review Period;
- (vii) although the trading volume of the Shares on 13 January 2022 recorded a record daily turnover for the twelve-month period prior to the Last Trading Date, this could be the market reaction to the Joint Announcement. Subsequent trading volume has eased back to the usual level prior to the Joint Announcement;
- (viii) the liquidity of the Shares during the Review Period has been, in our view, generally thin. Such low level of liquidity would suggest that any sale of a significant number of the Shares in the market may result in downward pressure on the market price of the Shares. The Offer provides an assured exit alternative for the Independent Shareholders, particularly those who hold a large number of Shares, to realize part of or all of their investments in the Shares at the Offer Price if they so wish; and
- (ix) the Implied P/S Ratio is within the range of P/S Ratios of the Market Comparable Companies and higher than the average P/S Ratio and median P/S Ratio of the Comparable Companies, and the Implied P/B Ratio is higher than the range of the P/B Ratios, the average P/B Ratio and median P/B Ratio of the Comparable Companies,

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

For those Independent Shareholders who intend to accept the Offer, we would remind them to closely monitor the market price and liquidity of the Shares during the Offer Period, and having regard to their own circumstances, consider selling the Shares in the open market, instead of accepting the Offer, if the net proceeds from the ultimate sale of such Shares would be higher than that receivable under the Offer.

For those Independent Shareholders who intend to dispose of large blocks of Shares in the open market, we would also remind them of the possible difficulty in disposing of their Shares in the open market without creating downward pressure on the market prices of the Shares as a result of the thin trading in the Shares.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

For those Independent Shareholders who are attracted by or confident in the prospects of the Group with the Joint Offerors as the controlling Shareholders of the Company may consider to retain their Shares in full or in part.

Yours faithfully,
for and on behalf of

FIRST CAPITAL INTERNATIONAL FINANCE LIMITED

Larry Chan
Managing Director

Keith Ho
Vice President

Mr. Larry Chan and Mr. Keith Ho are licensed persons registered with the SFC and as responsible officers of First Capital International Finance Limited to carry out Type 6 (advising on corporate finance) regulated activities under the SFO and have over 29 years and over 6 years of experience in corporate finance industry respectively.

** for identification purposes only*

1. PROCEDURES FOR ACCEPTANCE OF THE OFFER

- (a) To accept the Offer, you should complete and sign the Form of Acceptance in accordance with the instructions printed thereon, which 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 in respect of your Offer Shares (whether in full or in part), you must send the Form of Acceptance duly completed and signed together with 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) to the Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, by post or by hand, marked “HNA Technology Investments Holdings Limited – Offer” on the envelope, in any event not later than 4:00 p.m., on the Closing Date.
- (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 in respect of your Shares (whether in full or in part), you must either:
 - (i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Offer on your behalf and requesting it to deliver in an envelope marked “HNA Technology Investments Holdings Limited – Offer” the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or
 - (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver in an envelope marked “HNA Technology Investments Holdings Limited – Offer” the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

- (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC 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 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 and you wish to accept the Offer in respect of your Shares, the Form of Acceptance should nevertheless be duly completed and signed and delivered in an envelope marked "HNA Technology Investments Holdings Limited – Offer" to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipts and/or 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), you should also write to the Registrar for 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 "HNA Technology Investments Holdings Limited – Offer" to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable instruction and authority to each of Hooray Securities and/or the Joint Offerors and/or any of 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 certificate(s) to the Registrar and to authorise 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 duly completed and signed Form of Acceptance is received by the Registrar by no later than 4:00 p.m. on the Closing Date and the Registrar has recorded that the Form of Acceptance and any relevant documents have been so received, and is:
- (i) accompanied by the relevant share certificate(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if those share certificate(s) 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) inserted in the Form of Acceptance, the total number of Shares equal to that represented by the certificates for Shares tendered for acceptance of the Offer. If no number is inserted or a number inserted is greater or smaller than that represented by the certificates for Shares tendered for acceptance of the Offer, the Form of Acceptance will be returned to you for correction and resubmission. Any corrected Form of Acceptance must be resubmitted and received by the Registrar on or before the latest time of acceptance of the Offer; or
 - (iii) from a registered Shareholder or his 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 the other subparagraph of this paragraph (f)); or
 - (iv) 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 (such as grant of probate or certified copy of power of attorney) to the satisfaction of the Registrar must be produced.
- (g) In Hong Kong, seller's ad valorem stamp duty arising in connection with acceptances of the Offer will be payable by relevant Independent Shareholders at a rate of 0.13% of the market value of the Offer Shares or consideration payable by the Joint Offerors in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the cash amount payable by the Joint Offerors to the relevant Independent Shareholder accepting the Offer (where the amount of stamp duty is a fraction of a dollar, the stamp duty will be rounded up to the nearest dollar). The Joint Offerors will arrange for payment of the seller's ad valorem stamp duty on behalf of relevant Independent Shareholders accepting the Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Shares.

- (h) No acknowledgement of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.
- (i) The address of the Registrar is Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong.

2. SETTLEMENT OF THE OFFER

- (a) Provided that a valid Form of Acceptance and the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title and/or transfer receipt(s) (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Offer Shares as required by Note 1 to Rule 30.2 of the Takeovers Code are complete and in good order in all respects and have been received by the Registrar no later than the latest time for acceptance, a cheque for the amount due to each accepting Independent Shareholder, less the seller’s ad valorem stamp duty payable by him, will be despatched to such Independent Shareholder by ordinary post at his own risk as soon as possible but in any event within seven Business Days following the date on which all the relevant documents are received by the Registrar to render such acceptance complete and valid.
- (b) Settlement of the consideration to which any Independent Shareholders are entitled under the Offer will be implemented in full in accordance with the terms of the Offer (save with respect of 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 Joint Offerors may otherwise be, or claim to be, entitled against such Independent Shareholders.
- (c) No fractions of a cent will be payable and the amount of cash consideration payable to an Independent Shareholder who accepts the Offer will be rounded up to the nearest cent.

