THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, or professional accountant, or other professional adviser(s).

If you have sold or transferred all your shares in Pak Tak International Limited (the "**Company**"), you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

PAK TAK INTERNATIONAL LIMITED
(百德國際有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 2668)

(1) MAJOR TRANSACTION DISPOSAL OF MINORITY INTEREST IN THE TARGET COMPANY (2) PROPOSED RE-ELECTION OF DIRECTOR AND (3) NOTICE OF SPECIAL GENERAL MEETING

A notice convening the SGM to be held at Unit 1902, 19/F, Tower 2 Lippo Centre, No. 89 Queensway, Hong Kong on Friday, 13 May 2022 at 11:00 a.m. is set out on pages 56 to 58 of this circular. A form of proxy for use by the Shareholder at the SGM is enclosed with this circular. The Company reminds the Shareholders who wish to exercise his/her/its voting rights that they must appoint the Chairman of the SGM as his/her/its proxy to exercise his/her/its right to vote at the SGM, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time fixed for holding of the SGM (i.e. not later than 11:00 a.m. on Wednesday, 11 May 2022 (Hong Kong time)) or any adjournment thereof (as the case may be).

The proxy form can be downloaded from the Company's website at http://www.paktakintl.com and the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk. If you are not a registered Shareholder (if your Shares are held via banks, brokers, custodians or the Hong Kong Securities Clearing Company Limited ("**HKSCC**")), you should consult directly with your banks, brokers, custodians or HKSCC (as the case may be) to assist you in the appointment of proxy.

21 April 2022

** for identification purpose only*

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SPECIAL ARRANGEMENTS FOR THE SPECIAL GENERAL MEETING

Due to the recent development of Coronavirus Disease 2019 (the "**COVID-19**") pandemic and the announcement of the Government of Hong Kong on the latest Prevention and Control of Disease (Prohibition on Gathering) Regulation (Chapter 599G of the Laws of Hong Kong) and Prevention and Control of Disease (Requirements and Directions) (Business and Premises) Regulation (Chapter 599F of the Laws of Hong Kong) (together, the "**Regulations**"), including a ban on conducting of physical general meetings of companies, the Company will adopt the following special arrangements at the SGM:

a) The SGM will be held with the minimum number of persons present (including the Directors and/or other senior staff members who are Shareholders or proxy) as is required to form a quorate meeting under the applicable laws and regulations and the constitutional documents of the Company. **No other Shareholder, proxy or corporate representative should attend the SGM in person. Any other person who attempts to attend the SGM in person will be denied entry to the venue of the SGM.**

b) If a Shareholder (other than those who are required to attend the SGM physically to form a quorate meeting) wishes to vote on any resolutions at the SGM, he/she/it must appoint the Chairman of the SGM as his/her/its proxy to exercise his/her/its right to vote at the SGM. If a person who is not the Chairman of the SGM is appointed as a proxy, that person will not be permitted entry to the SGM and will not be able to exercise the vote.

c) The SGM will be conducted through electronic means to enable Shareholders to participate and ask questions at the SGM. In order to do so, any Shareholders who would like to view, listen to and/or speak at the SGM through ZOOM/VooV Meeting must contact the Company's branch share registrar and transfer office in Hong Kong by email to is-enquiries@hk.tricorglobal.com or by telephone hotline (852) 2980 1333, by providing the following personal particulars:

   i) full name;
   ii) registered address;
   iii) number of Shares held;
   iv) contact telephone number; and
   v) email address,

   no later than 11:00 a.m. on Wednesday, 11 May 2022 (being not less than 48 hours before the time appointed for holding the SGM) to enable the Company to verify the Shareholders' and identity and status.

   Authenticated Shareholders will receive an email confirmation no later than 11:00 a.m. on Thursday, 12 May 2022 (being not less than 24 hours before the time appointed for holding the SGM) which contains a link via which they can join the live webcast of the SGM. Shareholders **MUST NOT** forward the link to other persons who are not Shareholders and not entitled to attend the SGM.

d) Shareholders can submit questions relevant to the business of the SGM by email to is-enquiries@hk.tricorglobal.com in advance. The Board will arrange for as many of the questions asked to be answered as possible at the SGM.

