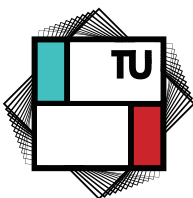

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in **Times Universal Group Holdings Limited**, you should at once hand this Response Document to the purchaser(s) or transferee(s) or the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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



TIMES UNIVERSAL GROUP HOLDINGS LIMITED

時代環球集團控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 2310)

**RESPONSE DOCUMENT RELATING TO
MANDATORY UNCONDITIONAL CASH OFFER BY
ELSTONE SECURITIES LIMITED
FOR AND ON BEHALF OF
GREAT MATCH INTERNATIONAL LIMITED
TO ACQUIRE ALL THE ISSUED SHARES IN
TIMES UNIVERSAL GROUP HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED
TO BE ACQUIRED BY
GREAT MATCH INTERNATIONAL LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

Financial Adviser to the Company



紅日資本有限公司

RED SUN CAPITAL LIMITED

Independent Financial Adviser to the Independent Board Committee



Astrum Capital Management Limited

Capitalised terms used on this cover shall have the same meanings as those defined in this Response Document.

A letter from the Board is set out on pages 6 to 14 of this Response Document. A letter from the Independent Board Committee to the Independent Shareholders containing its recommendations is set out on pages 15 to 16 of this Response Document. A letter from the Independent Financial Adviser containing its advice in respect of the Offer to the Independent Board Committee is set out on pages 17 to 50 of this Response Document.

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EXPECTED TIMETABLE

The expected timetable of the Offer together with the notes thereto below is extracted from the Offer Document (with appropriate adjustments) for reference.

The timetable set out below is indicative only and may be subject to changes. Further announcement(s) will be made in the event of any changes to the timetable as and when appropriate. All references to time and date contained in the Offer Document and the accompanying Form of Acceptance refer to Hong Kong times and dates.

Event	Time and Date
Despatch date of the Offer Document and the accompanying Form of Acceptance and commencement date of the Offer (<i>Note 1</i>)	Friday, 21 January 2022
Date of the posting of this Response Document (<i>Note 2</i>)	Friday, 11 March 2022
Latest time and date for acceptance of the Offer (<i>Notes 2, 3, 4 and 6</i>)	4:00 p.m. on Friday, 25 March 2022
Closing Date (<i>Notes 2, 3, 4 and 6</i>)	Friday, 25 March 2022
Announcement of the results of the Offer (or its extension or revision, if any) to be posted on the website of the Stock Exchange and the Company (<i>Notes 2, 3 and 6</i>)	no later than 7:00 p.m. on Friday, 25 March 2022
Latest date for posting of remittances for the amount due in respect of valid acceptances received under the Offer on or before 4:00 p.m. on the Closing Date (<i>Notes 2, 5 and 6</i>)	Wednesday, 6 April 2022

Notes:

1. The Offer, which is unconditional, was made on Friday, 21 January 2022 (being the date of posting of the Offer Document), and is capable of acceptance on and from that date until 4:00 p.m. on the Closing Date.
2. In accordance with the Takeovers Code, the Company is required to post the Response Document within 14 days from the posting of the Offer Document, unless the Executive consents to a later date and the Offeror agrees to extend the closing date by the number of days in respect of which the delay in the posting of the Response Document is agreed. As disclosed in the announcement of the Company dated 28 January 2022, an application has been made to the Executive pursuant to Rule 8.4 of the Takeovers Code for its consent to extend the deadline for the despatch of the Response Document to a date falling on or before 25 February 2022 as additional time is required to finalise the information to be contained in the Response Document including but not limited to the financial information and property valuation. The Offeror agreed to such

EXPECTED TIMETABLE

extension and the Executive has given such consent. As disclosed in the announcement of the Company dated 25 February 2022, an application has been made to the Executive pursuant to Rule 8.4 of the Takeovers Code for its consent to extend the deadline for the despatch of the Response Document to a date falling on or before 11 March 2022 as additional time is required for the preparation of the financial information, the property valuation and the letter from the Independent Financial Adviser to be contained in this Response Document. The Offeror agreed to such extension and the Executive has given such consent.

3. In accordance with the Takeovers Code, where this Response Document is posted after the date on which the Offer Document is posted, the Offer must initially be open for acceptance for at least 28 days following the date on which the Offer Document is posted. The latest time and date for acceptance of the Offer is 4:00 p.m. on Friday, 25 March 2022 unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. An announcement will be issued on the website of the Stock Exchange and the Company by 7:00 p.m. on the Closing Date, stating whether the Offer has been extended, revised or expired. In the event that the Offeror decides 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 in accordance with the Takeovers Code.
4. Beneficial owners of Shares who hold their Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements (as set out in Appendix I to the Offer Document) for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures.
5. Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty in respect of acceptances of the Offer) payable for the Offer Shares under the Offer will be despatched to the accepting Independent Shareholder(s) (to the address specified on the relevant Form of Acceptance) by ordinary post at his/her/its own risk as soon as possible, but in any event within seven (7) Business Days following the date of receipt by the Registrar of all the relevant documents to render the acceptance under the Offer complete and valid.
6. If there is a tropical cyclone warning signal number 8 or above, or a "black rainstorm warning" or "extreme condition" caused by super typhoon:
 - (i) 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 will remain at 4:00 p.m. on the same Business Day and the posting of remittances will remain on the same Business Day; or
 - (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offer or the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances, as the case may be, will be rescheduled to 4:00 p.m. on the following Business Day.

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

DEFINITIONS

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

“2019 Annual Report”	the annual report of the Company for the year ended 31 December 2019
“2020 Annual Report”	the annual report of the Company for the year ended 31 December 2020
“2021 Interim Report”	the interim report of the Company for the six months ended 30 June 2021
“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“associate(s)”	has the meaning ascribed thereto under the Takeovers Code
“Board”	the board of Directors
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“CCASS”	the Central Clearing and Settlement System established and operated by the Hong Kong Securities Clearing Company Limited
“Closing Date”	Friday, 25 March 2022, the closing date of the Offer, or if the Offer is extended, any subsequent closing date as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code
“Company”	Times Universal Group Holdings Limited, a company incorporated in Hong Kong with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange (stock code: 2310)
“Director(s)”	director(s) of the Company
“Elstone Capital”	Elstone Capital Limited, a corporation licensed by the SFC to conduct Type 6 (advising on corporate finance) regulated activity under the SFO, being the financial adviser to the Offeror in respect of the Offer

DEFINITIONS

“Elstone Securities”	Elstone Securities Limited, a corporation licensed by the SFC to conduct Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO, being the agent making the Offer on behalf of the Offeror
“Encumbrance”	any claim, option, charge (fixed or floating), mortgage, lien, pledge, equity, adverse interest, encumbrance, right to acquire, right of pre-emption, right of first refusal, title retention or any other third party right, or other security interest or any agreement or arrangement having a similar effect or any agreement to create any of the foregoing
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“Form of Acceptance”	the form of acceptance and transfer of the Offer Shares in respect of the Offer accompanying the Offer Document
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors, namely, Ms. LAI Cheuk Yu Cherrie, Mr. TING Wong Kacee and Dr. LOKE Yu (alias Loke Hoi Lam), established for the purpose of advising the Independent Shareholders in respect of the Offer
“Independent Financial Adviser” or “Astrum Capital”	Astrum Capital Management Limited, a corporation licensed by the SFC to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the independent financial adviser engaged by the Company to advise the Independent Board Committee in respect of the Offer with the approval from the Independent Board Committee
“Independent Property Valuer” or “Roma”	Roma Appraisals Limited, an independent qualified property valuer appointed by the Company
“Independent Shareholder(s)”	the Shareholders other than the Offeror and parties acting in concert with it

DEFINITIONS

“Joint Announcement”	the joint announcement issued by the Offeror and the Company dated 31 December 2021 in relation to, among other things, the sale and purchase of the Sale Shares and the Offer
“Last Trading Day”	24 December 2021, being the last trading day of the Shares on the Stock Exchange prior to the halt of trading in the Shares pending the release of the Joint Announcement
“Latest Practicable Date”	Tuesday, 8 March 2022, being the latest practicable date prior to the printing of this Response Document for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Cheng”	Mr. Cheng Ting Kong, the owner of the entire issued share capital of Rich Vision
“Mr. Choi”	Mr. Choi Yun Chor, the ultimate sole shareholder and the sole director of the Offeror and the co-chairman and an executive Director of the Company
“Offer”	the mandatory unconditional cash offer being made by Elstone Securities on behalf of the Offeror to acquire all the Offer Shares
“Offer Document”	the offer document despatched to the Independent Shareholders on 21 January 2022 in connection with the Offer in accordance with the Takeovers Code containing, among others, information relating to the Offeror, the details of the Offer and the Form of Acceptance
“Offer Period”	the period commencing from 31 December 2021, being the date of the Joint Announcement, until the Closing Date, or such other time and/or date to which the Offeror may decide to extend or revise the Offer in accordance with the Takeovers Code
“Offer Price”	HK\$0.072 per Offer Share
“Offer Share(s)”	all the issued Shares (other than those already beneficially owned or agreed to be acquired by the Offeror and parties acting in concert with it)

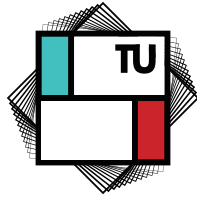
DEFINITIONS

“Offeror”	Great Match International Limited, a company incorporated in the British Virgin Islands with limited liabilities which is ultimately wholly and beneficially owned by Mr. Choi
“Overseas Shareholder(s)”	Independent Shareholders whose addresses as shown on the register of members of the Company are outside Hong Kong
“PRC”	the People’s Republic of China, for the purpose of this Response Document, shall exclude Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Red Sun Capital”	Red Sun Capital Limited, a corporation licensed by the SFC to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the financial adviser to the Company in respect of the Offer
“Registrar”	Tricor Standard Limited, the share registrar and transfer office of the Company, with its address at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Relevant Period”	the period from 30 June 2021, being the date falling six months preceding the date of the Joint Announcement, up to and including the Latest Practicable Date
“Response Document”	this response document dated 11 March 2022 issued by the Company in response to the Offer
“Rich Vision”	Rich Vision Developments Limited, a company incorporated in the British Virgin Islands with limited liability which is ultimately wholly and beneficially owned by Mr. Cheng
“Sale Shares”	the 379,683,837 Shares transferred to the Offeror from Rich Vision
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) in the share capital of the Company

DEFINITIONS

“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



TIMES UNIVERSAL GROUP HOLDINGS LIMITED

時代環球集團控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 2310)

Executive Directors:

Ms. YEUNG So Mui
Mr. CHOI Yun Chor
Mr. NG Kwai Wah Sunny
Mr. CHEN Jian
Mr. TAI Kwok Keung Kenny
Mr. LIN Junwei

*Registered Office and Principal Place
of Business in Hong Kong:*

Unit 3002, 30/F
Workington Tower
78 Bonham Strand East
Sheung Wan, Hong Kong

Independent non-executive Directors:

Ms. LAI Cheuk Yu Cherrie
Mr. TING Wong Kacee
Dr. LOKE Yu (alias Loke Hoi Lam)

11 March 2022

To the Shareholders

Dear Sir/Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
ELSTONE SECURITIES LIMITED
FOR AND ON BEHALF OF
GREAT MATCH INTERNATIONAL LIMITED
TO ACQUIRE ALL THE ISSUED SHARES IN
TIMES UNIVERSAL GROUP HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED
TO BE ACQUIRED BY
GREAT MATCH INTERNATIONAL LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

LETTER FROM THE BOARD

INTRODUCTION

Reference is made to the Joint Announcement. On 24 December 2021, after the trading hours, Rich Vision has sold and the Offeror has purchased an aggregate of 379,683,837 Sale Shares, representing approximately 34.74% of the total issued share capital of the Company as at the date of the Joint Announcement. The consideration for the Sale Shares is HK\$27,337,236.26, which is equivalent to approximately HK\$0.072 per Sale Share. Completion of the sale and purchase of the Sale Shares took place on 28 December 2021.

Before completion of the sale and purchase of the Sale Shares, the Offeror was interested in 379,683,837 Shares, representing approximately 34.74% of the total issued share capital of the Company as at the date of the Joint Announcement. The Offeror is wholly-owned by Mr. Choi. Upon completion of the sale and purchase of the Sale Shares and as at the date of the Joint Announcement, the Offeror and parties acting in concert with it are interested in a total of 759,367,674 Shares, representing approximately 69.48% of the total issued share capital of the Company.

Pursuant to Rule 26.1 of the Takeovers Code, upon completion of the sale and purchase of the Sale Shares, the Offeror is required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it).

On 21 January 2022, the Offeror despatched the Offer Document and the Form of Acceptance setting out details of the Offer.

As at the Latest Practicable Date, taken consideration into valid acceptances as at 8 March 2022 in respect of a total of 17,552,000 Offer Shares under the Offer, the Offeror and parties acting in concert with it are interested in a total of 776,919,674 Shares, representing approximately 71.09% of the total issued share capital of the Company.

The purpose of this Response Document is to provide you with, among others, information relating to the Group, the recommendation from the Independent Board Committee, the advice from the Independent Financial Adviser in respect of the Offer and the valuation report issued by the Independent Property Valuer.

THE OFFER

The information relating to the Offer below is extracted from the Offer Document.

LETTER FROM THE BOARD

Principal terms of the Offer

Elstone Securities is making the Offer, for and on behalf of the Offeror, to acquire all the Offer Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) in compliance with the Takeovers Code and on the terms set out below:

For each Offer ShareHK\$0.072 in cash

The Offer Price of HK\$0.072 per Offer Share is approximately equal to but not lower than the price per Sale Share paid by the Offeror to Rich Vision.

The Offeror confirms that the Offer Price is final and will not be increased.

The Offer is unconditional in all respects.

Comparison of value

The Offer Price of HK\$0.072 represents:

- (i) the closing price of HK\$0.072 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) the closing price of HK\$0.072 per Share as quoted on the Stock Exchange on 23 December 2021, being the last full trading day prior to the Last Trading Day;
- (iii) the closing price of HK\$0.072 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iv) the average closing price as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day of approximately HK\$0.072 per Share;
- (v) a discount of approximately 2.70% to the average of the closing prices as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.074 per Share;
- (vi) a discount of approximately 8.86% to the average of the closing prices as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.079 per Share;
- (vii) a discount of approximately 26.53% to the average of the closing prices as quoted on the Stock Exchange for the 90 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.098 per Share;

LETTER FROM THE BOARD

- (viii) a premium of approximately 118.18% over the audited consolidated net asset value attributable to the owners of the Company of approximately HK\$0.033 per Share (based on the total number of the issued Shares as at the Latest Practicable Date) as at 31 December 2020, being the date to which the latest published audited financial results of the Group were made up; and
- (ix) a premium of approximately 148.28% over the unaudited consolidated net asset value attributable to the owners of the Company of approximately HK\$0.029 per Share (based on the total number of the Shares as at the Latest Practicable Date) as at 30 June 2021.

Highest and lowest Share prices

The lowest and highest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK\$0.07 per Share (on 17 December 2021) and HK\$0.136 per Share (on 17 January 2022), respectively.

Payment

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

Value of the Offer

Based on the Offer Price of HK\$0.072 per Offer Share and 1,092,877,195 Shares in issue as at the Latest Practicable Date, the entire issued share capital of the Company is valued at HK\$78,687,158.04.

On the basis that there will be no change in the issued share capital of the Company from the Latest Practicable Date to the Closing Date and excluding the total of 776,919,674 Shares held by the Offeror and the parties acting in concert with it, a total of 315,957,521 Shares will be subject to the Offer and the value of the Offer is approximately HK\$22,748,941.512.

Further details of the Offer

Please refer to the Offer Document and the Form of Acceptance for further details of the terms of the Offer and the procedure for acceptance.

LETTER FROM THE BOARD

INFORMATION ON THE GROUP

The Company is a company incorporated in Hong Kong with limited liability, the Shares of which are currently listed on the main board of the Stock Exchange (stock code: 2310). The Group is principally engaged in hotel operation and provision of properties management services.