3. ACCEPTANCE PERIOD AND REVISIONS

- (a) Unless the Offer has previously been revised or extended with the consent of the Executive, all acceptances of the Offer must be received by the Registrar by 4:00 p.m. on Friday, 25 February 2022, being the Closing Date. The Offer is unconditional.

- (b) If the Offer is extended or revised, the announcement of such extension or revision shall state the next Closing Date or that the Offer will remain open until further notice. For the latter case, at least 14 days' notice in writing will be given to the Independent Shareholders who have not accepted the Offer before the Offer is closed, and an announcement in respect thereof shall be released. If the Joint Offerors revise the terms of the Offer, all Independent Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms.
- (c) If the Closing Date 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 so extended.

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 owner of the Shares whose investments are registered in the names of a nominee to provide instructions to their nominee of their intentions with regards to the Offer.

5. ANNOUNCEMENTS

- (a) By 6:00 p.m. on Friday, 25 February 2022 (or such later time and/or date as the Executive may in exceptional circumstances permit) which is the Closing Date, the Joint Offerors must inform the Executive and the Stock Exchange of its decision in relation to the expiry, revision or extension of the Offer. The Joint Offerors 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 or extended.

The announcement must state the total number of Shares and rights over Shares:

- (i) for which acceptances of the Offer has been received;
- (ii) held, controlled or directed by the Joint Offerors or persons acting in concert with any of them before the Offer Period;
- (iii) acquired or agreed to be acquired during the Offer Period by the Joint Offerors or persons acting in concert with any of them.

- (b) The announcement must also include details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Joint Offerors or any person acting in concert with any of them has borrowed or lent (save for any borrowed Shares which have been either on-lent or sold) and specify the percentages of the issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers.
- (c) In computing the total number of Shares represented by acceptances, only valid acceptances that have been received by the Registrar no later than 4:00 p.m. on the Closing Date shall be included.
- (d) As required under the Takeovers Code, all announcements in respect of the Offer must be made in accordance with the requirements of the Takeovers Code and the Listing Rules, where applicable.

6. RIGHT OF WITHDRAWAL

- (a) Acceptance of the Offer tendered by any Independent Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out below.
- (b) If the Joint Offerors is unable to comply with the requirements set out in the paragraph headed “5. Announcements” above, as set out in Rule 19.2 of the Takeovers Code, 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 rule are met.
- (c) In such case, if the Independent Shareholders withdraw their acceptances, the Joint Offerors and Registrar shall, as soon as possible but in any event within ten 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 Shareholders.

7. STAMP DUTY

Sellers’ Hong Kong ad valorem stamp duty on acceptances of the Offer at a rate of 0.13% of the consideration payable in respect of the relevant acceptances or, if higher, the market value of the Shares subject to such acceptance, will be deducted from the amounts payable to the Independent Shareholders who accept the Offer. The Joint Offerors will arrange for payment of sellers’ ad valorem stamp duty on behalf of the Independent Shareholders who accept the Offer and pay the buyer’s Hong Kong ad valorem stamp duty in connection with the acceptance of the Offer and the transfers of the relevant Offer Shares in accordance with the Stamp Duty Ordinance (Cap. 117 of the Laws of Hong Kong).

8. 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 Joint Offerors or the Joint Offerors' Concert Parties, the Company, Hooray Securities, Hooray Capital, the Independent Financial Adviser and their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

9. GENERAL

- (a) All communications, notices, Form of Acceptance, share certificate(s), transfer receipts(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 post at their own risk, and the Joint Offerors, Joint Offerors, Concert Partners, the Company, Hooray Securities, Hooray Capital, the Independent Financial Adviser, the Registrar or the company secretary of the Company, or any of their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other parties involved in the Offer and any of their respective agents do not accept 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 either 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 irrevocable authority to the Joint Offerors, Hooray Securities, or such person or persons as the Joint Offerors 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 Joint Offerors, or such person or persons as it may direct, the Offer Shares in respect of which such person or persons has/have accepted the Offer.

- (f) Acceptance of the Offer by any Independent Shareholders will be deemed to constitute a warranty by such person or persons to the Joint Offerors and the Company that all Offer Shares to be sold by such person under the Offer are fully paid and free from all encumbrances whatsoever together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date of the Composite Document.
- (g) References to the Offer in this Composite Document and the Form of Acceptance shall include any revision and/or extension thereof.
- (h) The making of the Offer to the Overseas Shareholders may be prohibited or affected by the laws of the relevant jurisdictions. The Overseas Shareholders should inform themselves about and observe any applicable legal or regulatory requirements. It is the responsibility of each Overseas Shareholder who wishes to accept the Offer to satisfy himself/herself/itself as to the full observance of the laws and regulations of all relevant jurisdictions in connection therewith, including, but not limited to the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with all necessary formalities, regulatory and/or legal requirements. Such Overseas Shareholders shall be fully responsible for the payment of any transfer or cancellation or other taxes and duties due by such Overseas Shareholders in respect of the relevant jurisdictions. The Overseas Shareholders are recommended to seek professional advice on deciding whether or not to accept the Offer.
- (i) Acceptances of the Offer by any nominee will be deemed to constitute a warranty by such nominee to the Company that the number of the Shares in respect of which as indicated in the Form of Acceptance is the aggregate number of Shares held by such nominee for such beneficial owner who is accepting the Offer.
- (j) In making their decision, the Independent Shareholders must rely on their own examination of the Joint Offerors, 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 Joint Offerors, the Company, Hooray Securities or the Independent Financial Adviser or their respective professional advisers. The Independent Shareholders should consult their own professional advisers for professional advice.
- (k) All acceptances, instructions, authorities and undertakings given by the Independent Shareholders in the Form(s) of Acceptance shall be irrevocable except as permitted under the Takeovers Code.
- (l) The English texts of this Composite Document and the Form of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation in case of inconsistency.