The Company is closely monitoring the constantly evolving COVID-19 pandemic situation in Hong Kong. Should any changes be made to the SGM arrangements, the Company will notify the Shareholders via an announcement posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.paktakintl.com).

The Company reminds the Shareholders who wish to exercise his/her/its voting rights that they must appoint the Chairman of SGM as their proxy in order to vote on the relevant resolutions at the SGM.

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

"Acquisition"	the acquisition of the entire issued share capital of Foresight Industrial by Golden Flourish Assets Limited (a company incorporated in the BVI with limited liability that is a direct wholly-owned subsidiary of the Company) from Foresight International, further details of which are set forth in the Announcement;
"Announcement"	the announcement of the Company dated 26 January 2022;
"associate(s)"	has the meaning ascribed to it under the Listing Rules;
"Board"	the board of the Directors;
"BVI"	the British Virgin Islands;
"Bye-laws"	the bye-laws of the Company adopted from time to time;
"Company"	Pak Tak International Limited, an exempted company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange;
"Completion Date"	the day on which the completion of the Disposal shall take place in accordance with the terms of the Share Transfer Agreement, being the seventh business day after all the conditions precedent set forth in the Share Transfer Agreement are satisfied and/or, as the case may be, waived, or such other date as the parties may agree in writing;
"close associate(s)"	has the meaning ascribed to it under Listing Rules;
"connected person(s)"	has the meaning ascribed to it under the Listing Rules;
"Director(s)"	the director(s) of the Company;
"Disposal"	the disposal of the Sale Shares pursuant to the Share Transfer Agreement;
"Foresight Group"	collectively, Foresight Industrial and its subsidiaries;

"Foresight Industrial"	Foresight Industrial Group Limited, a company incorporated in the BVI with limited liability, which, together with its subsidiaries, is principally engaged in hotel operations and management and provision of food and beverage catering services in the PRC;
"Foresight International"	Foresight International Group Limited, a company incorporated in the BVI with limited liability;
"Group"	collectively, the Company and its subsidiaries;
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong;
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China;
"Latest Practicable Date"	13 April 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining the information contained in this circular;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Long Stop Date"	30 June 2022 or such other date as the parties to the Share Transfer Agreement may agree in writing, being the last day on which the conditions precedent to the Disposal shall be fulfilled or, as the case may be, waived prior to the Completion;
"PRC"	the People's Republic of China, which, for the purpose of this circular only, shall exclude Hong Kong, the Macao Special Administrative Region of the People's Republic of China and Taiwan;
"Purchaser"	Glory Sun Financial Holdings Limited (formerly known as Goldjoy Holding Limited), a company incorporated in the Cayman Islands with limited liability and an indirect wholly-owned subsidiary of Glory Sun Financial Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1282);
"Sale Shares"	13,921,278 shares, representing approximately 14.73% of the issued share capital of the Target Company as at the Latest Practicable Date;
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time;

"Share(s)"	ordinary share(s) of HK$0.02 each in the issued share capital of the Company;
"Shareholder(s)"	holder(s) of the Share(s);
"Share Transfer Agreement"	the share transfer agreement dated 28 January 2022 entered into between the Purchaser and the Vendor, pursuant to which the Purchaser shall acquire the Sale Shares from the Vendor;
"Special General Meeting" or "SGM"	the special general meeting of the Company to be held at Unit 1902, 19/F, Tower 2 Lippo Centre, No. 89 Queensway, Hong Kong on Friday, 13 May 2022 at 11:00 a.m. to consider and, if thought fit, to approve the resolutions contained in the notice of the meeting which are set out on pages 56 to 58 of this circular, or any adjournment thereof;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules;
"Target Company"	Golden Affluent Limited, a company incorporated in the BVI with limited liability;
"Target Group"	collectively, the Target Company and its subsidiaries;
"Valuation Report"	the report on the appraised value of the Sale Shares as at 30 November 2021 assessed using the market approach prepared by Greater China Appraisal Limited, an independent valuer, dated 21 April 2022, the full text of which is set out in Appendix II to this circular;
"Vendor"	Hua Tong Group Limited, a company incorporated in the BVI with limited liability, which is a direct wholly-owned subsidiary of the Company; and
"%"	per cent.