Set out below is the summary of the financial information of the Group for the financial years ended 31 December 2018, 2019 and 2020 as extracted from the 2019 Annual Report and the 2020 Annual Report:

	2020	For the year ended 31 December	
	HK\$'000	2019	2018
	(audited)	HK\$'000	HK\$'000
		(audited and restated)	(audited)
Revenue	58,803	92,228	94,582
Loss before taxation	(79,969)	(30,816)	(20,584)
Loss for the year attributable to equity shareholders of the Company	(78,780)	(30,444)	(21,820)
Total assets	190,920	218,406	205,677
Total equity attributable to equity shareholders of the Company	35,726	61,120	64,119

The Company has no plan to declare any dividend during the Offer Period. During the Offer Period and up to and including the Latest Practicable Date, there is no outstanding dividend declared but not yet paid.

Further details of the Group's financial information are set out in Appendix I to this Response Document.

LETTER FROM THE BOARD

SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) immediately prior to the completion of the sale and purchase of the Sale Shares; (ii) immediately after the completion of the sale and purchase of the Sale Shares and as at the date of the joint announcement; and (iii) as at the Latest Practicable Date:

	Immediately prior to the completion of the sale and purchase of the Sale Shares		Immediately after the completion of the sale and purchase of the Sale Shares and as at the date of the Joint Announcement		As at the Latest Practicable Date	
	<i>Number of Shares</i>	<i>Approximately %</i>	<i>Number of Shares</i>	<i>Approximately %</i>	<i>Number of Shares</i>	<i>Approximately %</i>
The Offeror (<i>Note 1</i>)	379,683,837	34.74	759,367,674	69.48	776,919,674	71.09
Rich Vision (<i>Note 2</i>)	379,683,837	34.74	–	–	–	–
The Offeror and parties acting in concert with it	759,367,674	69.48	759,367,674	69.48	776,919,674	71.09
Public Shareholders	333,509,521	30.52	333,509,521	30.52	315,957,521	28.91
Total	1,092,877,195	100.00	1,092,877,195	100.00	1,092,877,195	100.00

Notes:

- The Offeror is a company incorporated in the British Virgin Islands with limited liability and is wholly and beneficially owned by Mr. Choi.
- Rich Vision is a company incorporated in the British Virgin Islands with limited liability and is wholly and beneficially owned by Mr. Cheng.

INFORMATION OF THE OFFEROR

The Offeror is incorporated in the British Virgin Islands with limited liabilities, and is an investment holding company ultimately wholly and beneficially owned by Mr. Choi, who is also the sole director of the Offeror. Mr. Choi is the co-chairman of the Board and an executive Director.

INTENTION OF THE OFFEROR REGARDING THE GROUP

Both prior to and after completion of the sale and purchase of the Sale Shares, the Offeror is the controlling Shareholder (as defined under the Listing Rules). As at the Latest Practicable Date, the Offeror intends to continue the existing principal business of the Group. The Offeror will conduct a review of the existing principal businesses and the financial position of the Group for the purpose of formulating business plans and strategies for the future business development of the Group. Subject to the results of the review, the Offeror may explore other business opportunities and consider whether any asset disposals, asset acquisitions, business rationalization, business divestment, fund raising, restructuring of the business and/or business

LETTER FROM THE BOARD

diversification will be appropriate in order to enhance the long-term growth potential of the Group. Should such corporate actions materialise, further announcement(s) will be made in accordance with the Listing Rules. As at the Latest Practicable Date, the Offeror has yet to identify or enter into discussions or negotiations with any parties and has no intention or plan with respect to business opportunities or acquisitions or disposals.

Save for the Offeror's intention regarding the Group as set out above and save as disclosed in the section headed "Proposed Change to the Board Composition of the Company" below, the Offeror has no intention to discontinue the employment of the employees or to dispose of or redeploy the assets of the Group other than those in its ordinary course of business. The Offeror also intends to continue the existing principal business of the Group immediately following completion of the sale and purchase of the Sale Shares.

The Board is aware of the intention of the Offeror in respect of the Group and its employees as stated in the Offer Document.

PROPOSED CHANGE TO THE BOARD COMPOSITION OF THE COMPANY

As disclosed in the Offer document, as at the latest practicable date of the Offer Document, being 18 January 2022, the Offeror has not decided on the future composition of the Board. Ms. Yeung So Mui will resign as an executive Director and all other offices and positions held in the Group (including membership in any committees under the Board) with effect from a date which is no earlier than such date as permitted under Rule 7 of the Takeovers Code (i.e. the Closing Date).

Any changes to the Board will be made in compliance with the Takeovers Code, the Listing Rule and the articles of association of the Company, further announcement(s) will be made in this regard as and when appropriate.

PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the 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 until the prescribed level of public float is restored.

As stated in the Offer Document, the Offeror intends the Company to remain listed on the Stock Exchange after the close of the Offer. The Offeror does not intend to avail itself of any powers of compulsory acquisition of any Shares outstanding after the close of the Offer.

The sole director of the Offeror has undertaken and will procure the new Directors to be appointed to the Board (if any) to jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares, such as disposal of Shares held by the Offeror or parties acting in concert with it and/or issue of additional Shares by the Company for this purpose.

LETTER FROM THE BOARD

The Company and the Offeror will issue further announcement(s) as and when necessary in this regard.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors, namely Ms. LAI Cheuk Yu Cherrie, Mr. TING Wong Kacee and Dr. LOKE Yu (alias Loke Hoi Lam), who have no direct or indirect interest in the Offer, has been established by the Company in accordance with Rule 2.1 and Rule 2.8 of the Takeovers Code to make a recommendation to the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer.

Astrum Capital has been appointed as the Independent Financial Adviser with the approval of the Independent Board Committee to advise the Independent Board Committee in connection with the Offer.

CONFLICT OF INTEREST

As at the Latest Practicable Date, Mr. Choi, the co-chairman and an executive Director of the Company, is interested in the entire issued share capital of the Offeror. To avoid conflict of interest, Mr. Choi does not join the remainder of the Board in giving their views on the Offer as set out in this letter.

RECOMMENDATION

Your attention is drawn to (i) the “Letter from the Independent Board Committee” on pages 15 to 16 of this Response Document, which sets out the recommendations from the Independent Board Committee to the Independent Shareholders in relation to the Offer; (ii) the “Letter from Independent Financial Adviser” on pages 17 to 50 of this Response Document, which sets out its advice to the Independent Board Committee in respect of the Offer and, in particular, as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer; and (iii) the “Property Valuation Report” issued by Roma on pages III-1 to III-7 of this Response Document.

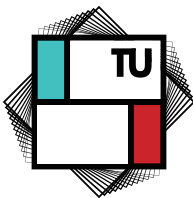
Based on the circumstances of the Company as at the Latest Practicable Date and having considered the terms of the Offer, intention of the Offeror regarding the Group and the advice from the Independent Financial Adviser, the Board considers that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned after taking into account the principal factors and reasons as set out in the letter from the Independent Financial Adviser in this Response Document. Accordingly, the Board recommends that the Independent Shareholders to accept the Offer.

LETTER FROM THE BOARD

Independent Shareholders are reminded to read the recommendations of the Independent Board Committee and the advice of the Independent Financial Adviser in respect of the Offer which are included in the “Letter from the Independent Board Committee” and the “Letter from the Independent Financial Adviser” as contained in this Response Document. Independent Shareholders are urged to read those letters carefully before taking any action in respect of the Offer.

Yours faithfully,
By order of the Board
TIMES UNIVERSAL GROUP HOLDINGS LIMITED
TAI Kwok Keung Kenny
Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



TIMES UNIVERSAL GROUP HOLDINGS LIMITED

時代環球集團控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 2310)

11 March 2022

To the Independent Shareholders

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
ELSTONE SECURITIES LIMITED
FOR AND ON BEHALF OF
GREAT MATCH INTERNATIONAL LIMITED
TO ACQUIRE ALL THE ISSUED SHARES IN
TIMES UNIVERSAL GROUP HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED
TO BE ACQUIRED BY
GREAT MATCH INTERNATIONAL LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

We refer to the Response Document dated 11 March 2022 issued by the Company, of which this letter forms part. Unless the context requires otherwise, terms used in this letter shall have the same meaning as those defined in the Response Document.

We have been appointed as members of the Independent Board Committee to consider the terms of the Offer and to give recommendations to the Independent Shareholders on the Offer. Astrum Capital Management Limited has been appointed as the independent financial adviser with the approval from the Independent Board Committee to advise us in this respect. Details of its advice and the principal factors and reasons taken into consideration in arriving at its advice are set out in the “Letter from Independent Financial Adviser” on pages 17 to 50 of this Response Document.

We also wish to draw your attention to the “Letter from the Board” and the additional information set out in the appendices to the Response Document, including the valuation report issued by Roma Appraisals Limited, being the Independent Property Valuer.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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.

RECOMMENDATION

Having considered the terms of the Offer and the advice from Astrum Capital Management Limited, in particular the factors, reasons and recommendations as set out in the “Letter from the Independent Financial Adviser”, we concur with the view of Astrum Capital Management Limited and consider that the terms of the Offer to be fair and reasonable so far as the Independent Shareholders are concerned, and recommend the Independent Shareholders to accept the Offer.

We would also like to remind the Independent Shareholders who intend to accept the Offer to closely monitor the market price and liquidity of the Shares during the Offer Period, and consider selling their Shares in the open market, where possible, instead of accepting the Offer, if the net proceeds from such sales exceed the net amount receivable under the Offer.

Notwithstanding our recommendations, the Independent Shareholders are strongly advised that their decision to realise or to hold their investment in the Company depends on their own individual circumstances and investment objectives. If in any doubt, the Independent Shareholders should consult their own professional advisers for professional advice.

Yours faithfully,
For and on behalf of
Independent Board Committee

Ms. LAI Cheuk Yu Cherrie
*Independent non-executive
Director*

Mr. TING Wong Kacee
*Independent non-executive
Director*

Dr. LOKE Yu
(alias Loke Hoi Lam)
*Independent non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the text of a letter by Astrum Capital Management Limited, the Independent Financial Adviser to the Independent Board Committee in respect of the Offer for the purpose of inclusion in this Response Document.



Room 2704, 27/F, Tower 1, Admiralty Centre,
18 Harcourt Road, Admiralty, Hong Kong

11 March 2022

*To the Independent Board Committee of
Times Universal Group Holdings Limited*

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
ELSTONE SECURITIES LIMITED FOR AND ON BEHALF OF
GREAT MATCH INTERNATIONAL LIMITED
TO ACQUIRE ALL THE ISSUED SHARES IN
TIMES UNIVERSAL GROUP HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY
GREAT MATCH INTERNATIONAL LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to our engagement as the independent financial adviser to make recommendations to the independent board committee (the “**Independent Board Committee**”) of Times Universal Group Holdings Limited (the “**Company**”) in relation to the mandatory unconditional cash offer (the “**Offer**”) for all the issued shares of the Company (other than those already owned or agreed to be acquired by Great Match International Limited (the “**Offeror**”) and parties acting in concert with it) being made by Elstone Securities Limited (“**Elstone Securities**”) for and on behalf of the Offeror. Details of the Offer are disclosed in the offer document in respect of the Offer issued by the Offeror dated 21 January 2022 (the “**Offer Document**”) and the response document in respect of the Offer issued by the Company dated 11 March 2022 (the “**Response Document**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Response Document unless the context otherwise requires.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

On 24 December 2021 (after the trading hours), Rich Vision has sold and the Offeror has purchased an aggregate of 379,683,837 Sale Shares, representing approximately 34.74% of the total issued share capital of the Company as at the date of the Joint Announcement. The consideration for the Sale Shares is HK\$27,337,236.26, which is equivalent to approximately HK\$0.072 per Sale Share. Completion of the sale and purchase of the Sale Shares took place on 28 December 2021.

Before completion of the sale and purchase of the Sale Shares, the Offeror was interested in 379,683,837 Shares, representing approximately 34.74% of the total issued share capital of the Company as at the date of the Joint Announcement. The Offeror is wholly-owned by Mr. Choi. Upon completion of the sale and purchase of the Sale Shares and as at the date of the Joint Announcement, the Offeror and parties acting in concert with it are interested in a total of 759,367,674 Shares, representing approximately 69.48% of the total issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, upon completion of the sale and purchase of the Sale Shares, the Offeror is required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it).

On 21 January 2022, the Offeror despatched the Offer Document and the Form of Acceptance setting out details of the Offer.

As at the Latest Practicable Date, taken consideration into valid acceptances as at 8 March 2022 in respect of a total of 17,552,000 Offer Shares under the Offer, the Offeror and parties acting in concert with it are interested in a total of 776,919,674 Shares, representing approximately 71.09% of the total issued share capital of the Company.

THE INDEPENDENT BOARD COMMITTEE

Pursuant to Rule 2.1 and Rule 2.8 of the Takeovers Code, the Independent Board Committee comprising all the independent non-executive Directors, namely, Ms. Lai Cheuk Yu Cherrie, Mr. Ting Wong Kacee and Dr. Loke Yu (alias Loke Hoi Lam), who have no direct or indirect interest in the Offer, has been established to advise the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer. We, Astrum Capital Management Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee in this regard. Our appointment has been approved by the Independent Board Committee in accordance with Rule 2.1 of the Takeovers Code.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

INDEPENDENCE DECLARATION

During the last two years, we have acted as (i) the independent financial adviser of two listed companies on the Stock Exchange, where Mr. Cheng (who is the beneficial owner of the entire issued share capital of Rich Vision) is one of the controlling shareholders of both of the listed companies, in respect of certain connected transactions; (ii) the independent financial adviser of a listed company on the Stock Exchange, where Mr. Cheng is the executive director, chairman of board of directors and one of the controlling shareholders, in respect of a connected transaction; and (iii) the independent financial adviser of a listed company on the Stock Exchange, where Mr. Cheng is the executive director, chairman of board of directors and one of the controlling shareholders, in respect of a mandatory cash offer (the “**Previous Engagements**”). In view of the facts that (i) each of the Previous Engagements was an individual appointment of Astrum Capital Management Limited to act as independent financial adviser for providing independent opinion to the independent board committee and the independent shareholders in connection with different transactions; (ii) under the Previous Engagements, Astrum Capital Management Limited received normal professional fees from the relevant companies; and (iii) the professional fees in connection with the Previous Engagements have been fully settled, we are of the view that none of the Previous Engagements shall affect our independence nor cause Astrum Capital Management Limited to have conflict of interest in acting as the independent financial adviser to the Independent Board Committee regarding the Offer.

Save as disclosed above, we were not aware of any relationships or interests between Astrum Capital Management Limited, the Company, the Offeror, Mr. Choi, Rich Vision, Mr. Cheng or any of their respective substantial shareholders, directors or chief executive, or any of their respective associates, and/or any party acting, or presumed to be acting, in concert with any of them. In the last two years prior to the commencement of the Offer Period, there was no engagement between the Group and Astrum Capital Management Limited. Apart from the normal advisory fees payable to us for this engagement, no other arrangement exists whereby we will receive any fees and/or benefits from the Group. Accordingly, Astrum Capital Management Limited is independent as defined under the Listing Rules and the Takeovers Code to act as the independent financial adviser to the Independent Board Committee in connection with the Offer.

BASIS OF OUR OPINION

In formulating our opinion and recommendations, we have reviewed, amongst others, the Joint Announcement, the annual reports of the Company for the years ended 31 December 2019 and 31 December 2020 (the “**2019 Annual Report**” and “**2020 Annual Report**”, respectively), the interim report of the Company for the six months ended 30 June 2021 (the “**2021 Interim Report**”), and the information contained in the Offer Document and the Response Document. We have also discussed with and reviewed the information provided by the management of the Group (the “**Management**”) regarding the business and outlook of the Group. In addition, we have reviewed the valuation report (the “**Valuation Report**”) prepared by an independent valuer, namely Roma Appraisals Limited (“**Roma**”), in respect of the valuation of two properties (the “**Properties**”) held by the Group situated in Canada as at 31 December 2021 (the “**Valuation**”), including the methodology of, and the bases and assumptions adopted for, the Valuation.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have relied on the information and facts provided, and the opinions expressed, by the Directors and the Management, which we have assumed to be true, accurate, complete and not misleading in all material aspects as at the Latest Practicable Date and the Shareholders will be notified of any material changes to such representations as soon as possible in accordance with Rule 9.1 of the Takeovers Code. We have sought and received confirmation from the Directors and the Management that no material facts have been omitted from the information provided and opinions expressed by them to us. We consider that the information which we have received is sufficient for us to reach our opinion and recommendations as set out in this letter and to justify our reliance on such information. We have no reason to doubt the truth, accuracy or completeness of the information provided to us or to believe that any material information has been omitted or withheld. We have not, however, conducted any independent investigation into the business and affairs of the Group nor have we carried out any independent verification of the information provided.