1. SUMMARY OF THE FINANCIAL INFORMATION

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

| | For the six months ended | For the year ended 31 December | | |
|---|---|---------------------------------------|-----------------|-----------------|
| | 30 June 2021 | 2020 | 2019 | 2018 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (unaudited) | (audited) | (audited) | (audited) |
| Revenue | 36,250 | 112,747 | 165,727 | 137,685 |
| Cost of sales and services | (15,981) | (57,534) | (74,365) | (63,315) |
| Gross profit | 20,269 | 55,213 | 91,362 | 74,370 |
| Other income | 313 | 3,652 | 1,220 | 429 |
| Selling and distribution costs | (3,554) | (11,610) | (15,342) | (15,464) |
| Research and development expenses | (11,031) | (33,018) | (36,956) | (30,787) |
| Administrative expenses | (16,060) | (33,794) | (37,891) | (35,997) |
| (Loss)/profit from operations | (10,063) | (19,557) | 2,393 | (7,449) |
| Finance costs | (217) | (318) | (322) | – |
| (Loss)/profit before taxation | (10,280) | (19,875) | 2,071 | (7,449) |
| Income tax | (609) | (320) | (1,225) | 93 |
| (Loss)/profit from continuing operations | (10,889) | (20,195) | 846 | (7,356) |
| Discontinued operation | | | | |
| Loss for the year from discontinued operation, net of tax | – | (28) | (9,105) | (16,098) |
| Loss for the year attributable to the equity shareholders of the Company | (10,889) | (20,223) | (8,259) | (23,454) |

| | For the six months ended | For the year ended 31 December | | |
|---|--------------------------------|--------------------------------|---------------|---------------|
| | 30 June 2021 | 2020 | 2019 | 2018 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | (unaudited) | (audited) | (audited) | (audited) |
| (Loss)/earnings per share | | | | |
| <i>From continuing operations</i> | | | | |
| Basic | (3.407 cents) | (6.320 cents) | 0.265 cents | (2.302 cents) |
| Diluted | (3.407 cents) | (6.320 cents) | 0.265 cents | (2.302 cents) |
| <i>From discontinued operation</i> | | | | |
| Basic | – | (0.009 cents) | (2.849 cents) | (5.037 cents) |
| Diluted | – | (0.009 cents) | (2.849 cents) | (5.037 cents) |
| Loss for the year/period | (10,889) | (20,223) | (8,259) | (23,454) |
| Other comprehensive income for the year (after tax) | | | | |
| <i>Items that will not be reclassified to profit or loss:</i> | | | | |
| Remeasurement of defined benefit obligations | – | (237) | (595) | 161 |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | | | |
| Exchange differences on translation of financial statements of foreign operations | 1,544 | 2,995 | (237) | (1,604) |
| Total comprehensive income for the year | (9,345) | (17,465) | (9,091) | (24,897) |
| Attributable to: | | | | |
| Equity shareholders of the Company | (9,345) | (17,465) | (9,091) | (24,897) |
| Dividends distributed to owners of the Company | – | – | – | – |

The Group's consolidated financial statements as at and for each of the three years ended 31 December 2018, 2019 and 2020 had been audited by the Company's independent auditor, KPMG and they did not contain any qualified or modified opinions, emphasis of matter or material uncertainty related to going concern.

Save as disclosed above, there is no other income or expense which are material to the Group for each of the three years ended 31 December 2020 and six months ended 30 June 2021.

There was no change in the Group's accounting policy during the three years ended 31 December 2020 which would result in the figures in its consolidated financial statements being not comparable to a material extent.

2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE THREE YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020

The Company is required to set out or refer to in this Composite Document the consolidated statement of profit or loss, the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in (i) the audited consolidated financial statements of the Group for the year ended 31 December 2018 (the “**2018 Financial Statements**”); (ii) the audited consolidated financial statements of the Group for the year ended 31 December 2019 (the “**2019 Financial Statements**”); and (iii) the audited consolidated financial statements of the Group for the year ended 31 December 2020 (the “**2020 Financial Statements**”), together with the notes to the relevant published accounts which are of major relevance to the appreciation of the above financial information.

The 2018 Financial Statements are set out from page 77 to page 163 in the annual report of the Company for the year ended 31 December 2018 (the “**2018 Annual Report**”), which was published on 17 April 2019. The 2018 Annual Report is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<https://www.hnatechinv.com>), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0417/ltn20190417433.pdf>

The 2019 Financial Statements are set out from page 82 to page 175 in the 2019 annual report of the Company for the year ended 31 December 2019 (the “**2019 Annual Report**”), which was published on 17 April 2020. The 2019 Annual Report is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<https://www.hnatechinv.com>), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0417/2020041700502.pdf>

The 2020 Financial Statements are set out from page 83 to page 175 in the 2020 annual report of the Company for the year ended 31 December 2020 (the “**2020 Annual Report**”), which was published on 16 April 2021. The 2020 Annual Report is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<https://www.hnatechinv.com>), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0416/2021041600201.pdf>

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

3. UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2021

The Company is required to set out or refer to in this Composite Document the consolidated statement of profit or loss and the consolidated statement of financial position as shown in the unaudited financial results of the Group for the six months ended 30 June 2021, together with the notes to the relevant published accounts which are of major relevance to the appreciation of the above financial information.