The Chinese translation of this circular is for reference only. In case of any inconsistency, the English version shall prevail.

PAK TAK INTERNATIONAL LIMITED
(百德國際有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 2668)

Executive Directors:
Mr. Liao Nangang *(Chairman)*
Ms. Qian Pu *(Chief Executive Officer)*
Mr. Wang Jian
Mr. Ning Jie

Non-executive Directors
Mr. Shin Yick Fabian
Mr. Liu Xiaowei

Independent Non-executive Directors:
Mr. Chan Ngai Sang Kenny
Mr. Chan Kin Sang
Mr. Zheng Suijun

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head office and principal place of business in Hong Kong
Unit 1902, 19/F
Tower 2 Lippo Centre
No. 89 Queensway
Hong Kong

21 April 2022

To the Shareholders

Dear Sir/Madam,

(1) MAJOR TRANSACTION
DISPOSAL OF MINORITY INTEREST
IN THE TARGET COMPANY
(2) PROPOSED RE-ELECTION OF DIRECTOR
AND
(3) NOTICE OF SPECIAL GENERAL MEETING

1. INTRODUCTION

Reference is made to the announcement of the Company dated 28 January 2022 in relation to the proposed Disposal.

The purpose of this circular is to provide you with, among other things, (i) further details of the Disposal; (ii) the proposed re-election of Director; and (iii) a notice convening the SGM.

* *for identification purpose only*

2. THE SHARE TRANSFER AGREEMENT

Date: 28 January 2022 (after trading hours)

Parties:

Vendor: Hua Tong Group Limited, a direct wholly-owned subsidiary of the Company

Purchaser: Glory Sun Financial Holdings Limited

(The Vendor and the Purchaser shall collectively be referred to as the "Parties" and each individually as a "Party").

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the Latest Practicable Date, the Purchaser and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected persons as defined under the Listing Rules.

Subject matter

Pursuant to the terms and conditions of the Share Transfer Agreement, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire, the Sale Shares, representing approximately 14.73% of the equity interest in the Target Company as at the Latest Practicable Date at the consideration of HK$110,000,000 in cash.

Upon Completion, the Company will not hold any equity interest in the Target Company, which will cease to be classified as financial asset at fair value through other comprehensive income in the Group's consolidated financial statements.

Consideration

Pursuant to the Share Transfer Agreement, the consideration of HK$110,000,000 shall be payable by the Purchaser to the Vendor in the following manner:

(i) a deposit in the sum of HK$10,000,000 shall be payable within 7 business days after the date of signing of the Share Transfer Agreement;

(ii) part of the consideration of HK$75,000,000 shall be payable within 3 months after the Completion Date; and

(iii) the remaining balance of the consideration of HK$25,000,000 shall be payable within 6 months after the Completion Date.

The consideration was arrived at after arm's length negotiation between the Vendor and the Purchaser after taking into account (i) the appraised value of the Sale Shares as at 30 November 2021 assessed by Greater China Appraisal Limited, an independent valuer (the "**Valuer**"), using the market approach of approximately HK$108,000,000, the details of which are set forth in the Valuation Report in Appendix II to this circular; (ii) the net asset value of the Target Company as shown in its unaudited consolidated management accounts as at 30 November 2021 of approximately HK$699,361,000 (net of non-controlling interests, i.e. excluding net asset value attributable to minority interests in non-wholly-owned subsidiaries of the Target Company, which interests were held by shareholders not being members of the Target Group); (iii) the historical financial performance of the Target Group for the past two years; and (iv) the factors as set out in the section headed "7. REASONS FOR AND BENEFITS OF THE DISPOSAL" in this Letter from the Board. The consideration represents a deficit of approximately HK$73,928,000 under the net book value of the Sale Shares.

The Valuation

The difference between the appraised value of the Sale Shares as at 30 November 2021, i.e. approximately HK$108,000,000, and the fair value of the Sale Shares as at 30 June 2021 as disclosed in the Company's interim report, i.e. HK$183,928,000, is principally attributable to the downward trend in the financial services business of the Target Group. The profit recorded by the Target Group for the five months ended 30 November 2021 fell below the projection provided by the Target Company in Mid-2021 for the purpose of assessing the fair value of the Sale Shares as at 30 June 2021. The change in fair value of the Sale Shares reflects the trend and uncertainties in the financial market in Hong Kong in the recent months.