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

PRINCIPAL TERMS OF THE OFFER

Elstone Securities, for and on behalf of the Offeror, is making the Offer to acquire all the Offer Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) in compliance with the Takeovers Code and on the terms set out in the Offer Document on the following basis:

For each Offer Share.....HK\$0.072 in cash

The Offer Price of HK\$0.072 per Offer Share is approximately equal to but not lower than the price per Sale Share paid by the Offeror to Rich Vision.

Based on the Offer Price of HK\$0.072 per Offer Share and 1,092,877,195 Shares in issue as at the Latest Practicable Date, the entire issued share capital of the Company is valued at HK\$78,687,158.04. On the basis that there will be no change in the issued share capital of the Company from the Latest Practicable Date to the Closing Date and excluding the total of 776,919,674 Shares held by the Offeror and the parties acting in concert with, a total of 315,957,521 Shares will be subject to the Offer and the value of the Offer is approximately HK\$22,748,941.512.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Offeror confirms that the Offer Price is final and will not be increased.

The Offer is unconditional in all respects.

For further details of the Offer (including the terms and procedures for acceptance of the Offer), please refer to the “Letter from Elstone Securities” as set out on pages 5 to 11 of the Offer Document, Appendix I to the Offer Document and the accompanying Form of Acceptance.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the terms of the Offer, we have considered the following principal factors and reasons:

1. Business, financial performance and prospects of the Group

A. Business of the Group

The Company is a company incorporated in Hong Kong with limited liability. The Group is principally engaged in hotel operation and provision of properties management services.

B. Financial information of the Group

Set forth below are (i) the audited consolidated financial information of the Group for the three years ended 31 December 2018, 31 December 2019 and 31 December 2020 (“FY2018”, “FY2019” and “FY2020”, respectively) as extracted from the 2019 Annual Report and the 2020 Annual Report; and (ii) the unaudited consolidated financial information of the Group for the six months ended 30 June 2020 and 30 June 2021 (“1H2020” and “1H2021”, respectively) as extracted from the 2021 Interim Report:

Table 1: Financial information of the Group

	FY2018	FY2019	FY2020	1H2020	1H2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
Revenue	94,582	92,228	58,803	27,029	34,936
— Hotel operation income	44,757	44,372	23,609	8,952	14,500
— Properties management income	49,825	47,856	35,194	18,077	20,436
Gross profit	35,692	36,881	17,270	9,349	12,044
Gross profit margin	37.7%	40.0%	29.4%	34.6%	34.5%
(Loss) before tax	(20,584)	(30,816)	(79,969)	(19,341)	(5,346)
(Loss) attributable to owners					
of the Company for the year/period	(21,820)	(30,444)	(78,780)	(19,346)	(5,356)
Loss to revenue ratio (Note)	0.23	0.33	1.34	0.72	0.15

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	As at 31 December 2018 <i>HK\$'000</i> <i>(audited)</i>	As at 31 December 2019 <i>HK\$'000</i> <i>(audited)</i>	As at 31 December 2020 <i>HK\$'000</i> <i>(audited)</i>	As at 30 June 2021 <i>HK\$'000</i> <i>(unaudited)</i>
Non-current assets	159,371	182,379	129,687	128,117
Current assets	46,306	36,027	61,233	58,238
Current (liabilities)	(37,756)	(100,057)	(88,549)	(88,402)
Net current assets/(liabilities)	8,550	(64,030)	(27,316)	(30,164)
Non-current (liabilities)	(103,802)	(57,229)	(66,645)	(66,020)
Equity attributable to owners of the Company	64,119	61,120	35,726	31,933

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

Note: Loss to revenue ratio is calculated by dividing loss attributable to owners of the Company for the year/period by revenue.

(i) For the year ended 31 December 2019 (i.e. FY2019)

In FY2019, the Group recorded total revenue of approximately HK\$92.2 million, representing a slight decline of approximately 2.5% as compared to approximately HK\$94.6 million in FY2018. Such decline was mainly attributable to the decrease in the properties management income of approximately HK\$2.0 million, which was, in turn, predominately due to the exchange differences on translation from functional currency (i.e. RMB, the functional currency of the Group's properties management segment) to presentation currency (i.e. HK\$) as a result of the depreciation of RMB against HK\$ in FY2019. The Group's gross profit increased slightly by approximately 3.3% from approximately HK\$35.7 million in FY2018 to approximately HK\$36.9 million in FY2019, and the gross profit margin increased by approximately 2.3 percentage points from approximately 37.7% in FY2018 to approximately 40.0% in FY2019. As advised by the Management, the increase in gross profit margin was mainly due to better cost control over (i) food and beverage services in the business of hotel operation; and (ii) energy consumption in the business of property management.

In FY2019, the Group recorded loss attributable to owners of the Company of approximately HK\$30.4 million, representing a significant increase of approximately 39.5% as compared to approximately HK\$21.8 million in FY2018. Such increase was mainly attributable to the increase in administrative expenses of approximately HK\$13.9 million, which was partially offset by (i) the decrease in finance costs of approximately HK\$1.6 million; (ii) the increase in gross profit of approximately HK\$1.2 million; and (iii) the recognition of share of profit of an associate of approximately HK\$1.2 million in FY2019 (FY2018: nil).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The total assets of the Group increased by approximately HK\$12.7 million from approximately HK\$205.7 million as at 31 December 2018 to approximately HK\$218.4 million as at 31 December 2019. The total assets of the Group as at 31 December 2019 mainly comprised (i) property, plant and equipment of approximately HK\$86.7 million (31 December 2018: approximately HK\$84.7 million); (ii) interests in joint ventures of approximately HK\$44.5 million (31 December 2018: approximately HK\$44.6 million); (iii) trade and other receivables of approximately HK\$28.3 million (31 December 2018: approximately HK\$37.7 million); (iv) intangible assets of approximately HK\$25.5 million (31 December 2018: approximately HK\$30.0 million); and (v) interest in an associate of approximately HK\$21.1 million (31 December 2018: nil).

The total liabilities of the Group increased by approximately HK\$15.7 million from approximately HK\$141.6 million as at 31 December 2018 to approximately HK\$157.3 million as at 31 December 2019. The total liabilities of the Group as at 31 December 2019 mainly comprised (i) bonds of approximately HK\$60.2 million (31 December 2018: approximately HK\$60.2 million); (ii) secured loans of approximately HK\$34.3 million (31 December 2018: approximately HK\$36.0 million); (iii) trade and other payables of approximately HK\$25.2 million (31 December 2018: approximately HK\$12.0 million); (iv) current taxation of approximately HK\$13.2 million (31 December 2018: approximately HK\$11.6 million); and (v) loan from shareholders of approximately HK\$11.2 million (31 December 2018: nil).

The equity attributable to owners of the Company decreased from approximately HK\$64.1 million as at 31 December 2018 to approximately HK\$61.1 million as at 31 December 2019. Such decrease was mainly due to the loss attributable to owners of the Company of approximately HK\$30.4 million recorded in FY2019, which was partially offset by (i) the issuance of shares in relation to acquisition of a subsidiary of approximately HK\$19.9 million; and (ii) the recognition of equity-settled share-based payments transactions of approximately HK\$6.3 million.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In addition, as stated in the paragraph headed “*Material Uncertainty Related to Going Concern*” in the independent auditor’s report and note 2.1 “*Basis of preparation*” to the consolidated financial statements of the Group for FY2019 as contained in the 2019 Annual Report, as at 31 December 2019, the Group’s current liabilities exceeded its current assets by approximately HK\$64.0 million. Such event or condition indicated that a material uncertainty existed that might cast significant doubt on the Group’s ability to continue as a going concern (the “**Going Concern Issue**”), and thus, the Group might not be able to realise its assets and discharge its liabilities in the normal course of business. In order to ensure the Group’s ability to operate as a going concern, certain plans and measures (including but not limited to the undertaking provided by the controlling Shareholders in relation to the continuing financial support and the renewal of the bank facilities) have been taken by the Board to mitigate the liquidity pressure and improve the financial position of the Group.

(ii) *For the year ended 31 December 2020 (i.e. FY2020)*

In FY2020, the Group recorded total revenue of approximately HK\$58.8 million, representing a notable decline of approximately 36.2% as compared to approximately HK\$92.2 million in FY2019. Such deterioration was mainly attributable to (i) the decrease in the hotel operation income of approximately HK\$20.8 million, which was, in turn, predominately due to the forced closure of hotel operation for prolonged periods in FY2020 owing to the COVID-19 pandemic; and (ii) the decrease in properties management income of approximately HK\$12.7 million as a result of the reduction in property management fee of certain properties under management. In line with the decline in revenue, the Group’s gross profit decreased by approximately 53.2% from approximately HK\$36.9 million in FY2019 to approximately HK\$17.3 million in FY2020, and the gross profit margin decreased by approximately 10.6 percentage points from approximately 40.0% in FY2019 to approximately 29.4% in FY2020. As advised by the Management, the decrease in gross profit margin was mainly due to the impact from COVID-19 pandemic which forced the hotel operation closed for prolonged periods in FY2020.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In FY2020, the Group recorded loss attributable to owners of the Company of approximately HK\$78.8 million, representing a drastic increase of approximately 158.8% as compared to approximately HK\$30.4 million in FY2019. Such deterioration was mainly attributable to (i) the recognition of impairment loss on interests in joint ventures of approximately HK\$29.5 million (FY2019: nil); (ii) the decrease in gross profit of approximately HK\$19.6 million; (iii) the increase in share of losses of joint ventures of approximately HK\$15.2 million; (iv) the increase in expected credit losses allowance on trade and other receivables of approximately HK\$6.1 million; and (v) the recognition of share of loss of an associate of approximately HK\$4.3 million in FY2020 (FY2019: profit of approximately HK\$1.2 million), which was partially offset by (i) the decrease in administrative expenses of approximately HK\$19.8 million; and (ii) the increase in government grants of approximately HK\$5.3 million.

The total assets of the Group decreased by approximately HK\$27.5 million from approximately HK\$218.4 million as at 31 December 2019 to approximately HK\$190.9 million as at 31 December 2020. The total assets of the Group as at 31 December 2020 mainly comprised (i) property, plant and equipment of approximately HK\$85.5 million (31 December 2019: approximately HK\$86.7 million); (ii) bank balances and cash of approximately HK\$47.8 million (31 December 2019: approximately HK\$6.9 million); (iii) intangible assets of approximately HK\$20.5 million (31 December 2019: approximately HK\$25.5 million); (iv) interest in an associate of approximately HK\$16.9 million (31 December 2019: approximately HK\$21.1 million); and (v) trade and other receivables of approximately HK\$12.8 million (31 December 2019: approximately HK\$28.3 million).

The total liabilities of the Group decreased by approximately HK\$2.1 million from approximately HK\$157.3 million as at 31 December 2019 to approximately HK\$155.2 million as at 31 December 2020. The total liabilities of the Group as at 31 December 2020 mainly comprised (i) bonds of approximately HK\$50.2 million (31 December 2019: approximately HK\$60.2 million); (ii) secured loans of approximately HK\$33.7 million (31 December 2019: approximately HK\$34.3 million); (iii) trade and other payables of approximately HK\$23.2 million (31 December 2019: approximately HK\$25.2 million); (iv) loans from controlling shareholders of approximately HK\$20.6 million (31 December 2019: approximately HK\$11.2 million); and (v) current taxation of approximately HK\$14.7 million (31 December 2019: approximately HK\$13.2 million).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The equity attributable to owners of the Company decreased notably from approximately HK\$61.1 million as at 31 December 2019 to approximately HK\$35.7 million as at 31 December 2020. Such decrease was mainly due to the loss attributable to owners of the Company of approximately HK\$78.8 million recorded in FY2020, which was partially offset by the issuance of shares under rights issue of approximately HK\$52.8 million.

As stated in the paragraph headed “*Material Uncertainty Related to Going Concern*” in the independent auditor’s report and note 2.1 “*Basis of preparation*” to the consolidated financial statements of the Group for FY2020 as contained in the 2020 Annual Report, as at 31 December 2020, the Group’s current liabilities exceeded its current assets by approximately HK\$27.3 million, and therefore, the Going Concern Issue remained outstanding in the audited financial statements of the Group for FY2020.

(iii) *For the six months ended 30 June 2021 (i.e. 1H2021)*

In 1H2021, the Group recorded total revenue of approximately HK\$34.9 million, representing an increase of approximately 29.3% as compared to approximately HK\$27.0 million in 1H2020. Such improvement was mainly attributable to (i) the increase in hotel operation income of approximately HK\$5.5 million, which was, in turn, due to the recommencement of the Group’s hotel operation business that led to an increase in the occupancy rate from approximately 28.9% in 1H2020 to approximately 53.9% in 1H2021; and (ii) the increase in properties management income of approximately HK\$2.4 million, which was, in turn, due to (a) the increase in income from car parking services; and (b) exchange differences on translation from functional currency (i.e. RMB) to presentation currency (i.e. HK\$) as a result of the appreciation of RMB against HK\$ in 1H2021. With the increase in revenue, the Group’s gross profit increased by approximately 28.8% from approximately HK\$9.3 million in 1H2020 to approximately HK\$12.0 million in 1H2021, and the gross profit margin remained relatively stable at approximately 34.6% in 1H2020 and approximately 34.5% in 1H2021.

In 1H2021, the Group recorded loss attributable to owners of the Company of approximately HK\$5.4 million, representing a significant decrease of approximately 72.3% as compared to approximately HK\$19.3 million in 1H2020. Such improvement was mainly attributable to (i) the absence of share of losses of joint ventures in 1H2021 (1H2020: approximately HK\$9.2 million); (ii) the increase in gross profit of approximately HK\$2.7 million; and (iii) the increase in other income of approximately HK\$1.8 million, which was partially offset by the increase in administrative expenses of approximately HK\$1.2 million.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The total assets of the Group decreased by approximately HK\$4.6 million from approximately HK\$190.9 million as at 31 December 2020 to approximately HK\$186.4 million as at 30 June 2021. The total assets of the Group as at 30 June 2021 mainly comprised (i) property, plant and equipment of approximately HK\$87.5 million (31 December 2020: approximately HK\$85.5 million); (ii) bank balances and cash of approximately HK\$36.7 million (31 December 2020: approximately HK\$47.8 million); (iii) trade and other receivables of approximately HK\$20.9 million (31 December 2020: approximately HK\$12.8 million); (iv) intangible assets of approximately HK\$18.3 million (31 December 2020: approximately HK\$20.5 million); and (v) interest in an associate of approximately HK\$16.9 million (31 December 2020: approximately HK\$16.9 million).

The total liabilities of the Group decreased by approximately HK\$0.8 million from approximately HK\$155.2 million as at 31 December 2020 to approximately HK\$154.4 million as at 30 June 2021. The total liabilities of the Group as at 30 June 2021 mainly comprised (i) bonds of approximately HK\$50.2 million (31 December 2020: approximately HK\$50.2 million); (ii) secured loan of approximately HK\$33.4 million (31 December 2020: approximately HK\$33.7 million); (iii) trade and other payables of approximately HK\$23.7 million (31 December 2020: approximately HK\$23.2 million); (iv) loan from controlling shareholders of approximately HK\$20.6 million (31 December 2020: approximately HK\$20.6 million); and (v) current taxation of approximately HK\$14.6 million (31 December 2020: approximately HK\$14.7 million).

The equity attributable to owners of the Company decreased from approximately HK\$35.7 million as at 31 December 2020 to approximately HK\$31.9 million as at 30 June 2021. Such decrease was mainly due to the loss attributable to owners of the Company of approximately HK\$5.4 million recorded in 1H2021, which was partially offset by the gain derived from exchange differences on translation of financial statements of overseas subsidiaries of approximately HK\$1.6 million.