The interim report of the Company for the six months ended 30 June 2021, which was issued on 10 September 2021, is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<https://www.hnatechinv.com>), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0910/2021091000154.pdf>

The interim report of the Company for the six months ended 30 June 2021 are incorporated by reference into this Composite Document and form part of this Composite Document.

4. INDEBTEDNESS

As at 31 December 2021, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had no outstanding borrowings and lease liabilities of approximately HK\$5,790,000, details of which are set out below:

| | Secured and guaranteed | Unsecured but guaranteed | Unguaranteed but secured | Unsecured and unguaranteed | Total |
|-------------------|-----------------------------------|-------------------------------------|-------------------------------------|---------------------------------------|-----------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Lease liabilities | — | — | — | 5,790 | 5,790 |

Save as disclosed above, and apart from intra-group liabilities and normal trade and other payables in the ordinary course of business, as at 31 December 2021, the Group did not have any debt securities issued and outstanding, or authorized or otherwise created but unissued, term loans, other borrowings or indebtedness in the nature of borrowings including bank overdrafts, loans, or other similar indebtedness, and liabilities under acceptance (other than normal trade

bills) or acceptance credits or hire purchase commitments, mortgages and charges, guarantees or material contingent liabilities.

5. MATERIAL CHANGE

The Directors confirmed that since 31 December 2020, being the date to which the latest published audited consolidated financial statements of the Company were made up, and up to and including the Latest Practicable Date, there had been no material change in the financial or trading position or outlook of the Group, save for the unaudited net loss for the period of approximately HK\$10.9 million recorded by the Group for the six months ended 30 June 2021 as set out in the interim report of the Company dated 10 September 2021, comparing to the unaudited net loss for the period of approximately HK\$1.0 million in the corresponding period of 2020.

1. RESPONSIBILITY STATEMENT

This Composite Document includes particulars given in compliance with the Takeovers Code for the purpose of providing information to the Independent Shareholders with regard to the Group, the Joint Offerors and the Offer.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than those relating to the Joint Offerors and the Joint Offerors' Concert Parties) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than opinions expressed by the directors of the Joint Offerors) 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 OF THE COMPANY

As at the Latest Practicable Date, the authorised and issued share capital of the Company were as follows:

| | Nominal value of each Share | Number of Shares | Amount |
|-----------------------|--|-----------------------------|---------------|
| | <i>HK\$</i> | | <i>HK\$</i> |
| Authorised | 0.10 | 1,000,000,000 | 100,000,000 |
| Issued and fully paid | 0.10 | 319,564,892 | 31,956,489 |

All of the existing issued Shares currently in issue rank pari passu in all respects with each other, including, in particular, as to rights in respect of capital, dividends and voting. The Shares are listed and traded on the Stock Exchange. No Shares are listed, or dealt in, on any other stock exchange, nor is any listing of or permission to deal in the Shares being, or proposed to be sought, on any other stock exchange.

As at the Latest Practicable Date, the Company had not issued any Shares since 31 December 2020, being the end of the last financial year of the Company.

As at the Latest Practicable Date, the Company did not have any outstanding options, warrants or other conversion rights affecting the Shares.

3. DISCLOSURE OF INTERESTS

(a) Interests of the Directors in the Shares or securities of the Company

As at the Latest Practicable Date, none of the Directors or chief executive of the Company had, or were deemed to have, interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which are required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein, or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, and to be disclosed under the Takeovers Code, to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders' and other persons' interests and short positions in Shares and underlying Shares

As at the Latest Practicable Date, so far as was known to the Directors, the following persons (other than the Directors and chief executive of the Company) held interests in the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code), or interests and short positions in the Shares and/or underlying Shares which are required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or were directly or indirectly, interested in 10% or more of the number of any class of issued share capital carrying rights to vote in all circumstances at a general meeting of the Company:

| Name of Shareholder | Capacity | Number of Shares held | Approximate percentage of interest in the issued share capital of the Company |
|--|---|-----------------------|---|
| Target Company | Beneficial owner | 238,889,669 | 74.75% |
| Mr. Mai (<i>Note 1</i>) | Interests of controlled corporation | 238,889,669 | 74.75% |
| Mr. Zhang (<i>Note 1</i>) | Interests of controlled corporation | 238,889,669 | 74.75% |
| Premium Financial (<i>Note 2</i>) | Person having a security interest in shares | 238,889,669 | 74.75% |
| Sun Speed Holdings Limited (<i>Note 2</i>) | Security interest through interests of controlled corporation | 238,889,669 | 74.75% |

| Name of Shareholder | Capacity | Number of Shares held | Approximate percentage of interest in the issued share capital of the Company |
|--------------------------------|---|-----------------------|---|
| Mr. Qiu Yong (<i>Note 2</i>) | Security interest through interests of controlled corporation | 238,889,669 | 74.75% |

Notes:

- As at the Latest Practicable Date, the Target Company is owned as to 60% and 40% by Mars Development and Megacore Development respectively. Mars Development is a direct wholly-owned subsidiary of Mars Enterprise, which in turn is wholly-owned by Mr. Mai. Megacore Development is a direct wholly-owned subsidiary of Megacore International, which in turn is a direct wholly-owned subsidiary of Zhong Zhao, which in turn is direct wholly-owned by Mr. Zhang. On 12 January 2022, Mr. Mai and Mr. Zhang entered into the Deed of Concert Parties to acknowledge and confirm their acting-in-concert relationship. Under the SFO, each of Mars Development, Megacore Development, Mars Enterprise, Megacore International, Zhong Zhao, Mr. Mai and Mr. Zhang is deemed to be interested in the 238,889,669 Shares held by the Target Company.
- As at the Latest Practicable Date, all the 238,889,669 Shares held by the Target Company were charged to Premium Financial pursuant to the Existing Share Charge as a continuing security for the PF Loan. Premium Financial is presumed to be acting in concert with the Joint Offerors under Class (9) of the definition of “acting in concert” under the Takeovers Code. Premium Financial is direct wholly-owned by Sun Speed Holdings Limited, which in turn is direct wholly-owned by Mr. Qiu Yong. Under the SFO, each of Sun Speed Holdings Limited and Mr. Qiu Yong is deemed to be interested in the 238,889,669 Shares.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was aware of any person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had any interests in the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code), or interests and short positions in the Shares, underlying Shares and debentures of the Company which are required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the number of any class of issued share capital carrying rights to vote in all circumstances at a general meeting of the Company.

4. SHAREHOLDINGS AND DEALINGS IN SECURITIES

During the Relevant Period and as at the Latest Practicable Date,

- (i) none of the Company or any of the Directors was interested in any shares, convertible securities, warrants, options or derivatives in respect of the shares of any of the Joint Offerors, and the Company or any of the Directors had not dealt for value in any shares, convertible securities, warrants, options or derivatives of the Joint Offerors;
- (ii) none of the Directors had dealt for value in any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company;
- (iii) none of the subsidiaries of the Company, the pension fund of the Company or of its subsidiaries, a person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” 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 owned or controlled any shares or convertible securities, options, warrants or derivatives of the Company, or had dealt for value in any such securities of the Company during the Relevant Period;
- (iv) 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” under the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code, and no such person had owned, controlled or dealt for value in any Shares or any convertible securities, warrants, options or derivative of the Company during the Relevant Period;
- (v) no Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company were managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company and no such person had dealt for value in any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company during the Relevant Period;
- (vi) none of the Directors held any beneficial shareholdings in the Company which would otherwise entitle them to accept or reject the Offer; and
- (vii) there were no Shares or other securities of the Company carrying voting rights or convertible securities, warrants, options or derivatives of the Company which the Company and any Directors had borrowed or lent.

5. ARRANGEMENTS AFFECTING AND RELATING TO DIRECTORS

As at the Latest Practicable Date:

- (i) no benefit (other than statutory compensation) would be given to any Director as compensation for loss of office or otherwise in connection with the Offer;
- (ii) save for the SPA, there was no agreement or arrangement between any Director and any other person which was conditional or dependent upon the outcome of the Offer or otherwise connected with the Offer; and
- (iii) save for the SPA there was no material contract entered into by any of the Joint Offerors in which any Director had a material personal interest.

6. DIRECTORS' SERVICE CONTRACTS

Mr. Jiang Hao, as an executive Director, on 17 July 2021 renewed his service contract with the Company for a term of two year commencing from 17 July 2021, subject to termination by either party giving three-month's prior notice in writing. Pursuant to the service contract, Mr. Jiang will not receive monthly salary but he is entitled to annual discretionary management bonus determined by the Board.

Mr. Peng Zhi, as an executive Director, on 20 December 2021 renewed his service contract with the Company for a term of two year commencing from 20 December 2021, subject to termination by either party giving three-month's prior notice in writing. Pursuant to the service contract, the monthly salary of Mr. Peng under the service contract is HK\$120,000 and he is entitled to annual discretionary management bonus determined by the Board.

Mr. Xu Jie, as an executive Director, on 17 June 2021 renewed his service contract with the Company for a term of two year commencing from 17 June 2021, subject to termination by either party giving three-month's prior notice in writing. Pursuant to the service contract, the monthly salary of Mr. Xu under the service contract is RMB25,000 and he is entitled to annual discretionary management bonus determined by the Board.

Mr. Wang Jing, as an executive Director, on 17 July 2021 renewed his service contract with the Company for a term of two year commencing from 17 July 2021, subject to termination by either party giving three-month's prior notice in writing. Pursuant to the service contract, Mr. Wang will not receive monthly salary but he is entitled to annual discretionary management bonus determined by the Board.

Mr. Wong Chi Ho, as an executive Director, on 24 March 2021 renewed his service contract with the Company for a term of two year commencing from 24 March 2021, subject to termination by either party giving three-month's prior notice in writing. Pursuant to the service contract, the monthly salary of Mr. Wong under the service contract is HK\$100,000 and he is entitled to annual discretionary management bonus determined by the Board.

Mr. Shum Ngok Wa, as a non-executive Director, on 6 August 2021 entered into an appointment letter with the Company for a term of two year commencing from 11 August 2021, subject to termination by either party giving three-month's prior notice in writing. Pursuant to the appointment letter, Mr. Shum will not receive monthly remuneration but he is entitled to reimbursements of expenses reasonably incurred on a dollar to dollar basis in discharge of his duties as a Director. Save as disclosed herein, there has been no other variable remuneration payable to Mr. Shum.

Mr. Guo Dan, as an independent non-executive Director, on 20 June 2021 entered into an appointment letter with the Company for a term of two year commencing from 27 June 2021, subject to termination by either party giving three-month's prior notice in writing. Pursuant to the appointment letter, the monthly remuneration of Mr. Guo is HK\$20,000 and he is entitled to reimbursements of expenses reasonably incurred on a dollar to dollar basis in discharge of his duties as a Director. Save as disclosed herein, there has been no other variable remuneration payable to Mr. Guo.