Fair Value of the Sale Shares as at 30 June 2021

When determining the fair value of the Sales Shares as at 30 June 2021, the Company had discussed with the valuer the possible valuation approaches, including the income approach, the market approach and cost approach and their derivative approaches. The fair value of the Sales Shares as at 30 June 2021 was determined by using the income approach which was consistent with the approach adopted for the preparation of the Group's financial statements for the years ended 31 December 2019 and 2020, and commonly adopted in practice for valuing the fair value of the sales shares in the relatively stable business and financial market environment.

Under the income approach, the discounted cash flows method was used to capture the present value of the expected future economic benefits to be derived from the Sales Shares. The key parameters and assumptions adopted in the valuation included (i) the financial performance in the second half of 2021 being consistent with the first half of 2021; (ii) the estimated revenue growth ranging from 3% to 10% in the following five years and the estimated long-term growth rate of 3%; (iii) the weighted average cost of capital ("**WACC**") which was estimated by the valuer to be 10% and adopted as a basic discount rate for the Sales Shares; (iv) the discount for lack of marketability of 25%; and (v) the non-controlling interest discount of 10% applied as the discount for lack of control.

Throughout the six-month ended 30 June 2021, despite the challenges of the pandemic in the past period, Hong Kong's financial market had remained stable, and the active trading in stock market and the continuing initial public offering activities were vigorous. The projection provided by the Target Company in mid-2021, including the projected financial growth, were consistent with the past financial performance of the Target Company, where the estimated growth rate and estimated long-term growth rate were in the reasonable range. The past gross domestic product in Hong Kong had been considered for determining the long-term growth rate. The financial data of several comparable listed companies had also been considered to determine the Sales Shares' WACC. It was noted that the Target Company was in itself a private entity (and not a listed company), but at the same time also an indirect subsidiary of a listed company which carried on business in key financial services in Hong Kong. Hence, it was considered to have intrinsic value when the Group intended to dispose of and realise the Sale Shares. The discount factor was applied to reflect the restrictions of transferability of shares for a private entity as compared with as compared with listed shares which are free from restrictions on the right to transfer.

Furthermore, the Company held approximately 15.90% of the equity interest in the Target Company as at 30 June 2021, certain subsidiaries of which were non-wholly owned and held as to 63.26% to 80% by the Target Company. Hence, in the valuation of the Sale Shares, a 10% discount factor for lack of control was applied as a reasonable assumption for a private entity, as a non-controlling interest is worth less than a pro-rata interest in the total equity because the holder of a non-controlling interest has limited control of and influence over corporate affairs.

Based on discussions with the valuer, the Directors are of the view that the fair value of the Sale Shares as at 30 June 2021 as determined by the valuer based on the valuation method, principal assumptions and parameters and the projection provided by the Target Company in mid-2021 as discussed above is fair and reasonable.

The Directors are given to understand that the profit recorded by the Target Group for the five months ended 30 November 2021 fell below the projection provided by the Target Company in mid-2021 primarily because of (i) the fair value loss on financial assets at fair value through profit or loss; (ii) the decline in corporate finance service income and performance fee received from assets management due to the unexpected downward trend in the financial market in Hong Kong in the recent months; and (iii) the additional bad debts provision made for margin clients receivables.

Appraised Value of the Sale Shares as at 30 November 2021

The management of the Company have discussed with the Valuer the methodology of and principal bases and assumptions adopted in the valuation of the target company. In assessing the fair value of the Sale Shares, the Valuer had adopted the market approach, which is considered to reflect market expectations as the appraised value was derived from the market prices and latest published financial data of comparable listed companies. It is understood that the market approach is a valuation approach commonly adopted in transactions comparable to the Disposal, and appropriate for assessing the fair value of the Sale Shares.