(iv) *Valuation on the Properties*

The Valuation Report prepared by Roma relating to the valuation of the Properties in Canada, comprising a 3-storey resort hotel (known as Brentwood Bay Resort & Spa) (the “**Resort**”) and a parcel of freehold development land with a site area of about 20,997 square feet (the “**Land**”), as at 31 December 2021 are set out in Appendix III to the Response Document.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In respect of the scope of work and competence of Roma, we have reviewed the engagement letter between the Company and Roma in respect of the Valuation, and are satisfied that the terms of the engagement letter between the Company and Roma are appropriate to the opinion that Roma is required to provide. We have discussed with Roma in relation to their experiences and were given to understand that Mr. Frank F. Wong, the person-in-charge of the Valuation, is a director and head of Property and Asset Valuation Department in Roma supervising a team of valuers. He is a Chartered Surveyor, Registered Valuer, Member of the Australasian Institute of Mining & Metallurgy and Associate of Chartered Institute of Plumbing and Heating Engineering with over 23 years of experience in valuation, transaction advisory and project consultancy of properties in Hong Kong and 15 years of experience in valuation of properties in the PRC as well as relevant experience in the Asia-Pacific region, Australia and Oceania-Papua New Guinea, Thailand, France, Germany, Poland, United Kingdom, United States, Canada, Abu Dhabi (UAE), Ukraine and Jordan. Roma has also confirmed that they are independent to the Company, the Offeror, Mr. Choi, Rich Vision, Mr. Cheng or any of their respective substantial shareholders, directors or chief executive, or any of their respective associates, and/or any party acting, or presumed to be acting, in concert with any of them. We are of the view that Roma possesses sufficient professional qualifications and independence required to perform the Valuation.

In assessing the fairness and reasonableness of the Valuation, we have reviewed, and enquired with Roma, the valuation methodology adopted in the Valuation, and were advised that the Properties (i.e. the Resort and the Land) were valued by the direct comparison approach by assuming sale of the Properties in their existing states with reference to the relevant market evidences (including the recent sales (the “**Comparable Transactions**”) of comparable hotels (the “**Comparable Hotels**”) and comparable lands (the “**Comparable Lands**”, together with the Comparable Resorts, the “**Comparable Properties**”). As advised by Roma, the direct comparison method is considered to be the most appropriate valuation approach for assessing the market value of the Properties given that there is sufficient market information available in an open market. In this regard, we have reviewed on similar property valuations conducted by other listed companies on the Stock Exchange, and noted that such approach is commonly adopted valuation methodology in valuing properties.

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Upon our review on the Valuation Report and our discussion with Roma, we understood that the information of the Comparable Transactions was derived from (i) the sales of the Comparable Hotels located in Victoria and Vancouver, Canada (being the two major cities near the Resort) in the past two years; and (ii) the Comparable Lands (which are available for sale) located in Victoria, Canada with around 30 minutes' driving distance from the Land. Based on our discussion with Roma, we noted that (i) the Resort was valued by making reference to the average price per room of three Comparable Hotels and was then adjusted by, among others, the time difference between the transaction dates of the Comparable Hotels and the date of the Valuation, location and quality of the Comparable Hotels; and (ii) the Land was valued by making reference to the average price per square feet of three Comparable Lands and was then adjusted by, among others, location and size of the Comparable Lands.

In light of the above, we are of the view that the valuation methodology is appropriate and reasonable for the Valuation, and we concur with Roma's view that the direct comparison approach is appropriate and common to determine the market value of the Properties.

According to the Valuation Report, as at 31 December 2021, the total market value in existing states of the Properties amounted to approximately CAD14.5 million with the following breakdown:

Table 2: Summary of the market value of the Properties

No.	Type of assets	Market value in existing state as at 31 December 2021 (CAD '000)
1.	the Resort	13,000
2.	the Land	1,500
	Total	<u>14,500</u>

(v) *Reassessment of the net asset value*

The total appraised value of the Properties as at 31 December 2021 amounted to CAD14.5 million (equivalent to HK\$88,705,200 based on the exchange rate of CAD1.0000 to HK\$6.1176 as at 31 December 2021). Taking into account the revaluation surplus from the market valuation of the Properties as at 31 December 2021 as compared to the carrying value of the Properties of approximately HK\$86,601,000 as at 30 June 2021, we have attempted to reassess the consolidated net asset value attributable to the owners of the Company (the "Reassessed NAV"). The calculation of the Reassessed NAV is set out in the table below.

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Table 3: Calculation of the Reassessed NAV

	<i>HK\$'000</i>
Unaudited consolidated net asset value attributable to Shareholders (the "NAV") as at 30 June 2021	31,933
Add: Revaluation surplus arising from the Valuation (<i>Note 1</i>)	2,104
Reassessed NAV	34,037
	<i>HK\$</i>
Unaudited consolidated NAV per Share as at 30 June 2021 (<i>Note 2</i>)	0.02922
Reassessed NAV per Share (<i>Note 2</i>)	0.03114

Notes:

1. Revaluation surplus arising from excess of the market value of the Properties of approximately HK\$88,705,200 (equivalent to CAD14.5 million based on the exchange rate of CAD1.00 to HK\$6.1176 as at 31 December 2021) as at 31 December 2021 as appraised by Roma over the carrying value of the Properties of approximately HK\$86,601,000 as at 30 June 2021 as disclosed in the 2021 Interim Report.
2. The calculation is based on the number of issued Shares as at the Latest Practicable Date (i.e. 1,092,877,195 Shares).

(vi) *Analysis*

Despite the increase in the Group's gross profit in 1H2021 as compared to 1H2020, having considered the facts that (i) the substantial decline in the Group's gross profit in FY2020 as compared to FY2019; and (ii) the continuous loss-making position of the Group for the last three financial years and for 1H2021, it is uncertain as to whether the Group can improve its financial performance and make a turnaround in its loss-making position in the near future. Furthermore, the Going Concern Issue arose in the audited financial statements of the Group for FY2019 and remained outstanding in the audited financial statements of the Group for FY2020. Given that the Offeror intends to continue the existing principal business of the Group as mentioned in the paragraph headed "B. Intention of the Offeror on the Group" under the section headed "3. Information on the Offeror and the intention of the Offeror in relation to the Group" below, we believe that it is unlikely that there will be a significant improvement on the business and financial performance of the Group in the near future which will lead to a turnaround from a net current liabilities position to a net current assets position, and that the Going

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Concern Issue will remain outstanding in the near future. Those Independent Shareholders who wish to retain some or all of the Shares should consider the past financial performance of the Group and the business prospects of the Group as detailed in the paragraph headed “C. Business prospects of the Group” below, or otherwise are reminded to closely monitor the development of the Group and the publications of the Company (including the Offer Document and the Response Document) in this regard.

(vii) Dividend payout

Since 2013, the Board did not declare any dividend. Given that (i) the Board did not declare any dividend since 2013; (ii) the unsatisfactory financial performance of the Group in the past three years as discussed above; (iii) the forthcoming challenging business environment as mentioned in the paragraph headed “C. Business prospects of the Group” below; and (iv) the intention of the Offeror to continue the existing principal business of the Group as mentioned in the paragraph headed “B. Intention of the Offeror on the Group” under the section headed “3. Information on the Offeror and the intention of the Offeror in relation to the Group” below, there is no guarantee that the Company will pay dividends to the Shareholders in future.

C. Business prospects of the Group

As mentioned in the 2020 Annual Report, the Group is principally engaged in hotel operation in Canada and provision of properties management services in the PRC, contributing approximately 40.1% and approximately 59.9% to the Group’s total revenue in FY2020, respectively. According to the 2021 Interim Report, the Group also commenced to participate in the cryptocurrency business with the objectives to diversify the business operation of the Group and deliver favorable returns for the Shareholders. However, the newly established cryptocurrency business has not yet started to contribute revenue to the Group in 1H2021.

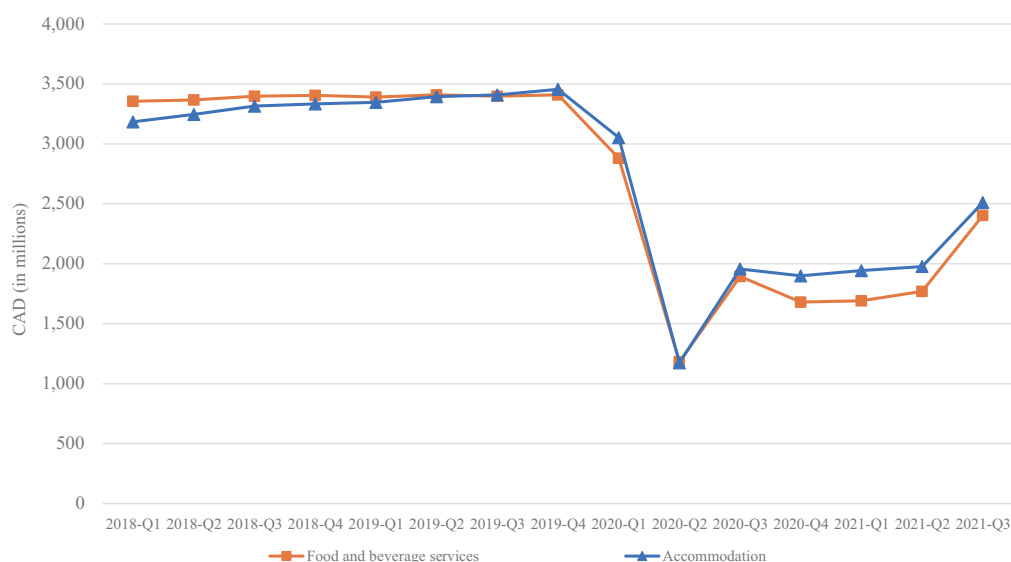
In this regard, we conducted research on the prospect of (i) the hotel operation industry in Canada; (ii) the properties management industry in the PRC; and (iii) the cryptocurrency business through public domains.

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The Hotel Operation Segment

The COVID-19 pandemic has undoubtedly created unprecedented challenges to the global economy and the hotel operation industry has borne the brunt of the detrimental impacts brought by the halt in worldwide economic activities. With the introduction of travel restrictions, quarantines and lockdowns to prevent the transmission of the pandemic, a vast majority of hotels, including the Resort operated by the Group, faced forced closure for prolonged periods, which exerted undue pressure on the industry's revenue and profitability. In FY2020, the Group's revenue generated from the hotel operation segment declined by approximately 46.8% as compared to that in FY2019 and over 80% of the Group's revenue of the hotel operation segment in FY2019 and FY2020 was generated from the business of food and beverage and hotel accommodation. According to the statistics published by Statistics Canada (the national statistical office of Government of Canada), the total number of non-resident travellers entering Canada has dropped drastically from approximately 2.8 million persons in December 2019 to approximately 0.8 million persons in December 2021, implying the sluggish demand for food and beverage services and hotel accommodation. The following chart sets forth the tourism spending on food and beverage services and accommodation in Canada from the first quarter of 2018 to the third quarter of 2021:

Chart 1: Tourism spending in Canada



Source: the website of Statistics Canada (www.statcan.gc.ca)

Note: the spending amounts as shown above are calculated based on the real price of 2012.

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As shown in Chart 1 above, both the spending on food and beverage services and accommodation in Canada exhibited similar trends in the past few years. The spending on food and beverage services demonstrated a general upward trend from approximately CAD3,356 million in the first quarter of 2018 to approximately CAD3,409 million in the fourth quarter of 2019 until it slumped to approximately CAD1,184 million in the second quarter of 2020 as a result of the outbreak of COVID-19 pandemic. In the third quarter of 2021, it reached approximately CAD2,404 million. Similarly, the spending on accommodation raised steadily from approximately CAD3,184 million in the first quarter of 2018 to approximately CAD3,455 million in the fourth quarter of 2019 and plunged to approximately CAD1,174 million in the second quarter of 2020. Subsequently, such spending raised to approximately CAD2,511 million in the third quarter of 2021.

Despite the fact that the spending on food and beverage services and accommodation has shown signs of recovery since the third quarter of 2020, the spending on food and beverage services and accommodation in the third quarter of 2021 was still approximately 29.5% and approximately 27.3% lower than that in the fourth quarter of 2019, respectively. It is uncertain as to whether such weakened demand will gain enough momentum to recover back to pre-pandemic levels in the coming months. Furthermore, according to the statistics published by Statistics Canada (the national statistical office of Government of Canada), the share of tourism spending in Canada by international visitors recorded approximately 8.5% in the third quarter in 2021 as compared to approximately 26.7% in the fourth quarter of 2019. In view of the additional border measures imposed by the Canadian Government in response to the new Coronavirus variant Omicron (please refer to below for further details of the additional border measures), it is uncertain as to when international visitors can resume normal travelling to Canada and stimulate the tourism spending in Canada.

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In late November 2021, the World Health Organization (the “WHO”) classified a new Coronavirus variant, Omicron, casting another layer of shadow to the recovery and development of the hotel operation segment. In an attempt to address the new variant of concern, the Canadian Government announced additional border measures to reduce the risk of transmission of COVID-19 on 30 November 2021, such as expanding the list of countries with entry prohibitions and adjusting border testing surveillance. Nevertheless, the COVID-19 pandemic in Canada has been getting worse in December 2021. According to data published by the Government of Canada, the number of average daily new confirmed cases of COVID-19 in Canada was approximately 26,000 in late December 2021, approximately 28,000 in January 2022 and approximately 8,500 in February 2022, as compared to approximately 2,500 cases recorded in November 2021. Notwithstanding that (i) there was a drop of daily new confirmed cases in February 2022; and (ii) the Canadian Government announced a series of adjustments to the border measures (in particular, the relaxation of entry requirements for fully-vaccinated travellers) with effect from 28 February 2022, the development and containment of COVID-19 remains unpredictable. On 7 March 2022, the WHO warned that the severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2), the virus that causes COVID-19, continues to evolve and the risk of future emergence of variants is high. Although it is the intention of the Canadian Government to move towards a more sustainable approach to long-term management of pandemic (such as co-existence with COVID-19), there is no assurance that the Canadian Government would not re-impose preventive measures (including but not limited to travel restrictions, lockdowns and restriction on hotel operation) to reduce the transmission and control the pandemic should new variants of Coronavirus stalk around the world (including Canada) in the future. In view of the above, we are of the view that the COVID-19 continues to be a significant risk to the hotel operation industry in Canada and the prospect of the hotel operation industry remains uncertain.

The Properties Management Segment

According to the 2020 Annual Report, the Group operates its properties management business in Chongqing, the PRC. As advised by the Management, the property management services primarily include but not limited to security, cleaning, parking services, gardening, repairs and maintenance provided to residential and commercial units and ancillary facilities as well as hotel in the PRC.

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According to the Chongqing Statistical Yearbook 2021 published by the Chongqing Statistics Department* (重慶市統計局), the gross domestic product (“GDP”) of Chongqing increased from approximately RMB2,360.6 billion in 2019 to approximately RMB2,500.3 billion in 2020, representing an increase of approximately 5.9%. Referring to the statistics published on the official website of the Chongqing Statistics Department* (重慶市統計局) on 23 February 2022, the GDP of Chongqing further increased to approximately RMB2,789.4 billion in 2021, representing an increase of approximately 11.6% as compared to that in 2020. In addition, the average annual disposable income of the residents in Chongqing increased from approximately RMB28,920 in 2019 to approximately RMB33,803 in 2021, representing a compound annual growth rate (“CAGR”) of approximately 8.1%, while the average annual consumption expenditure of the residents in Chongqing increased from approximately RMB20,774 in 2019 to approximately RMB24,598 in 2021, representing a CAGR of approximately 8.8%. According to the Report on the Work of the Chongqing Municipal People’s Government (2022)* (重慶市人民政府工作報告(2022年)), Chongqing municipality set the growth rate targets of GDP and the average annual disposable income of the residents in 2022 at 5.5% and 7%, respectively. With the growing GDP of Chongqing and the higher average disposable income and consumption expenditure of the residents in Chongqing, it is expected that there will be higher demand for high-quality property management services in Chongqing.

According to the statistics published by the real estate database and analysis system developed and owned by E-House (China) Enterprise Holdings Limited (“E-House (China)”, stock code: 2048) under the brand name “CRIC (克而瑞)” (a real estate data application service platform in the PRC covering more than 86,000 residential projects, 20,000 commercial projects and 748,000 land parcels across 367 cities in the PRC serving 95% of the top 100 real estate companies in the PRC, and its top developer ranking is used by the Shanghai Stock Exchange and the Shenzhen Stock Exchange as one of the criteria for screening issuers of domestic corporate bonds according to the prospectus of E-House (China) dated 10 July 2018 and the official website of E-House (China)), the total floor area under management (“AUM”) by the top 50 properties management companies in Chongqing (the “**Top 50 Companies**”) increased from approximately 555 million square meters (“sqm.”) in 2019 to approximately 680 million sqm. in 2020, representing an annual growth rate of approximately 22.6%. The market share of the Top 50 Companies in terms of AUM increased from approximately 60.2% in 2019 to approximately 67.7% in 2020, implying that the properties management industry in Chongqing has gradually been dominated by large properties management companies and competition is considered to be highly fierce in the property management industry in Chongqing.