Dr. Lin Tat Pang, as an independent non-executive Director, on 7 December 2021 entered into an appointment letter with the Company for a term of two year commencing from 21 December 2021, subject to termination by either party giving three-month's prior notice in writing. Pursuant to the appointment letter, the monthly remuneration of Dr. Lin is HK\$20,000 and he is entitled to reimbursements of expenses reasonably incurred on a dollar to dollar basis in discharge of his duties as a Director. Save as disclosed herein, there has been no other variable remuneration payable to Dr. Lin.

Ms. O Wai, as an independent non-executive Director, on 15 March 2021 entered into an appointment letter with the Company for a term of two year commencing from 15 March 2021, subject to termination by either party giving three-month's prior notice in writing. Pursuant to the appointment letter, the monthly remuneration of Ms. O is HK\$20,000 and she is entitled to reimbursements of expenses reasonably incurred on a dollar to dollar basis in discharge of her duties as a Director. Save as disclosed herein, there has been no other variable remuneration payable to Ms. O.

As at the Latest Practicable Date, save as disclosed above, none of the Directors had entered into, or proposed to enter into, any service contract (including both continuous and fixed term contracts) with the Company or any of its subsidiaries or associated companies which:

- (a) had been entered into or amended within 6 months before the commencement of the Offer Period;

- (b) was a continuous contract with a notice period of 12 months or more; or
- (c) was a fixed term contract with more than 12 months to run irrespective of the notice period.

7. MATERIAL CONTRACTS

There have been no material contracts (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 before the commencement of the Offer Period up to and including the Latest Practicable Date.

8. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration or claim of material importance and no litigation or claims of material importance was pending or threatened by or against the Company and any of its subsidiaries.

9. EXPERT'S QUALIFICATIONS AND CONSENTS

The following is the qualifications of the expert who has given opinion or advice which is contained in this Composite Document.

| Name | Qualifications |
|---|--|
| First Capital International Finance Limited | A licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO |

First Capital International Finance Limited has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion herein of its letter, report and/or references to its name, in the form and context in which it is included.

10. MISCELLANEOUS

- (a) The registered office of the Company is located at P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.
- (b) The head office and principal place of business of the Company in Hong Kong is located at Units 4108–4110, 41st Floor, Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Hong Kong.

- (c) The company secretary of the Company is Ms. Lee Ka Man who is an associate member of both The Chartered Governance Institute in the United Kingdom and The Hong Kong Chartered Governance Institute.
- (d) The Company's branch share registrar and transfer office in Hong Kong is Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (e) First Capital International Finance Limited is the Independent Financial Adviser and its registered address is located at Units 4501–02 & 12–13, 45/F, The Center, 99 Queen's Road Central, Hong Kong.
- (f) In case of inconsistency, the English text of this Composite Document and the Form of Acceptance shall prevail over the Chinese text.

1. RESPONSIBILITY STATEMENT

As at the Latest Practicable Date, the sole director of each of Mars Enterprise and Mars Development is Mr. Mai. The sole director of each of Mars Enterprise and Mars Development accepts full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Group, the Vendor and parties acting in concert with them), and confirms, having made all reasonable enquires, that to the best of his knowledge, opinions expressed in this Composite Document (other than the opinions expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement contained in this Composite Document misleading.

As at the Latest Practicable Date, the sole director of each of Zhong Zhao, Megacore International and Megacore Development is Mr. Zhang. The sole director of each of Zhong Zhao, Megacore International and Megacore Development accepts full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Group, the Vendor and parties acting in concert with them), and confirms, having made all reasonable enquires, that to the best of his knowledge, opinions expressed in this Composite Document (other than the opinions expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement contained in this Composite Document misleading.

2. MARKET PRICES

The table below shows the closing price of the Shares quoted on the Stock Exchange on (i) the last trading day in each of the calendar months during the Relevant Period; (ii) the immediate business day before the date of commencement of the Offer Period; (iii) the Last Trading Day; and (iv) the Latest Practicable Date.

APPENDIX IV GENERAL INFORMATION OF THE JOINT OFFERORS

| Date | Closing price per Share (HK\$) |
|--|---|
| 29 May 2020 | 0.40 |
| 30 June 2020 | 0.445 |
| 31 July 2020 | 0.40 |
| 31 August 2020 | 0.495 |
| 30 September 2020 | 0.465 |
| 30 October 2020 | 0.50 |
| 30 November 2020 | 0.59 |
| 31 December 2020 | 0.60 |
| 29 January 2021 | 0.68 |
| 26 February 2021 | 0.69 |
| 31 March 2021 | 0.68 |
| 30 April 2021 | 0.62 |
| 31 May 2021 | 0.64 |
| 30 June 2021 | 0.60 |
| 30 July 2021 | 0.56 |
| 31 August 2021 | 0.63 |
| 30 September 2021 | 0.79 |
| 29 October 2021 | 0.88 |
| 30 November 2021 | 1.01 |
| 31 December 2021 | 0.97 |
| 11 January 2022 (the Last Trading Day) | 1.13 |
| 31 January 2022 (also being the Latest Practicable Date) | 0.87 |

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$1.27 per Share on 13 January 2022 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.38 per Share on 18 June 2020 and 6 July 2020.