Alternative valuation approaches, namely the asset approach and the income approach had also been considered. It was understood that the asset approach could not reliably reflect the value of the Sale Shares, as this valuation approach would merely reflect the replacement cost or reproduction cost of the Sale Shares without taking into account the future economic benefits to be generated by the Target Group which had been operating for certain years with established business. The income approach had also been rejected because under this valuation approach, a reliable and justifiable financial estimation (such as projected revenue, operating costs and risk-adjusted discount rate) and cash flow forecast would be required. In view of the uncertainy over the prospects of some corporate projects of the Target Group in recent months and the volatility in the Hong Kong financial market in the third quarter of 2021, assumptions could not practicably be reliably made for a financial forecast due to the higher level of uncertainty. It was considered that the market approach, with direct reference made to the recent trading multiples or publicly announced transaction multiples of comparable companies, could reflect the comparable companies' business fundamentals, growth potential and risk expectation of the Target Group's business. In view of the above, the Valuer was of the view, and the Board concurred, that the market approach would be the most appropriate and applicable valuation approach under the circumstances.

As advised by the Valuer, under the market approach the comparable companies method had been used to derive the appraised value of the Sale Shares as there were a sufficient number of listed companies in the market comparable to the Target Company that could be taken as reference points. In the valuation process, comparable companies were selected based on various criteria, including, among others, principal activities, principal place of operation and listing place. Since the Target Company is principally engaged in, among others, provision of financial services in Hong Kong, it is believed that valuation based on comparable companies engaged in provision of financial services principally in Hong Kong could provide a reasonable basis to derive the appraised value of the Target Company.

Under the market approach, price-to-earning ("**P/E**") multiples had been used for the valuation of the Target Company, which are understood to be the most relevant and commonly used valuation multiple for companies with performance similar to that of the Target Company. Searches of public information had been conducted to verify the figures adopted by the Valuer in the calculation of the P/E multiples of the comparable companies, where it was noted that the figures used were consistent with those disclosed publicly.

As further set out in the Valuation Report, the Valuer had incorporated a control premium/discount for lack of control of 10% and a discount for lack of marketability of 15% in the valuation. According to the Valuer, they had made reference to Mergerstat Review and Stout Restricted Stock Study in determination of the control premium/discount for lack of control and discount for lack of marketability. From the public disclosures made by comparable listed companies, it was noted that both Mergerstat Review and Stout Restricted Stock Study were common references used in the valuation of private enterprise. Therefore, it is considered an appropriate approach to make reference to Mergerstat Review and Stout Restricted Stock Study in determining the control premium/discount for lack of control and the lack of marketability discount, respectively.

It was also noted the Valuer had conducted an exhaustive search of comparable companies under the selection process set forth in the Valuation Report. As explained in the paragraphs headed "Valuation of PP Group" and "Valuation of the Remaining Subsidiaries" in the section headed "XII. MARKET APPROACH" in the Valuation Report, in view of the similarities in principal business activities, target markets and profitability between the comparable companies and the Target Company, the comparable companies were considered to be representative and capable of forming a meaningful comparison basis for the valuation.

In particular, the management of the Company had discussed with the Valuer regarding their search criteria, and understood that the Valuer had considered comparable companies which (1) were listed on the Stock Exchange; (2) generated majority of revenue from financial service in Hong Kong, specifically securities underwriting and consultancy, securities and futures brokerage, corporate finance, asset management and other financial services; (3) held licenses granted by the Securities and Futures Commission of Hong Kong for conducting Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO; (4) had sufficient trading volume on the Stock Exchange; (5) recorded positive earnings based on the financial information for the most recent 12-month period that could be obtained as at the valuation date of 30 November 2021; and (6) had their principal business location being in Hong Kong. Eight companies that the Valuer have reviewed containing all the above-mentioned attributed have been selected as guideline public companies for the valuation (six for PP Group and two for the Remaining Subsidiaries).

When selecting comparable companies for valuation of the PP Group (i.e. Proficient Power Limited and Glory Sun Securities Limited, being two subsidiaries of the Target Company collectively principally engaged in conducting Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO), the Valuer had reviewed a total of 96 other listed companies under the same sector which might offer services similar to those offered by the PP Group. Except for the six companies, that have been selected as guideline public companies for the valuation of PP Group, the Valuer noted that the remaining 90 companies did not fulfil the selection criteria set forth above and therefore had excluded them from the comparable analysis. The management of the Company concurred with the Valuer that the comparable companies selected for valuation of the PP Group were comparable to the PP Group in terms of business operations and representative.