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Furthermore, in FY2020, the Group's total revenue generated from the properties management segment declined by approximately 26.5% as compared to that in FY2019. As advised by the Management, the notable decline in revenue was due to the fact that the Group offered a price concession to their clients on the properties management services in view of the COVID-19 pandemic. The Group's properties management business showed a sign of recovery in 1H2021 and the revenue from this segment increased by approximately 13.0% from approximately HK\$18.1 million (equivalent to approximately RMB16.4 million) in 1H2020 to approximately HK\$20.4 million (equivalent to approximately RMB17.0 million). Such improvement was mainly due to (a) the increase in income from car parking services; and (b) exchange differences on translation from functional currency (i.e. RMB) to presentation currency (i.e. HK\$) as a result of the appreciation of RMB against HK\$ in 1H2021. If eliminating the effect of exchange difference, the growth rate would drop to approximately 4.0%. Notwithstanding that the emergence of Coronavirus might not have direct impact on the demand for property management services, the profitability of properties management companies would inevitably be adversely affected as a result of economic downturn which leads to (i) demand from clients for price concession on the management fee; and (ii) higher chance of bad debt of management fee. Accordingly, the emergence of the Coronavirus variant Omicron might continue to exert pressure on the properties management business of the Group and cast a shadow on whether the Group's properties management business will be able to recover back to pre-pandemic levels in the coming months.

Looking ahead, it is expected that the improving economy of Chongqing will fuel the demand for property management services. However, with the expanding market share of large properties management companies in Chongqing and the uncertain development of the COVID-19 pandemic, we are of the view that the prospect of the properties management industry in Chongqing remains uncertain.

The Cryptocurrency Segment

In 2021, the Group tapped into the cryptocurrency business through the acquisition of digital assets and cooperation with partners.

During the period from 12 July 2021 to 14 July 2021, Best Master Limited ("**Best Master**"), an indirect wholly-owned subsidiary of the Company, purchased 12,000 units of Filecoin (one of the cryptocurrencies) through a series of on-market transactions on a trading platform (please refer to the announcement of the Company dated 14 July 2021 (the "**Cryptocurrency Purchase Announcement**") for further details). Subsequently, on 23 July 2021, Best Master entered into a lease agreement with Seven Elements Interactive Digital Technology Limited ("**Seven Elements**"), an associate of Mr. Cheng, pursuant to which Seven Elements agreed to lease certain Filecoin equipment to Best Master for the provision of cloud computing and data storage services and mining of Filecoin for a term of three years commencing from

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1 August 2021. According to the lease agreement, Best Master is required to deposit sufficient number of Filecoin as miner collateral and gas fees required for Filecoin mining purpose. If Best Master fails to deposit sufficient number of Filecoin as miner collateral and gas fees, Seven Elements shall be entitled to a compensation (please refer to the announcement of the Company dated 23 July 2021 (the “**CCT Announcement**”) for further details).

According to the website of Coinbase Global, Inc., an American company that operates the largest cryptocurrency trading platform in the United States in term of trading volume, the trading price of Filecoin peaked at US\$237.73 on 1 April 2021 but tumbled to US\$17.83 on the Latest Practicable Date, representing a significant decline of approximately 92.5%. Notwithstanding the growing popularity of investing in cryptocurrency or its related products for institutional investors, the unforeseeable idiosyncratic risks of cryptocurrencies as compared traditional asset classes are not negligible. The risks of cryptocurrencies include, but not limited to, (i) price volatility: the values of cryptocurrencies are highly volatile and speculative; (ii) no guarantee or backing: cryptocurrencies are not backed by any bank, government nor tangible asset; and (iii) liquidity risk: there may not be enough active buyers and sellers, and may be difficult to liquidate. Having considered the highly volatile nature of cryptocurrencies, the recent slump in trading price of Filecoin, coupled with the unforeseeable idiosyncratic risks of cryptocurrencies as compared to traditional asset classes, we are of the view that the prospect of the cryptocurrency business remains uncertain in the future.

Having considered (i) the COVID-19 continues to be a significant risk to the hotel operation industry in Canada given that the severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2), the virus that causes COVID-19, continues to evolve and the risk of future emergence of variants is high; (ii) despite the improving economy of Chongqing is expected to fuel the demand for property management services, with the expanding market share of large properties management companies in Chongqing and the uncertain development of the COVID-19 pandemic, the prospect of the properties management industry in Chongqing is expected to remain uncertain; and (iii) the prospect of the cryptocurrency business remains uncertain in view of the highly volatile nature of cryptocurrencies, the recent slump in trading price of Filecoin and the unforeseeable idiosyncratic risks of cryptocurrencies as compared to traditional asset classes, we are of the view that the prospects and future performance of the Group remains uncertain.

2. Principal terms of the Offer

Elstone Securities, for and on behalf of the Offeror, is making the Offer to acquire all the Offer Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) in compliance with the Takeovers Code and on the terms set out in the Offer Document on the following basis:

For each Offer ShareHK\$0.072 in cash

The Offer Price of HK\$0.072 per Offer Share is approximately equal to but not lower than the price per Sale Share paid by the Offeror to Rich Vision.

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The Offeror confirms that the Offer Price is final and will not be increased.

The Offer is unconditional in all respects.

The Offer Price of HK\$0.072 per Offer Share represents:

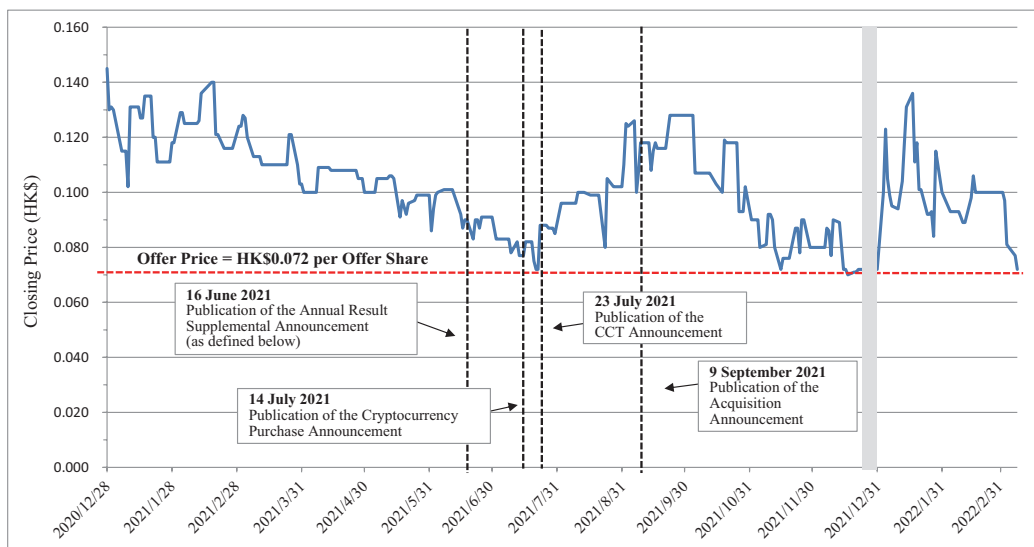
- (i) the closing price of HK\$0.072 per Share as quoted on the Stock Exchange on 23 December 2021, being the last full trading day prior to the Last Trading Day (the “**Last Full Trading Day**”);
- (ii) the closing price of HK\$0.072 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) the average closing price as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day of approximately HK\$0.072 per Share (the “**5-day Average Price**”);
- (iv) a discount of approximately 2.70% to the average closing price as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.074 per Share (the “**10-day Average Price**”);
- (v) a discount of approximately 8.86% to the average closing price as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.079 per Share (the “**30-day Average Price**”);
- (vi) a discount of approximately 26.53% to the average closing price as quoted on the Stock Exchange for the 90 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.098 per Share;
- (vii) a premium of approximately 118.18% over the audited NAV of approximately HK\$0.033 per Share (based on the total number of the issued Shares as at the Latest Practicable Date) as at 31 December 2020, being the date to which the latest published audited financial results of the Group were made up;
- (viii) a premium of approximately 148.28% over the unaudited NAV of approximately HK\$0.029 per Share (based on the total number of the issued Shares as at the Latest Practicable Date) as at 30 June 2021;
- (ix) a premium of approximately 131.21% over the Reassessed NAV of approximately HK\$0.03114 per Share as at 30 June 2021 (please refer to the sub-paragraph headed “B. Financial information of the Group — (v) Reassessment of the net asset value” under the section headed “1. Business, financial performance and prospects of the Group” for the details of the calculation of the Reassessed NAV per Share); and
- (x) the closing price of HK\$0.072 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

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A. *Historical price performance of the Shares*

Set out below is the chart showing the daily closing price of the Shares as quoted on the Stock Exchange during the period commencing from 28 December 2020, being the twelve-month period prior to the Last Trading Day, up to and including the Latest Practicable Date (the “**Review Period**”), which we consider to be reasonably long enough to illustrate the historical trend and level of movement of the closing prices of the Shares:

Chart 2: Share price performance during the Review Period



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

Note: Trading in the Shares was suspended from 28 December 2021 to 31 December 2021 pending the publication of the Joint Announcement.

As illustrated in Chart 2 above, during the Review Period, the closing price of the Shares ranged from the lowest closing price of HK\$0.070 per Share as recorded on 17 December 2021 to the highest closing price of HK\$0.145 per Share as recorded on 28 December 2020, with an average price of approximately HK\$0.102 per Share. The Offer Price represents (i) a premium of approximately 2.9% over the lowest closing price of the Shares; (ii) a discount of approximately 50.3% to the highest closing price of the Shares; and (iii) a discount of approximately 29.5% to the average closing price of the Shares during the Review Period, respectively.

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During the period from 28 December 2020 to 17 February 2021, the closing price of the Shares traded within the range from HK\$0.102 per Share to HK\$0.145 per Share. The closing price of the Shares then exhibited a declining trend and reached the relatively low closing price of HK\$0.072 per Share on 22 July 2021. We have discussed with the Management regarding the downward trend of the Share price and were advised that save for the publication of (i) the annual results announcement of the Company for FY2020 published on 29 March 2021; (ii) the supplemental announcement to the 2020 Annual Report regarding the qualified opinion from the Company's auditors dated 16 June 2021 (the "**Annual Result Supplemental Announcement**"); and (iii) the Cryptocurrency Purchase Announcement, they are not aware of other particular reason that led to the declining trend of the price of the Shares.

Thereafter, the closing price of the Shares exhibited an increasing trend, rebounding from the relatively low closing price of HK\$0.072 per Share on 22 July 2021 to a relatively high level of HK\$0.128 per Share on 4 October 2021. We have discussed with the Management regarding the upward trend of the share price and were advised that save for the publication of (i) the CCT Announcement; (ii) the interim results announcement of the Company for 1H2021 published on 30 August 2021; and (iii) the announcement regarding the acquisition of three target companies and the copyrights of certain smart home software (the "**Acquisition**") dated 9 September 2021 (the "**Acquisition Announcement**"), they are not aware of other particular reason that led to the increasing trend of the price of the Shares.

Subsequently, the closing price of the Shares demonstrated a deteriorating trend and reached the lowest closing price of HK\$0.070 per Share on 17 December 2021. The closing price of the Shares then remained relatively stable and closed at HK\$0.072 per Share on the Last Trading Day (i.e. 24 December 2021). We have discussed with the Management regarding the downward trend of the share price and were advised that they are not aware of other particular reason that led to the decreasing trend of the price of the Shares.

At the request of the Company, trading in the Shares was suspended from 28 December 2021 to 31 December 2021 pending the publication of the Joint Announcement. Following the resumption of trading, the closing price of the Shares increased by approximately 38.9% to HK\$0.100 per Share on 3 January 2022 (being the first trading day after the publication of the Joint Announcement) as compared to that of HK\$0.072 per Share on the Last Trading Day. We reckon that such rise in the closing price of the Shares was likely due to the market reaction to the announcement of the Offer. The closing price of the Shares then fluctuated within the range of HK\$0.072 per Share to HK\$0.136 per Share during the period commencing from 4 January 2022 to the Latest Practicable Date. As at the Latest Practicable Date, the price of the Shares was closed at HK\$0.072 per Share.

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Independent 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 after the Latest Practicable Date.

B. Historical trading volume of the Shares

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

Table 4: Trading volume of the Shares during the Review Period

Month/period	Total trading volume (No. of Shares)	No. of trading days	Average daily trading volume (No. of Shares)	Percentage of the average daily trading volume to the total issued Shares (Note 1)	Percentage of the average daily trading volume to the number of issued Shares held by public Shareholders (Note 2)
December 2020 (from 28 December)	786,000	4	196,500	0.0180%	0.0622%
January 2021	4,126,000	20	206,300	0.0189%	0.0653%
February 2021	21,129,000	18	1,173,833	0.1074%	0.3715%
March 2021	4,295,000	23	186,739	0.0171%	0.0591%
April 2021	828,000	19	43,579	0.0040%	0.0138%
May 2021	10,928,000	20	546,400	0.0500%	0.1729%
June 2021	2,158,000	21	102,762	0.0094%	0.0325%
July 2021	1,424,000	21	67,810	0.0062%	0.0215%
August 2021	2,916,000	22	132,545	0.0121%	0.0420%
September 2021	4,112,000	21	195,810	0.0179%	0.0620%
October 2021	670,000	18	37,222	0.0034%	0.0118%
November 2021	2,878,000	22	130,818	0.0120%	0.0414%
December 2021 (Note 1)	2,424,000	18	134,667	0.0123%	0.0426%
January 2022	41,369,000	21	1,969,952	0.1803%	0.6235%
February 2022	1,717,000	17	101,000	0.0092%	0.0320%
March 2022 (up to the Latest Practicable Date)	1,368,000	6	228,000	0.0209%	0.0722%

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

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Notes:

1. *Trading in the Shares was suspended from 28 December 2021 to 31 December 2021 pending the publication of the Joint Announcement.*
2. *The calculation is based on the average daily trading volume of the Shares divided by the total issued share capital of the Company as at the Latest Practicable Date (i.e. 1,092,877,195 Shares).*
3. *The calculation is based on the average daily trading volume of the Shares divided by the number of Shares held by public Shareholders as at the Latest Practicable Date (i.e. 315,957,521 Shares).*

As illustrated in Table 4 above, the average daily trading volume for the respective month/period during the Review Period ranged from approximately 37,222 Shares to approximately 1,969,952 Shares, representing approximately 0.0034% to approximately 0.1803% of the total number of issued Shares as at the Latest Practicable Date, or approximately 0.0118% to approximately 0.6235% of the total number of issued Shares held by public Shareholders as at the Latest Practicable Date.

During the period from 28 December 2020 until the publication of the Joint Announcement (the “**Pre-announcement Period**”), we noted that the average daily trading volume of the Shares in February 2021 and May 2021 was relatively high. We have discussed with the Management regarding the relatively high trading volume of the Shares and were advised that they are not aware of any particular reason that led to the relatively high trading volume of the Shares.

Save for the particularly high daily trading volume of the Shares in February 2021 and May 2021 as mentioned above, the average daily trading volume of the Shares was relatively thin during the Pre-announcement Period. During the period from 3 January 2022 (being the first trading day after the publication of the Joint Announcement) to the Latest Practicable Date (the “**Post-announcement Period**”), the average daily trading volume of the Shares surged from approximately 237,547 Shares during the Pre-announcement Period to approximately 1,010,318 Shares. We believe that the increase in trading volume of the Shares during the Post-announcement Period was possibly due to the market reaction to the announcement of the Offer.

It is uncertain as to whether there would be sufficient liquidity in the Shares for the Independent Shareholders to dispose of a large volume of the Shares in the open market without depressing the Share price. Therefore, we are of the view that the Offer represents an opportunity for the Independent Shareholders, particularly for those who hold a large volume of the Shares, to dispose of part or all of their Shares at the Offer Price if they so wish to.