3. INTERESTS IN THE COMPANY AND THE JOINT OFFERORS AND ARRANGEMENTS IN CONNECTION WITH THE OFFER

As at the Latest Practicable Date, the Joint Offerors are collectively interested in the entire issued share capital of the Target Company, which in turn is interested in the aforementioned 238,889,669 Shares (representing approximately 74.75% of the issued Shares as at the Latest Practicable Date). In addition, upon Completion, the Joint Offerors have executed the Joint Offerors Share Charges in favour of Premium Financial pursuant to which the Joint Offerors agreed to charge, among others, all MGO Acquired Shares and the Joint Offerors Securities Cash Account to Premium Financial as security for the PF Loan.

APPENDIX IV GENERAL INFORMATION OF THE JOINT OFFERORS

As at the Latest Practicable Date, details of the interests in the Shares, underlying Shares, debentures or other securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company held or controlled by the Joint Offerors and their respective ultimate beneficial owners and parties acting in concert with any of them were as follows:

| Name of Shareholder | Capacity | Number of Shares held | Approximate percentage of interest in the issued share capital of the Company |
|---|--|--------------------------|--|
| Target Company | Beneficial owner | 238,889,669 | 74.75% |
| Mr. Mai (<i>Note 1</i>) | Interests of controlled corporation | 238,889,669 | 74.75% |
| Mr. Zhang (<i>Note 1</i>) | Interests of controlled corporation | 238,889,669 | 74.75% |
| Premium Financial (<i>Note 2</i>) | Person having a security interest in shares | 238,889,669 | 74.75% |
| Sun Speed Holdings Limited (<i>Note 2</i>) | Security interest through interests of controlled corporation | 238,889,669 | 74.75% |
| Mr. Qiu Yong (<i>Note 2</i>) | Security interest through interests of controlled corporation | 238,889,669 | 74.75% |

Notes:

- As at the Latest Practicable Date, the Target Company is owned as to 60% and 40% by Mars Development and Megacore Development respectively. Mars Development is a direct wholly-owned subsidiary of Mars Enterprise, which in turn is wholly-owned by Mr. Mai. Megacore Development is a direct wholly-owned subsidiary of Megacore International, which in turn is a direct wholly-owned subsidiary of Zhong Zhao, which in turn is direct wholly-owned by Mr. Zhang. On 12 January 2022, Mr. Mai and Mr. Zhang entered into the Deed of Concert Parties to acknowledge and confirm their acting-in-concert relationship. Under the SFO, each of Mars Development, Megacore Development, Mars Enterprise, Megacore International, Zhong Zhao, Mr. Mai and Mr. Zhang is deemed to be interested in the 238,889,669 Shares held by the Target Company.
- As at the Latest Practicable Date, all the 238,889,669 Shares held by the Target Company were charged to Premium Financial pursuant to the Existing Share Charge as a continuing security for the PF Loan. Premium Financial is presumed to be acting in concert with the Joint Offerors under Class (9) of the definition of “acting in concert” under the Takeovers Code. Premium Financial is direct wholly-owned by Sun Speed Holdings Limited, which in turn is direct wholly-owned by Mr. Qiu Yong. Under the SFO, each of Sun Speed Holdings Limited and Mr. Qiu Yong is deemed to be interested in the 238,889,669 Shares.

APPENDIX IV GENERAL INFORMATION OF THE JOINT OFFERORS

Save as disclosed above, each of the Joint Offerors confirms that as at the Latest Practicable Date:

- (a) save for a total of 238,889,669 Shares (representing approximately 74.75% of the issued Shares), none of the Joint Offerors or the Joint Offerors' Concert Parties owned or has control or direction over any voting rights or rights over the Shares or convertible securities, options, warrants or derivatives of the Company;
- (b) there was no outstanding derivative in respect of securities in the Company which was owned, controlled or directed by, or has been entered into by the Joint Offerors and/or any the Joint Offerors' Concert Parties;
- (c) save for the Transaction, there was no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code existed between the Joint Offerors or Joint Offerors' Concert Parties or other associates of the Joint Offerors on the one hand and any other person on the other;
- (d) there is no agreement or arrangement to which any of the Joint Offerors or the Joint Offerors' Concert Parties is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;
- (e) save for the Third Supplemental Agreement and the Joint Offerors Share Charges pursuant to which all MGO Acquired Shares and the Joint Offerors Securities Cash Account shall be charged by the Joint Offerors to Premium Financial as security for the PF Loan, there was no other agreement, arrangement or understanding which may result in the securities of the Company to be acquired pursuant to the Offer being transferred, charged or pledged to any other persons;
- (f) save for the Transaction, there is no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Joint Offerors or any of the Joint Offerors' Concert Parties on the one hand, and the Vendor and parties acting in concert with it on the other hand;
- (g) there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (1) any Shareholder; and (2)(a) the Joint Offerors or any of the Joint Offerors' Concert Parties; or (2)(b) the Company, its subsidiaries or associated companies;
- (h) save for the Transaction, there is no other consideration, compensation or benefit in whatever form paid or to be paid by the Joint Offerors or any of the Joint Offerors' Concert Parties to the Vendor and parties acting in concert with it in respect of the Sale Shares;
- (i) there was no benefit given or to be given to any Director as compensation for loss of office or otherwise in connection with the Offer; and

APPENDIX IV GENERAL INFORMATION OF THE JOINT OFFERORS

- (j) save as disclosed under the paragraph headed “9. Proposed Change to the Board Composition” in the Letter from Hooray Securities, there was no agreement, arrangement or understanding (including any compensation arrangement) exists between the Joint Offerors or any of the Joint Offerors’ Concert Parties and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Offer.