It was considered that the list of comparable companies selected represented an exhaustive list of companies that fulfilled the selection criteria set forth above, and were relevant for the purpose of the valuation of the Target Group based on the best knowledge and information available, with reference to Bloomberg as a database widely used in the industry for collection of financial information.

When selecting comparable companies for valuation of the Remaining Subsidiaries (i.e. subsidiaries of the Target Company other than the PP Group, which were principally engaged in the provision of other financial services (including Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO), the Valuer had reviewed a total of 96 other listed companies under the same sector which might offer services similar to those offered by the Remaining Subsidiaries. The Valuer noted that only two listed companies generated the majority of their revenue from conducting Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO, and had selected them as guideline public companies for the valuation of the Remaining Subsidiaries. The management of the Company concurred with the Valuer that the comparable companies selected for valuation of the Remaining Subsidiaries were comparable to the Remaining Subsidiaries in terms of business operations and representative.

The management of the Company had also inquired about the qualification, expertise and experience of the Valuer to satisfy itself that the Valuer was suitably qualified to conduct the valuation of the Sale Shares.

The Directors are of the view that the fair value of the Sales Shares as at 30 June 2021 had been fairly and reasonably determined under the income approach. Taking into account the fact that the profit recorded by the Target Group for the five months ended 30 November 2021 fell below the projection provided by the Target Company in mid-2021, the Directors consider that the income approach would no longer be applicable for the purpose of the determining the valuation of the Sale Shares as at 30 November 2021. Based on review of the Valuation Report and discussions with the Valuer, the Directors are of the view that the valuation of the Sale Shares as at 30 November 2021 conducted by the Valuer based on the valuation method, principal assumptions, and parameters as discussed above and set forth in greater detail in the Valuation Report is fair and reasonable.

Payment Arrangements and Security

As set forth above, part of the consideration in the amounts of HK$75,000,000 and HK$25,000,000 shall be payable by the Purchaser within 3 months and 6 months after the Completion Date respectively (the "**Deferred Payment Arrangements**"). The Deferred Payment Arrangements were considered at the Purchaser's request and agreed upon by the Vendor and the Purchaser through arm's-length negotiations, taking into account (i) the share charge to be executed by the Purchaser in favour of the Vendor to secure its payment obligations under the Share Transfer Agreement, further details of which are set forth in the paragraph below; and (ii) the terms and conditions of the Disposal (including the amount of the consideration) as a whole.

Pursuant to the Share Transfer Agreement, the Purchaser shall execute and deliver to the Vendor on the Completion Date a share charge in favour of the Vendor in respect of such shares it holds in the Target Company as are equivalent in number to the Sale Shares, as continuing security for the payment, discharge and performance by the Purchaser of its payment obligations under the Share Transfer Agreement (the "**Share Charge**"). The Share Charge shall only be discharged and released when all of the secured obligations have been satisfied or discharged in full as per the terms and conditions of the Share Transfer Agreement.

Based on the mechanism of the Share Charge as explained in the paragraph above, the Directors believe that the Share Charge suffices to accord the Vendor adequate safeguard in connection with due settlement by the Purchaser of the consideration for the Disposal, and hence penalty provision in respect of any late payment by the Purchaser has not been included in the Share Transfer Agreement. Regard has also been had to the fact that the Purchaser is an indirect wholly-owned subsidiary of Glory Sun Financial Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1282) ("**Glory Sun**"). It was noted that Glory Sun and its subsidiaries (collectively, the "**Glory Sun Group**") were financially sound as a whole: as disclosed in the Interim Results Announcement for the Six Months Ended 30 June 2021 of Glory Sun dated 26 August 2021, as at 30 June 2021, the Glory Sun Group had cash and cash equivalents of approximately HK$1,624 million, net current assets of HK$7,121 million, current ratio of 1.4, and net assets of HK$11,466 million. In addition, the Glory Sun Group, as a listed group, operates under a stringent regulatory regime. All these together lend credence to the Purchaser's capability to obtain and maintain sufficient financial resources for satisfying its contractual payment obligations as they fall due under proper corporate governance. On account of the factors discussed above, the Directors are of the view that the Deferred Payment Arrangements and the giving of the Share Charge by the Purchaser collectively cater for the financial interests of both parties to the Share Transfer Agreement with an appropriate balance struck, thereby ensuring that the expectations and needs of both sides are sufficiently covered and the Disposal can come into fruition. Therefore, the Directors consider that the payment arrangements of the consideration for the Disposal as a whole are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions Precedent