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C. Comparison with other comparable companies

In assessing the fairness and reasonableness of the Offer Price, we attempted to compare the Offer Price against the market valuation of other comparable companies using the price-to-sales ratio (“**PS Ratio**”), the price-to-earnings ratio (“**PE ratio**”), the price-to-book ratio (“**PB ratio**”) and the enterprise value to earnings before interest, taxes, depreciation and amortisation (“**EBITDA**”) ratio (“**EV/EBITDA ratio**”), which are commonly used valuation multiples. However, since the Company recorded loss attributable to owners of the Company of approximately HK\$78.8 million and negative EBITDA of approximately HK\$65.5 million in FY2020, the assessment of the fairness and reasonableness of the Offer Price by using the implied PE ratio and EV/EBITDA ratio are infeasible. We consider PS ratio and PB ratio to be appropriate indicators of the fair values of the comparable companies.

In the selection of the comparable companies, we have reviewed the financial performance of the Group. Based on the 2020 Annual Report, the properties management segment and the hotel operation segment contributed approximately 60% and approximately 40% of the Group’s revenue in FY2020, respectively. In this regard, we have attempted to identify those listed companies on the Stock Exchange which are principally engaged in properties management in the PRC and hotel operation in Canada. However, we could not locate any listed companies on the Stock Exchange which are principally engaged in hotel operation in Canada and over 30% revenue of which was generated from the hotel management in Canada for the latest financial year. In view of the above, couple with the fact that the properties management segment contributed over 50% of total revenue of the Group since FY2018 and almost 60% in FY2020 and 1H2021, we consider it reasonable to focus on the properties management companies for our analysis.

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Given that (i) approximately 60% of the Group’s revenue for FY2020 was generated from properties management segment (the “**Relevant Business**”) in the PRC; and (ii) the market capitalization of the Company was approximately HK\$79 million as at the Latest Practicable Date, we identified companies listed on the Stock Exchange based on the criteria that (i) over 60% of the revenue for the latest full financial year was generated from the Relevant Business in the PRC; (ii) market capitalization of which is less than HK\$500 million as at the Latest Practicable Date; and (iii) the share issuance are not by listed companies with multiple classes of shares (such as (a) those companies with domestic shares and/or preferred shares; or (b) those companies with shares dual-listed on the Stock Exchange and other recognised stock exchanges), whose share and capital structure may be different from that of the Company (which only has a single class of shares in trading), as the capital structure of such listed companies comprised of more than one class of shares in trading and the trading price of each class of shares, where applicable, may be materially different from each other from time to time and may affect the trading price of the other class of shares. We have only identified an exhaustive list of 5 companies which met our above-mentioned selection criteria. Due to small sample size, we have relaxed the selection criteria of the comparable companies regarding the market capitalization to those which were of market capitalization less than HK\$1 billion as at the Latest Practicable Date and we have identified an exhaustive list of 8 companies (the “**Comparable Companies**”).

Table 5: Details of the Comparable Companies

Company name (Stock code)	Principal activities	Market capitalization as at the Latest Practicable Date (HK\$'000)	Total revenue in the latest full financial year prior to the Latest Practicable Date (Note 1) (HK\$'000)	Net assets attributable to equity holders as at the Latest Practicable Date (Note 2) (HK\$'000)	PS ratio (times)	PB ratio (times)
Riverine China Holdings Limited (1417)	Engaged in the provision of both property management services for high-end non-residential properties and integrated urban sanitary services in the PRC	688,500	931,473	332,163	0.74	2.07
Zhong Ao Home Group Limited (1538)	Engaged in the provision of property management services, sales assistance services, provision of cleaning and greening services and provision of real estate agency services in the PRC	495,639	2,136,972	1,053,051	0.23	0.47
Yincheng Life Service CO., Ltd. (1922)	Involved in the provision of property management services and community value-added services	881,602	1,173,191	235,282	0.75	3.75

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Company name (Stock code)	Principal activities	Market capitalization as at the Latest Practicable Date (HK\$'000)	Total revenue in the latest full financial year prior to the Latest Practicable Date (Note 1) (HK\$'000)	Net assets attributable to equity holders as at the Latest Practicable Date (Note 2) (HK\$'000)	PS ratio (times)	PB ratio (times)
Ye Xing Group Holdings Limited (1941)	Engaged in the provision of property management services and commercial operational services	243,186	318,787	317,613	0.76	0.77
AUX International Holdings Limited (2080)	Engaged in the operation of clubbing business and restaurant and bar outlets in Hong Kong and provision of property management services in the PRC	290,861	302,907	148,227	0.96	1.96
First Service Holding Limited (2107)	Engaged in the provision of property management services, services in the area of green living solutions and value-added services in the PRC	990,000	941,218	821,533	1.05	1.21
Sundy Service Group Co. Ltd (9608)	Engaged in provision of property management services, value-added services to non-property owners, community value-added services and other businesses, namely hotel business and long-term rental apartment business in the PRC	323,200	313,052	341,159	1.03	0.95
Xingye Wulian Service Group Co. Ltd. (9916)	Engaged in property management and value-added services and property engineering services	368,000	259,985	431,356	1.42	0.85
				Maximum:	1.42	3.75
				Minimum:	0.23	0.47
				Average:	0.87	1.50
				Median:	0.86	1.08
				Standard Deviation:	0.34	1.07
						Excluding Outlier (Note 3)
				Maximum:	N/A	2.07
				Minimum:	N/A	0.47
				Average:	N/A	1.18
				Median:	N/A	0.95
The Company		78,687 (Note 4)	58,803	34,037 (Note 5)	1.34	2.31

Sources: the website of the Stock Exchange (www.hkex.com.hk) and the financial reports of the respective Comparable Companies

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Notes:

1. *Based on the figures of the respective Comparable Companies as published in the latest published annual reports.*
2. *Based on the figures of the respective Comparable Companies as published in the latest published annual reports or interim reports.*
3. *We noted that the PB ratio of Yincheng Life Service CO., Ltd. (stock code: 1922) (“**Yincheng Life Service**”) exceeds two standard deviations from the average of those of the Comparable Companies. We consider that the PB ratio of Yincheng Life Service is an outlier and was excluded from our analysis for the PB ratios represented by the Comparable Companies.*
4. *The market capitalization of the Company is calculated based on the Offer Price and the number of issued Shares as at the Latest Practicable Date (i.e. 1,092,877,195 Shares).*
5. *Based on the Reassessed NAV of approximately HK\$34,037,000 (please refer to the paragraph headed “B. Financial information of the Group — (v) Reassessment of the net asset value” under the section headed “1. Business, financial performance and prospects of the Group” for the details of the calculation of the Reassessed NAV).*

As set out in Table 5 above, the PS ratios of the Comparable Companies ranged from approximately 0.23 times to approximately 1.42 times with an average of approximately 0.87 times and a median of approximately 0.86 times. The PS ratio of the Company implied by the Offer Price of approximately 1.34 times is higher than the average and median of the PS ratios of the Comparable Companies.

The PB ratios of the Comparable Companies (excluding outlier) ranged from approximately 0.47 times to approximately 2.07 times with an average of approximately 1.18 times and a median of approximately 0.95 times. The PB ratio of the Company implied by the Offer Price of approximately 2.31 times is higher than the maximum of the PB ratios of the Comparable Companies (excluding outlier).

D. Conclusion

Notwithstanding that the Offer Price represents a discount of approximately 2.70% and 8.86% to the 10-day Average Price and the 30-day Average Price, respectively, having considered the facts that:

- (i) the Offer Price (a) is equivalent to the closing price of the Shares on the Last Full Trading Day, the Last Trading Day and the Latest Practicable Date, as well as the 5-day Average Price; and (b) represents a premium of approximately 131.21% over the Reassessed NAV of approximately HK\$0.03114 per Share as at 30 June 2021;

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- (ii) save for the particularly high average daily trading volume of the Shares in February 2021, May 2021 and the Post-announcement Period, the trading volume of Shares was low during the Review Period, and it is uncertain as to whether there would be sufficient liquidity in the Shares for the Independent Shareholders to dispose of a significant number of the Shares in the open market without depressing the Share price;
- (iii) there are uncertainties in the future performance of the Group as discussed in the paragraph headed “C. Business prospects of the Group” under the section headed “1. Business, financial performance and prospects of the Group”;
- (iv) the PS ratio of the Company implied by the Offer Price of approximately 1.34 times is higher than the average and median of the PS ratios of the Comparable Companies; and
- (v) the PB ratio of the Company implied by the Offer Price of approximately 2.31 times is higher than the maximum of the PB ratios of the Comparable Companies (excluding outlier),

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

3. Information on the Offeror and the intention of the Offeror in relation to the Group

A. Information on the Offeror

As stated in the “Letter from Elstone Securities” contained in the Offer Document, the Offeror is incorporated in the British Virgin Islands with limited liabilities, and is an investment holding company ultimately wholly and beneficially owned by Mr. Choi, who is also the sole director of the Offeror. Mr. Choi is the co-chairman of the Board and an executive Director.

B. Intention of the Offeror on the Group

As stated in the “Letter from Elstone Securities” contained in the Offer Document, both prior to and after completion of the sale and purchase of the Sale Shares, the Offeror is the controlling Shareholder (as defined under the Listing Rules). As at the Latest Practicable Date, the Offeror intended to continue the existing principal business of the Group. The Offeror will conduct a review of the existing principal businesses and the financial position of the Group for the purpose of formulating business plans and strategies for the future business development of the Group. Subject to the results of the review, the Offeror may explore other business opportunities and consider whether any asset disposals, asset acquisitions, business rationalization, business divestment, fund raising, restructuring of the business and/

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or business diversification will be appropriate in order to enhance the long-term growth potential of the Group. Should such corporate actions materialise, further announcement(s) will be made in accordance with the Listing Rules. As at the Latest Practicable Date, the Offeror had yet to identify or enter into discussions or negotiations with any parties and had no intention or plan with respect to business opportunities or acquisitions or disposals.

Save for the Offeror's intention regarding the Group as set out above and save as disclosed in the section headed "Proposed Change to the Board Composition of the Company" below, the Offeror has no intention to discontinue the employment of the employees or to dispose of or re-deploy the assets of the Group other than those in its ordinary course of business. The Offeror also intends to continue the existing principal business of the Group immediately following completion of the sale and purchase of the Sale Shares.

The Board is aware of the intention of the Offeror in respect of the Group and its employees as stated in the Offer Document.

Having considered the facts that (i) Mr. Choi is the existing co-chairman of the Board and an executive Director and intends to continue the existing businesses of the Company; and (ii) the prospect for the hotel operation industry, the properties management industry and the cryptocurrency business, in which the Group is currently engaged in, will remain uncertain (please refer to our analysis as disclosed in the paragraph headed "C. Business prospects of the Group" under the section headed "1. Business, financial performance and prospects of the Group" above for further details), we are of the opinion that there remains uncertainty in the future performance of the Group.

C. Proposed Changes to the Board Composition of the Company

As stated in the "Letter from Elstone Securities" contained in the Offer Document, as at the latest practicable date of the Offer Document, being 18 January 2022, the Offeror had not decided on the future composition of the Board. Ms. Yeung So Mui will resign as an executive Director and all other offices and positions held in the Group (including membership in any committees under the Board) with effect from a date which is no earlier than such date as permitted under Rule 7 of the Takeovers Code (i.e. the Closing Date). Any changes to the Board will be made in compliance with the Takeovers Code, the Listing Rule and the articles of association of the Company, further announcement(s) will be made in this regard as and when appropriate.

D. Maintaining the listing status of the Company

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

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

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

As stated in the “Letter from Elstone Securities” contained in the Offer Document, the Offeror intends the Company to remain listed on the Stock Exchange after the close of the Offer. The Offeror does not intend to avail itself of any powers of compulsory acquisition of any Shares outstanding after the close of the Offer. The sole director of the Offeror has undertaken and will procure the new Directors to be appointed to the Board (if any) to jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares, such as disposal of Shares held by the Offeror or parties acting in concert with it and/or issue of additional Shares by the Company for this purpose. The Company and the Offeror will issue further announcement(s) as and when necessary in this regard.

OPINION AND RECOMMENDATION

Notwithstanding that the Offer Price represents a discount of approximately 2.70% and 8.86% to the 10-day Average Price and the 30-day Average Price, respectively, taking into consideration the above-mentioned principal factors and reasons, in particular the following:

- (i) the Group’s financial performance remains uncertain and the Going Concern Issue arose in the audited financial statements of the Group for FY2019 and remained outstanding in the audited financial statements of the Group for FY2020 as discussed in the paragraph headed “B. Financial information of the Group” under the section headed “1. Business, financial performance and prospects of the Group”;
- (ii) there are uncertainties in the future performance of the Group as discussed in the paragraph headed “C. Business prospects of the Group” under the section headed “1. Business, financial performance and prospects of the Group”;
- (iii) the Offer Price (a) is equivalent to the closing price of the Shares on the Last Full Trading Day, the Last Trading Day, the Latest Practicable Date and the 5-day Average Price; and (b) represents a premium of approximately 131.21% over the Reassessed NAV of approximately HK\$0.03114 per Share as at 30 June 2021;
- (iv) the PS ratio of the Company implied by the Offer Price of approximately 1.34 times is higher than the average and median of the PS ratios of the Comparable Companies;
- (v) the PB ratio of the Company implied by the Offer Price of approximately 2.31 times is higher than the maximum of PB ratios of the Comparable Companies (excluding outlier); and

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- (vi) save for the particularly high average daily trading volume of the Shares in February 2021, May 2021 and the Post-announcement Period, the trading volume of Shares was low during the Review Period, and it is uncertain as to whether there would be sufficient liquidity in 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 consider that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned. On such basis, we recommend the Independent Board Committee to advise the Independent Shareholders to accept the Offer. In view of the volatility of market conditions, those Independent Shareholders who intend to accept the Offer are strongly reminded to closely monitor the market price and the liquidity of the Shares during the Offer Period and should consider selling their Shares in the open market, instead of accepting the Offer, if the net proceeds from the sale of such Shares in the open market would exceed the net proceeds receivable under the Offer after having regard to the market price and the liquidity of the Shares.

For those Independent Shareholders who are attracted by and confident in the future prospects of the Group, given the background and future intention of the Offeror as detailed in the “Letter from Elstone Securities” contained in the Offer Document and notwithstanding that no detailed business plan has been laid down by the Offeror, they may consider to retain their Shares in full or in part. We would like to remind the Independent Shareholders that if they consider retaining their Shares or tendering less than all their Shares under the Offer, they should carefully consider the potential difficulties they may encounter in disposing of their investments in the Shares after the close of the Offer in view of the historical low liquidity of the Shares and there is no guarantee that the prevailing level of the Share price will sustain during and after the Offer Period. The Independent Shareholders are strongly advised that the decision to realise or to continue to hold their investments in the Shares is subject to individual circumstances and investment objectives.

The Independent Shareholders are also reminded to read carefully the procedures for accepting the Offer, details of which are set out in Appendix I to the Offer Document and the accompanying Form of Acceptance, if they wish to accept the Offer.

Yours faithfully,
For and on behalf of
Astrum Capital Management Limited
Hidulf Kwan **Rebecca Mak**
Managing Director *Director*

Note: Mr. Hidulf Kwan has been a responsible officer of Type 6 (advising on corporate finance) regulated activity under the SFO since 2006 and has participated in and completed various independent financial advisory transactions.

Ms. Rebecca Mak has been a responsible officer of Type 6 (advising on corporate finance) regulated activity under the SFO since 2011 and has participated in and completed various independent financial advisory transactions.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

Set out below is a summary of the audited consolidated financial results of the Group for the financial years ended 31 December 2018, 2019 and 2020, respectively, as extracted from the relevant published financial statements of the Group for the relevant years, and the unaudited consolidated financial results of the Group for the six months ended 30 June 2020 and 2021 as extracted from the published interim reports of the Company for the relevant periods.

Auditors' report for the year ended 31 December 2018

The auditors of the Company, Grant Thornton Hong Kong Limited (the “**Auditors**”), has not issued any qualified opinion (including emphasis of matter, adverse opinion and disclaimer of opinion) on the respective financial statements of the Group for the financial years ended 31 December 2018.