4. DEALING IN SECURITIES AND ARRANGEMENTS IN RELATION TO DEALINGS

Save for the Transaction, the Existing Share Charge and the Joint Offerors Share Charges, during the Relevant Period:

- (a) none of the Joint Offerors and the Joint Offerors’ Concert Parties had dealt for value in any Shares, options, derivatives, warrants or other securities convertible into Shares;
- (b) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Joint Offerors or any person acting in concert with it;
- (c) the Joint Offerors and the Joint Offerors’ Concert Parties have not received any irrevocable commitment to accept or reject the Offer; and
- (d) the Joint Offerors and the Joint Offerors’ Concert Parties have not borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

5. EXPERTS’ QUALIFICATIONS AND CONSENTS

In addition to the Company’s experts listed in paragraph headed “9. Expert’s qualifications and consents” of Appendix III to this Composite Document, the following parties are the professional adviser whose letters, opinions or advice are contained or referred to in this Composite Documents:

| Name | Qualifications |
|-------------------|---|
| Hooray Capital | A licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO |
| Hooray Securities | A licensed corporation to carry out type 1 (dealing in securities) regulated activity under the SFO |

Each of Hooray Securities and Hooray Capital has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion herein of its letter, opinions or advice and references to its names in the form and context in which it appears.

APPENDIX IV GENERAL INFORMATION OF THE JOINT OFFERORS

As at the Latest Practicable Date, neither Hooray Securities or Hooray Capital have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

6. GENERAL

As at the Latest Practicable Date:

- (a) The sole director of Mars Development is Mr. Mai. Mars Development is a direct wholly-owned subsidiary of Mars Enterprise, which in turn is wholly-owned by Mr. Mai. The registered office of Mars Development is situated at Sea Meadow House, Blackburne Highway, (P.O. Box 116), Road Town, Tortola, British Virgin Islands. The correspondence address of Mars Development and Mr. Mai is Tas Corporation Services Limited of Room 806, 8th Floor, Alliance Building, 130-136 Connaught Road Central, Hong Kong.
- (b) The sole director of Megacore Development is Mr. Zhang. Megacore Development is a direct wholly-owned subsidiary of Megacore International, which in turn is a direct wholly-owned subsidiary of Zhong Zhao, which in turn is direct wholly-owned by Mr. Zhang. The registered office of Megacore Development is situated at Sea Meadow House, Blackburne Highway, (P.O. Box 116), Road Town, Tortola, British Virgin Islands. The correspondence address of Megacore Development and Mr. Zhang is Tas Corporation Services Limited of Room 806, 8th Floor, Alliance Building, 130-136 Connaught Road Central, Hong Kong.
- (c) The directors of Premium Financial are Mr. Qiu Yong and Mr. Shum Ngok Wa. Premium Financial is a direct wholly-owned subsidiary of Sun Speed Holdings Limited, which in turn is directly wholly-owned by Mr. Qiu Yong. The registered office of Premium Financial is situated at 1403, 14/F, Tung Ning Building, No.2 Hillier Street, Sheung Wan, Hong Kong. The correspondence address of Mr. Qiu Yong is 1403, 14/F, Tung Ning Building, No.2 Hillier Street, Sheung Wan, Hong Kong.
- (d) The directors of Henter Finance are Mr. Tam Jin Rong and Mr. Tam Pei Qiang. Henter Finance is (i) directly owned as to 99% by Henter Group Limited, which is in turn direct wholly owned by Mr. Tam Jin Rong; and (ii) directly owned as to 1% by Mr. Tam Pei Qiang. The registered office of Henter Finance is Flat 6, 28/F, Singga Commercial Center, 148 Connaught Road West, Hong Kong. The correspondence address of each of Mr. Tam Jin Rong and Mr. Tam Pei Qiang is Flat 6, 28/F, Singga Commercial Center, 148 Connaught Road West, Hong Kong.
- (e) The registered office of each of Hooray Securities and Hooray Capital is situated at 1/F Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong.
- (f) The registered office of Zhong Zhao is Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (g) In the event of inconsistency, the English text of this Composite Document and the Form of Acceptance shall prevail over the Chinese text.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (i) during normal business hours from 9:30 a.m. to 5:00 p.m. on a Business Day at the principal place of business of the Company in Hong Kong at Units 4108–4110, 41st Floor, Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Hong Kong; (ii) on the website of SFC (www.sfc.hk); and (iii) on the website of the Company at (<https://www.hnatechinv.com>), from the date of this Composite Document for so long as the Offer remains open for acceptance:

- (i) the memorandum and articles of association of each of the Joint Offerors;
- (ii) the amended and restated memorandum and articles of association of the Company;
- (iii) the annual reports of the Company for the three financial years ended 31 December 2018, 2019 and 2020;
- (iv) the interim report of the Company for the six months ended 30 June 2021;
- (v) the letter from Hooray Securities, the text of which is set out on pages 11 to 29 of this Composite Document;
- (vi) the letter from the Board, the text of which is set out on pages 30 to 36 of this Composite Document;
- (vii) the letter from the Independent Board Committee, the text of which is set out on pages 37 to 38 of this Composite Document;
- (viii) the letter from the Independent Financial Adviser, the text of which is set out on pages 39 to 66 of this Composite Document;
- (ix) the written consents referred to in the section headed “9. Expert’s qualifications and consents” in Appendix III to this Composite Document;
- (x) the written consents referred to in the section headed “5. Experts’ qualifications and consents” in Appendix IV to this Composite Document;
- (xi) the service contracts referred to in the section headed “6. Directors’ service contracts” in Appendix III to this Composite Document;
- (xii) this Composite Document and the accompanying Form of Acceptance;
- (xiii) the Deed of Concert Parties; and
- (xiv) the financing agreement entered into between Mr. Zhang and Henter Finance in respect of the HT Loan.