Auditors' report for the year ended 31 December 2019

The Auditors has expressed its qualified opinion on the consolidated financial statements of the Group for the year ended 31 December 2019 and material uncertainty related to going concern. The full text of their qualified opinion, basis for qualified opinion, and material uncertainty related to going concern, which are extracted from Auditors' report on the audit of the consolidated financial statements for the year ended 31 December 2019, are reproduced as below:

“Qualified Opinion

*We have audited the consolidated financial statements of Forebase International Holdings Limited (the “**Company**”) and its subsidiaries (together the “**Group**”) set out on pages 90 to 224, which comprise the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.*

*In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the Hong Kong Companies Ordinance.*

*Basis for Qualified Opinion**Scope Limitation — Information about the seizure of investment properties owned by the joint ventures of the Group*

*As explained in note 20 to the consolidated financial statements, Triple Market Limited and its subsidiaries (“**Triple Market Group**”) are the joint ventures of the Group. Triple Market Group mainly holds investment properties amounted to HK\$84,920,000 as at 31 December 2019. The interests in joint ventures in the consolidated statement of financial position amounted to HK\$44,516,000 as at 31 December 2019.*

*During the course of our audit, we noted that all the investment properties of the joint ventures were seized by the Intermediate People’s Court of Chongqing (重慶第一中級人民法院) (the “**Court**”) in relation to a loan dispute with a financial institution. The directors of the Company inquired of the management of the joint ventures in relation to the seizure of investment properties and the loan dispute, including the court orders, the reason and the latest development of the seizure of the investment properties and the loan dispute, but they are still not able to obtain all relevant information. Because the information and reason about the Court’s seizure of the investment properties and the loan dispute are not available to us, we are unable to assess the likely outcome and the financial impact associated with the seizure of the investment properties and the loan dispute, and to assess as to whether any adjustments related to the understatement of liabilities of the joint ventures and impairment in the interests in joint ventures are required to be made by the Group. Accordingly, we are unable to satisfy ourselves as to whether the interests in joint ventures were fairly stated and whether the relevant details are properly disclosed in the consolidated financial statements as at 31 December 2019. Any adjustments to the amounts might have a significant consequential effect on the consolidated financial position as at 31 December 2019 and the consolidated financial performance for the year then ended.*

*We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA’s “Code of Ethics for Professional Accountants” (the “**Code**”) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.*

Material Uncertainty Related to Going Concern

We draw attention to note 2.1 in the consolidated financial statements, which indicates that as at 31 December 2019 the Group's current liabilities exceeded its current assets by HK\$64,030,000. Such event or condition indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. The validity of the going concern basis depends on the management's arrangements to address the going concern issue as described in note 2.1 to the consolidated financial statements. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified in respect of this matter."

Auditors' report for the year ended 31 December 2020

The Auditors has expressed its qualified opinion on the consolidated financial statements of the Group for the year ended 31 December 2020 and material uncertainty related to going concern. The full text of their qualified opinion, basis for qualified opinion, and material uncertainty related to going concern, which are extracted from Auditors' report on the audit of the consolidated financial statements for the year ended 31 December 2020, are reproduced as below:

"Qualified Opinion

We have audited the consolidated financial statements of Times Universal Group Holdings Limited (formerly known as Forebase International Holdings Limited) (the "Company") and its subsidiaries (together, the "Group") set out on pages 94 to 217, which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Qualified Opinion

*As explained in note 20 to the consolidated financial statements, Triple Market Limited and its subsidiaries (together, the “**Joint Ventures**”) are considered as joint ventures of the Group which mainly holds investment properties for rental business.*

*During the year ended 31 December 2019, all of the investment properties of the Joint Ventures were seized by the Intermediate People’s Court of Chongqing (重慶第一中級人民法院) (the “**Court**”) in relation to a loan dispute with a financial institution (the “**Court Case**”). The directors of the Company inquired the management of the joint ventures in relation to the Court Case, including the court orders, the reason for the seizure and the latest development of the case, but they were not able to obtain all relevant information as at 31 December 2019. Therefore, we were unable to assess the likely outcome of the Court Case and the financial impact associated with the Court Case, and to assess whether any adjustments relating to the understatement of liabilities of the Joint Ventures and whether impairment on the interests in Joint Ventures was required for the year ended 31 December 2019. As at 31 December 2019, the carrying amount of interests in Joint Ventures amounted to HK\$44,516,000.*

As at 31 December 2020, as advised by the Company’s PRC legal advisor, the Joint Ventures do not possess control over the seized investment properties because the seized investment properties of the Joint Ventures are held under a compulsory auction as ordered by the Court during the year ended 31 December 2020. The management of the Company is of the opinion that the Joint Ventures are unlikely to repossess the investment properties and therefore impairment loss on the interests in Joint Ventures of HK\$29,523,000 was made during the year ended 31 December 2020.

In respect of the abovementioned events, we were unable to obtain sufficient appropriate audit evidence and there were no alternative audit procedures that we could perform to satisfy ourselves as to whether adjustments on interests in Joint Ventures as at 31 December 2019 and accumulated losses as at 1 January 2020, which would affect the Group’s financial results and related cash flows for the year ended 31 December 2020, were necessary. Our audit opinion on the Group’s consolidated financial statements for the year ended 31 December 2020 was modified accordingly because of the possible effect of the audit scope limitation in the audit of the Group’s consolidated financial statements for the year ended 31 December 2019 and therefore the financial results and related cash flows for the year ended 31 December 2020 may not be comparable with the corresponding amounts.

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSAs”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA’s “Code of Ethics for Professional Accountants” (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 2.1 to the consolidated financial statements, which indicates that as at 31 December 2020 the Group’s current liabilities exceeded its current assets by HK\$27,316,000. Such event or condition indicates that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. The validity of the going concern basis depends on the management’s arrangements to address the going concern issue as described in note 2.1 to the consolidated financial statements. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified in respect of this matter.”

Summary of financial information of the Group

Save as disclosed in the notes below, no other item of any income or expense which are material was recorded in the financial statements of the Group for the years ended 31 December 2018, 2019 and 2020 and for the six months ended 30 June 2020 and 2021.

	For the six months ended 30 June		For the year ended 31 December		
	2021	2020	2020	2019	2018
	(unaudited)	(unaudited)	(audited)	(audited and restated)	(audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	34,936	27,029	58,803	92,228	94,582
Loss before taxation	(5,346)	(19,341)	(79,969)	(30,816)	(20,584)
Income tax expenses/(credit)	(10)	(5)	1,189	372	(1,236)
Loss for the period/ year attribute to owners of the company	(5,356)	(19,346)	(78,780)	(30,444)	(21,820)
Total comprehensive expenses for the year attributable to owners of the Company	(3,793)	(22,356)	(77,861)	(29,160)	(28,343)
Loss per share attributable to the equity shareholders of the Company for the period/year (HK cents)	(0.49)	(2.66)	(8.52)	(4.00)	(4.11)
Dividend per Share	Nil	Nil	Nil	Nil	Nil

2. CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

The Company is required to set out or refer to in this Response Document the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in (i) the unaudited consolidated financial statements of the Group for the six months ended 30 June 2021 (the “**2021 Interim Financial Statements**”); and (ii) 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 2021 Interim Financial Statements are set out from page 20 to page 52 in the 2021 Interim Report, which was published on 30 September 2021. The 2021 Interim Report is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<https://www.timesuniversal.com/en/index.php>), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0930/2021093000001.pdf>

The 2020 Financial Statements are set out from page 81 to page 217 in the 2020 Annual Report, which was published on 30 April 2021. The 2020 Annual Report is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<https://www.timesuniversal.com/en/index.php>), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0430/2021043000015.pdf>

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

3. INDEBTEDNESS

As at 31 December 2021, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Response Document, the Group had the following indebtedness:

Borrowings

	<i>HK\$'000</i>
Secured loans, secured and guaranteed	29,928
Loan from controlling shareholders, unsecured and unguaranteed	20,558
Bonds, unsecured and unguaranteed	50,181
	<hr/>
Total	<u>100,667</u>

Lease liabilities

As at 31 December 2021, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Response Document, the Group had total lease liabilities amounting to approximately HK\$1.26 million.

Save as disclosed above and apart from intra-group liabilities and normal trade payables in the ordinary course of business, as at 31 December 2021, the Group did not have any other debt securities issued or outstanding, and authorised or otherwise created but unissued, term loans, other borrowings or indebtedness in the nature of borrowings including bank overdrafts, liabilities under acceptances, acceptance credits, hire purchases commitments, mortgages, charges, guarantees or other material contingent liabilities.

4. MATERIAL CHANGE

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, save as and except for the below, the Group does not have other material changes in the financial or trading position or outlook of the Group:

- a. as announced by the Company on 14 July 2021, Best Mast, being the purchaser, purchased 12,000 units of Filecoin through a series of on-market transactions on the trading platform at an aggregate consideration (excluding handling charges) of US\$634,942 (equivalent to approximately HK\$4,939,848.76). The Group intends to utilise the cryptocurrency as collateral for Filecoin mining purpose, which in turn, would allow the Group to tap into the cryptocurrency business and diversify the business operation of the Group. The Group will identify service provider(s) for the provision of Filecoin mining services to utilise the Cryptocurrency;
- b. as announced by the Company on 30 August 2021, the Group recorded unaudited net loss for the six months ended 30 June 2021 of approximately HK\$5.4 million as comparing to the unaudited net loss for the six months ended 30 June 2020 of approximately HK\$19.3 million; and
- c. as announced by the Company on 9 September 2021, Chongqing Ailuojia Technology Service Limited* (重慶愛洛家科技服務有限公司), an indirect wholly-owned subsidiary of the Company (“**Ailuojia**”), entered into the sale and purchase agreement with Mr. Yang Jin Zhu, Ms. Wang Jing and Chongqing Jia Duan Technology Company Limited* (重慶市嘉端科技有限責任公司), a limited liability company established in the PRC (the “**Vendors**”), pursuant to which Ailuojia agreed to acquire and the Vendors agreed to sell the entire equity interest in three target companies and two copyright registration nos. 1229777 and 3291622 in the PRC in relation to smart home software for a consideration of approximately HK\$3.54 million (subject to adjustment).

* For identification purposes only.

1. RESPONSIBILITY STATEMENT

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

The information contained in this Response Document relating to the Offer, the Offeror, its ultimate beneficial owners and the parties acting in concert with any of them has been extracted from or based on the Offer Document. The only responsibility accepted by the Directors in respect of such information is for the correctness and fairness of the extraction of such information and/or its reproduction or presentation.

2. SHARE CAPITAL

As at the Latest Practicable Date, the issued and fully paid-up share capital of the Company is 1,092,877,195 Shares. The Company is incorporated in Hong Kong with limited liability and therefore, the Company does not have any authorised capital and specific value of issued share capital as the concept of par value and requirement for authorised capital have been abolished under section 135 of the Hong Kong Companies Ordinance.

All Shares in issue rank *pari passu* in all respects with each other including rights to dividends, voting and return of capital. The Company had not issued new Shares since 31 December 2020, being the date to which the latest annual audited statements of the Company were made up.

Other than the Shares in issue, the Company had no other outstanding shares, options, warrants, derivative or other securities that are convertible or exchangeable into Shares or other types of equity interest in issue as at the Latest Practicable Date.

3. DISCLOSURE OF INTEREST

(a) Interest of the Company in the Offeror

As at the Latest Practicable Date, none of the Company nor any member of the Group had any interest in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Offeror, and no such person (including the Company) had dealt in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Offeror.

(b) Interest of the Directors in the Company and in the Offeror

As at the Latest Practicable Date, the following Directors or chief executive of the Company had or were deemed to have interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) and in the Offeror (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions:

(i) Long positions in the Shares:

Name of Director	Capacity and nature of interests	Number of Shares held	Percentage of the Company's issued share capital
Mr. Choi	Interest of controlled corporation (<i>Note</i>)	776,919,674	71.09%

Note: Great Match is wholly-owned by Mr. Choi and Mr. Choi is the sole director of Great Match.

(ii) Long positions in the underlying Shares:

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any other disclosable interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were otherwise required to notify the Company and the Stock Exchange pursuant to the Model Code.

(iii) Long position of the shares in the Offeror:

As at the Latest Practicable Date, Mr. Choi, an executive Director, is interested in 100% issued share capital of Great Match. Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had any interests or short positions in relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Offeror.

(c) Other Interests

As at the Latest Practicable Date:

- (i) no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company was owned or controlled by a subsidiary of the Company, by a pension fund of the Company or of a subsidiary of the Company, or by a person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of acting in concert or who is an associate of the Company as specified in class (2) of the definition of associate under the Takeovers Code but excluding exempt principal traders and exempt fund managers;
- (ii) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of acting in concert or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of associate under the Takeovers Code;
- (iii) no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company were managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company;
- (iv) save as Mr. Choi, as at the Latest Practicable Date, none of the Directors of the Company had or was deemed to have any other disclosable interests or long positions in the Shares;
- (v) no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company which the Company and any Directors had borrowed or lent;

- (vi) no arrangements of the kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code which exist between the Offeror, or any person acting in concert with it, and any other person; and
- (vii) none of the Offeror, its ultimate beneficial owner and parties acting in concert with any of them has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;

4. DEALING IN THE SECURITIES OF THE COMPANY

- (a) During the Relevant Period, save for the sale and purchase of the Sale Shares on 28 December 2021 and valid acceptances in respect of a total of 17,552,000 Offer Shares under the Offer as at 8 March 2022, none of the Directors had dealt in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.
- (b) During the Relevant Period,
 - (i) none of the Company and any of the Directors had dealt in any interest in the equity share capital or any convertible securities, warrants, options and derivatives of the Offeror;
 - (ii) save as disclosed in the section headed “3. Disclosure of Interests” above, the sale and purchase of the Sale Shares on 28 December 2021 involving the 379,683,837 Shares transferred to the Offeror from Rich Vision and valid acceptances in respect of a total of 17,552,000 Offer Shares under the Offer as at 8 March 2022, none of the Directors had dealt in any interest in the equity share capital or any convertible securities, warrants, options and derivatives of the Company;
 - (iii) none of the subsidiaries of the Company or a pension fund (if any) of any member of the Group or by a person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of acting in concert or who is an associate of the Company as specified in class (2) of the definition of associate under the Takeovers Code but excluding exempt principal traders and exempt fund managers had dealt in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;
 - (iv) no person, with whom the Company or any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3), (5) of the definition of acting in concert or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of associate under the Takeovers Code has an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code had dealt in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company; and
 - (v) no fund managers (other than exempt fund managers) connected with the Company had dealt in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

5. LITIGATION

As at the Latest Practicable Date, the Group is engaged in the following litigation:

- a. Nuofute Property Management Co., Ltd.* (重慶諾富特物業管理有限公司), a wholly owned subsidiary of the Company, (“**Nuofute Property Management**”) being the plaintiff, proceeded legal proceedings against Chongqing Shenji Industrial (Group) Co., Ltd.* (重慶申基實業(集團)有限公司) on 22 July 2021 at People’s Court of Yuzhong District, Chongqing* (重慶市渝中區人民法院) to claim for payment of outstanding management fee and utilities fee in the total sum of approximately RMB5,255,392.45. As at the Latest Practicable Date, the case is still ongoing;
- b. Nuofute Property Management, being the plaintiff, proceeded legal proceedings against Chongqing Shenji Real Estate Development Co., Ltd.* (重慶申基房地產開發有限公司) on 10 May 2021 at People’s Court of Jiulongpo District, Chongqing* (重慶市九龍坡區人民法院) to claim for payment of outstanding management fee and utilities fee in the total sum of approximately RMB4,333,793.76. The first trial was on 17 November 2021 and the second trial was on 1 December 2021. As at the Latest Practicable Date, the case is still ongoing;
- c. Nuofute Property Management, being the plaintiff, proceeded legal proceedings against Pak Chun Industrial Co., Ltd.* (柏椿實業有限公司) on 1 June 2021 at People’s Court of Yuzhong District, Chongqing* (重慶市渝中區人民法院) to claim for payment of outstanding management fee and utilities fee in the total sum of approximately RMB11,709,084. The first trial was on 9 February 2022. As at the Latest Practicable Date, the case is still ongoing;
- d. Nuofute Property Management, being the plaintiff, proceeded legal proceedings against Chongqing Zhuotai Hotel Management Co., Ltd.* (重慶卓泰酒店管理有限公司) on 12 August 2021 at People’s Court of Yuzhong District, Chongqing* (重慶市渝中區人民法院) to claim for payment of outstanding loan in the total sum of approximately RMB5,000,000. On 13 January 2022, the Group has received the first judgment from the court dated 27 December 2021, supporting the claim of the Group. The Group is in the course of claiming the outstand loan together with the interest;
- e. Nuofute Property Management, being the plaintiff, proceeded legal proceedings against Chongqing Liangping Daisi Real Estate Co., Ltd.* (重慶市梁平縣戴斯置業有限公司) on 18 May 2021 at People’s Court of Liangping District, Chongqing* (重慶市梁平區人民法院) to claim for payment of outstanding management fee and utilities fee in the total sum of approximately RMB8,866,468.96. The Group received the first judgement from the court dated 14 December 2021 supporting the claim of the Group in the sum of approximately RMB8,832,859.34. The Group is in the course of claiming the outstand payment together with the interest;

- f. Nuofute Property Management, being the plaintiff, proceeded legal proceedings against Chongqing Tianma Property Development Co., Ltd.* (重慶天馬物業發展有限公司) 25 May 2021 at People’s Court of Xiushan Tujia and Miao Autonomous County, Chongqing * (重慶市秀山土家族苗族自治縣人民法院) to claim for payment of outstanding labour dispatch fee and management fee in the total sum of approximately RMB4,018,722.29. The Group received the first judgement from the court dated 20 October 2021 supporting the claim of the Group in the sum of approximately RMB4,018,722.29. The Group is in the course of claiming the outstand payment together with the interest; and
- g. Nuofute Property Management, has previously been engaged by Chongqing Tianfan Industrial Company Limited* (重慶天帆實業有限公司) (“**Tianfan**”) to manage a property in Chongqing, the PRC. Chongqing Dongzhong Enterprise Management Consulting Company* (重慶東眾企業管理諮詢有限公司) (“**Dongzhong**”), being the tenant of Tianfan, has not been able to settle the outstanding rental fee to Tianfan in the sum of RMB4,652,208 and the management fee to Nuofute Property Management (the sum of which is to be ascertained). Nuofute Property Management has suspended the supply of electricity and water to Dongzhong. Dongzhong claimed damages from Tianfan and Noufute Property Management as a result of suspended supply of electricity and water in the sum of approximately RMB6,000,000. At the same time, Tianfan claimed the outstanding rental fee and Nuofute Property Management claimed the outstanding management fee from Dongzhong. Such disputes are being processed by at People’s Court of Yuzhong District, Chongqing* (重慶市渝中區人民法院). As at the Latest Practicable Date, the case is still ongoing.

Save as disclosed above, as at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration proceedings of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

6. MATERIAL CONTRACTS

Save as disclosed below, there were no material contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group) which have been entered into by any member of the Group after the date falling two years before commencement of the Offer Period up to and including the Latest Practicable Date:

- a. the placing agreement dated 29 May 2020 entered into between the Company and the Sun International Securities Limited in relation to the proposed rights issue of the Company, details of which are set out in the prospectus of the Company dated 17 June 2020, at a commission of the higher of (i) HK\$200,000; and (ii) 2.5% of the actual gross proceeds from the proposed rights issue;

- b. the sale and purchase agreement dated 9 September 2021 entered into between Chongqing Ailuoja Technology Service Limited *(重慶愛洛家科技服務有限公司), an indirect wholly-owned subsidiary of the Company (“**Ailuoja**”), and Mr. Yang Jin Zhu and Ms. Wang Jing (the “**Vendors**”), pursuant to which Ailuoja agreed to acquire and the Vendors agreed to sell the entire equity interest in three target companies and two copyright registration nos. 1229777 and 3291622 in the PRC in relation to smart home software for a consideration of approximately HK\$3.54 million (subject to adjustment).

7. EXPERTS AND CONSENTS

The following are qualifications of experts who have given opinion, letter or advice which are contained in this Response Document:

Names	Qualification
Astrum Capital Management Limited	a corporation licensed by the SFC to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
Roma Appraisals Limited	independent qualified property valuer

As at the Latest Practicable Date, Astrum Capital did not have any shareholding in any member of the Group nor any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, or had any interest, either directly or indirectly, in any assets which had been, since 31 December 2020 (the date to which the latest published annual audited financial statement of the Company were made up), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

Astrum Capital has given and has not withdrawn in their written consent to the issue of this Response Document with copy of its letter and the references to its name included herein in the form and context in which they are respectively included.

8. ARRANGEMENTS AFFECTIVE DIRECTORS

As at the Latest Practicable Date,

- (a) no benefit (other than statutory compensation) had been given or will be given to any Director as compensation for loss of office or otherwise in connection with the Offer;

- (b) there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer, and
- (c) there was no material contract entered into by the Offeror or any party acting in concert with it in which any Director had a material personal interest.

9. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, the Company has entered into the following letters of appointment with the Directors:

Name of Director	Commencement date and expiry date of contract	Amount of fixed remuneration payable under the contract (excluding arrangement for pension payments)	Amount of any variable remuneration payable and other benefits under the contract
Dr. Loke Yu (alias Loke Hoi Lam)	From 18 April 2019 to 17 April 2022	HK\$10,000 per month	Nil
Ms. LAI Cheuk Yu Cherrie	From 10 October 2019 to 9 October 2022	HK\$10,000 per month	Nil
Mr. TING Wong Kacee	From 10 October 2019 to 9 October 2022	HK\$10,000 per month	Nil

As at the Latest Practicable Date, save as disclosed above, none of the Directors had any existing or proposed service contract with the Company or any of its subsidiaries or associated companies which:

- (a) (including both continuous and fixed term contracts) have been entered into or amended within six months before the commencement of the Offer Period;
- (b) are continuous contracts with a notice period for 12 months or more; or
- (c) are fixed term contracts with more than 12 months to run irrespective of the notice period.

10. MISCELLANEOUS

- (a) The registered office, the head office and principal place of business of the Company is located at Unit 3002, 30/F, Workington Tower, 78 Bonham Strand East, Sheung Wan, Hong Kong.

- (b) The company secretary of the Company is Ms. Chong Lai Chu. She is a member of the Hong Kong Institute of Certified Public Accountants, and a fellow member of the Association of Chartered Certified Accountants.
- (c) The English text of this Response Document shall prevail over their respective Chinese text for the purpose of interpretation.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the documents set out in this section are available for inspection on the websites of the SFC (<http://www.sfc.hk>) and the Company (<https://www.timesuniversal.com/en/index.php>) and, during normal business hours from 9:00 a.m. to 5:00 p.m. (other than Saturdays, Sundays and public holidays), at the Company's principal office address at Unit 3002, 30/F, Workington Tower, 78 Bonham Strand East, Sheung Wan, Hong Kong from the date of this Response Document up to and including the Closing Date:

- (a) the articles of association of the Company;
- (b) the annual reports of the Company for each of the three financial years ended 31 December 2018, 31 December 2019 and 31 December 2020;
- (c) the interim reports of the Company for each of the six months ended 30 June 2020 and 30 June 2021;
- (d) the letter from the Board as set out on pages 6 to 14 of this Response Document;
- (e) the letter from the Independent Board Committee as set out on pages 15 to 16 of this Response Document;
- (f) the letter from the Independent Financial Adviser as set out on pages 17 to 50 of this Response Document;
- (g) the property valuation report issued by the Independent Property Valuer;
- (h) the written consent referred to in the paragraph headed "Experts and Consents", in this appendix;
- (i) the letters of appointment referred to in the paragraph headed "Directors' Service Contracts" in this appendix;
- (j) the material contracts referred to in the paragraph headed "Material Contracts" in this appendix; and
- (k) this Response Document.

* *For identification purposes only.*

The following is the full text of a letter and valuation report prepared for the purpose of incorporation in this circular received from Roma Appraisals Limited, an independent qualified property valuer, in connection with the valuation of the properties as at 31 December 2021 by the Group in Canada.



22/F, China Overseas Building,
139 Hennessy Road, Wan Chai, Hong Kong
Tel: (852) 2529 6878 Fax: (852) 2529 6806
E-mail: info@romagroup.com
<http://www.romagroup.com>

11 March 2022

Times Universal Group Holdings Limited

Unit 3002, 30/F,
Workington Tower,
78 Bonham Strand,
Sheung Wan, Hong Kong

Dear Sirs,

Re: Property valuation of Brentwood Bay Resort & Spa, 849 Verdier Avenue and a parcel of development land, 842 Verdier Avenue, Brentwood Bay, British Columbia, Canada

INSTRUCTIONS, PURPOSE AND VALUATION DATE

In accordance with your instructions for us to assess the market value of the properties held by Times Universal Group Holdings Limited (the “**Company**”) and/or its subsidiaries (together with the Company refer to as the “**Group**”) situated in Canada, we confirm that we have made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion on the market value of the properties as at 31 December 2021 (the “**Valuation Date**”) for public documentation purpose.

VALUATION STANDARDS

Our valuation has been prepared in accordance with the RICS Valuation — Global Standards published by the Royal Institution of Chartered Surveyors and the “International Valuation Standards” published by the International Valuation Standards Council. This valuation also complied with the requirements set out in Chapter 5 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited published by the Stock Exchange of Hong Kong Limited and Rule 11 on Asset Valuations of Code on Takeovers and Mergers issued by the Securities and Futures Commission Hong Kong.

For the purpose of compliance with Rule 11.3 of the Code on Takeovers and Mergers and advised by the Group, the potential tax liabilities which would arise on the disposal of the property interests held by the Group in the Canada, for the amount of market value minus the cost of purchase, subject to the capital gain tax as announced by the Canada tax authority from time to time. The exact amount of the tax payable upon realization of the relevant properties will be subject to the formal tax advice issued by the relevant tax authorities at the time of disposal by presenting the relevant transaction documents. Further, as advised by the Company, the likelihood of the potential tax liability being crystallized is remote as the Company has no intention to dispose of them.

VALUATION BASIS

Our valuation was carried out on the basis of market value which is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

VALUATION METHODOLOGY

We have valued the properties by the direct comparison approach by assuming sale of the subject properties in its existing state with the benefit of vacant possession and by making reference to relevant market evidences. Direct comparison approach is universally considered as the most accepted valuation approach for valuing most forms of property.

VALUATION ASSUMPTIONS

Our valuation has been made on the assumptions that the owner sells the properties in the open market as at the Valuation Date in its existing state without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the market value of the properties. No account has been taken of any option or right of pre-emption concerning or affecting the sale of the properties. No allowance has been made in our valuation for any charges, mortgages or amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale. No allowance has been made for the properties to be sold in one lot or to a single purchaser. Unless otherwise stated, we have assumed that the properties are free from encumbrances, restrictions and outgoing of an onerous nature which could affect the market value. We have also assumed the all land premium and other costs of ancillary utility services have been settled in full and the existing use of the properties is in compliance with the local planning regulations and has been approved by the relevant government authorities.

SOURCE OF INFORMATION

In the course of our valuation, we have relied to a very considerable extent on the information provided by the Group and have accepted advice given to us by the Group on matters such as identification of the properties, occupation particulars, floor/site areas, planning approvals or statutory notices, easements, building age and all other relevant matters which could affect the market value of the properties. All documents have been used for reference only. We have no reason to doubt the truth and accuracy of the information provided to us which is material to the valuation. We have also been advised that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view of valuation, and have no reason to suspect that any material information has been withheld.

TITLE INVESTIGATION

We have carried out land search at the Land Title and Survey Authority of British Columbia of Canada. We have been provided with copies of title documents of the properties. However, we have not scrutinized all the original documents to verify ownership or to ascertain the existence of any amendments.

INVESTIGATIONS

Due to the outbreak of COVID-19 pandemic and the consequent measures and policies imposed by the governments, we are not able to carry out physical site inspection and we have been instructed by the Group that this valuation will be carried out on desktop basis and our valuation will be relied on the photographs, if any, and desktop information provided to us.

No structural survey has been made in respect of the properties and we have not been advised that any serious defects have been noticed. We are not able to report whether the properties are free from rot, infestation or any other structural defects but we have not been advised that any of such exists. We have assumed the structure of the properties have been maintained in reasonably good condition for the purpose of valuation. We have not been advised of any environmental concerns such as existing or potential contamination or any form of hazard, and therefore we assumed none of such exists.

We are not able to carry out on-site measurement to verify the floor and site areas of the properties but we have assumed the information shown on the documents handed to us are correct. Except as otherwise stated, all dimensions, measurements and areas reported in this valuation report are based on information contained in the documents provided to us and are therefore approximations.

REMARK

We hereby confirm that the undersigned valuer has extensive experience and qualification to undertake this valuation assignment, and have no present or prospective interests which could conflict with our position in providing an objective and unbiased opinion of valuation.

CURRENCY

Unless otherwise stated, all monetary figures stated in this valuation report are in Canadian dollar (“CAD”), the lawful currency of Canada.

Our valuation summary and valuation certificates are attached hereto.

Yours faithfully,
For and on behalf of
Roma Appraisals Limited

Frank F. Wong

BA (Business Admin in Acct/Econ) MSc (Real Est)

MRICS Registered Valuer MAusIMM ACIPHE

Director

Note: Mr. Frank F. Wong is a Chartered Surveyor, Registered Valuer, Member of the Australasian Institute of Mining & Metallurgy and Associate of Chartered Institute of Plumbing and Heating Engineering with over 23 years of valuation, transaction advisory and project consultancy experience of properties in Hong Kong and 15 years of experience in valuation of properties in the PRC as well as relevant experience in the Asia-Pacific region, Australia and Oceania-Papua New Guinea, Thailand, France, Germany, Poland, United Kingdom, United States, Canada, Abu Dhabi (UAE), Ukraine and Jordan.

VALUATION SUMMARY

Properties held by the Group in Canada

No.	Property Address	Market value in existing state as at 31 December 2021
1.	Brentwood Bay Resort & Spa, 849 Verdier Avenue, Brentwood Bay, British Columbia, V8M 1C5 Canada	CAD13,000,000
2.	A parcel of development land, 842 Verdier Avenue, Brentwood Bay, British Columbia, V8M 1C5 Canada	CAD1,500,000
Total:		CAD14,500,000

Properties held by the Group in Canada

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2021
1.	Brentwood Bay Resort & Spa 849 Verdier Avenue, Brentwood Bay, British Columbia, V8M 1C5 Canada	The property comprises a 3-storey resort hotel known as Brentwood Bay Resort & Spa built in 2004 providing 33 rooms with facilities including restaurant, bar, spa, marina, outdoor swimming pool and hot tub, meeting space, etc..	As advised by the Group, as at the Valuation Date, the property was operating as a resort hotel.	CAD13,000,000
	P.I.D.: 025-654-691	As advised by the Group, the property has a total gross building area of about 33,062 sq.ft. built on a parcel of freehold land with a site area of about 63,456 sq.ft..		
	Legal Description: LOT A SECTION 10 RANGE 2W SOUTH SAANICH DISTRICT PLAN VIP75251			

Notes:

- The registered owner of the property as at the Valuation Date is Forebase Victoria Holdings Limited according to our recent land search. Forebase Victoria Holdings Limited is wholly-owned subsidiary of the Company.
- The property situates on the southwestern corner of Verdier Avenue and Brentwood Drive, about 100m away from the Brentwood Bay Ferry Terminal and about 20km north from Victoria, capital of British Columbia. The vicinity of the property mainly comprises low density residential housings.
- Pursuant to a bank statement dated 17 September 2021, the property is subjected to a mortgage in favor of Industrial and Commercial Bank of China (Canada) for an amount of CAD6,400,000 and the balance is CAD4,988,525.87.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2021
2.	A parcel of development land, 842 Verdier Avenue, Brentwood Bay, British Columbia, V8M 1C5 Canada	The property comprises a parcel of freehold development land with a site area of about 20,997 sq.ft. (0.48 acre), situated on the north of Brentwood Bay Resort & Spa.	As advised by the Group, as at the Valuation Date, the property was operating as a carpark which provides about 56 spaces serving the Brentwood Bay Resort & Spa's pub patrons.	CAD1,500,000
	P.I.D.: 028-861-744			
	Legal Description: LOT A SECTION 10 RANGE 2 WEST SOUTH SAANICH DISTRICT PLAN EPP21578			

Notes:

1. The registered owner of the property as at the Valuation Date is Forebase Victoria Holdings Limited according to our recent land search. Forebase Victoria Holdings Limited is wholly-owned subsidiary of the Company.
2. The property situates on the southwestern corner of Verdier Avenue and Brentwood Drive, about 100m away from the Brentwood Bay Ferry Terminal and about 20km north from Victoria, capital of British Columbia. The vicinity of the property mainly comprises low density residential housings.
3. Pursuant to a bank statement date 17 September 2021, the principal balance of mortgage has been fully paid to the Industrial and Commercial Bank of China (Canada).