Completion of the Disposal is subject to fulfilment or waiver (as applicable) of the following conditions precedent pursuant to the Share Transfer Agreement:

(a) all necessary authorisations, approvals, clearance, consents and/or waivers from Shareholders, relevant regulatory authorities (including but not limited to the Stock Exchange) and/or other entities or individuals and all acts as may be required under the articles of association, applicable laws, regulations and/or rules (including but not limited to the Listing Rules) and relevant binding agreements in connection with the Share Transfer Agreement and for the consummation of the transactions contemplated thereunder having been obtained and performed by the Vendor, the Purchaser and their respective holding company, and remaining in full force and effect; and

(b) all representations and warranties made in the Share Transfer Agreement and the information provided to the Purchaser by the Vendor remaining true, accurate and not misleading in all material respects.

The Purchaser may waive condition (b) set forth above in writing at its discretion. Save as aforesaid, none of the parties to the Share Transfer Agreement may waive any of the above conditions. If any of such conditions is not fulfilled or, as the case may be, waived on or before the Long Stop Date, the Share Transfer Agreement shall terminate in accordance with the terms stipulated therein and neither party shall have any claim under the Share Transfer Agreement against the other save in respect of any antecedent breach thereof.

As at the Latest Practicable Date, none of the above conditions had been fulfilled or waived.

Completion

Completion shall take place on the seventh business day after all the conditions precedent set forth in the Share Transfer Agreement are satisfied and/or, as the case may be, waived, or such other date as the parties may agree in writing.

Upon Completion, the Company will not hold any equity interest in the Target Company.

3. INFORMATION ABOUT THE GROUP AND THE VENDOR

The Group is principally engaged in supply chain business, leasing business, property investment, money lending business and securities investment.

The Vendor is a direct wholly-owned subsidiary of the Company and its principal activity is investment holding.

4. INFORMATION ABOUT THE PURCHASER AND THE TARGET COMPANY

The Purchaser is an investment holding company incorporated in the Cayman Islands with limited liability. The Purchaser is an indirect wholly-owned subsidiary of Glory Sun Financial Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1282) which is principally engaged in the business of financial services, property investment and development, automation, securities investment and trading of commodities.

The Target Company is a company incorporated in the BVI with limited liability. The Target Company is principally engaged in investment holding and its subsidiaries are principally engaged in provision of financial and bullion services in Hong Kong and private investment management services in the PRC.

5. FINANCIAL INFORMATION OF THE TARGET COMPANY

The following table summarises the consolidated financial information of the Target Group based on its unaudited consolidated management accounts for the two years ended 31 December 2020 and the eleven months ended 30 November 2021:

	For the eleven months ended 30 November	**For the year ended 31 December**	
	2021	**2020**	**2019**
	(Unaudited)	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*	*HK$'000*
Profit (loss) before tax	(65,149)	85,737	30,527
Profit (loss) after tax	(74,353)	76,396	24,650

The unaudited net assets value of the Target Group as at 30 November 2021 was approximately HK$1,062,647,000 and HK$699,361,000 (net of non-controlling interests, i.e. excluding net asset value attributable to minority interests in non-wholly-owned subsidiaries of the Target Company, which interests were held by shareholders not being members of the Target Group). The unaudited net assets value of the Target Group (net of non-controlling interests) attributable to the Sales Shares as at 30 November 2021 was approximately HK$103,016,000, over which the consideration payable by the Purchaser to the Vendor under the Sale and Purchase Agreement, i.e. HK$110,000,000, represents a premium of approximately 6.8%.

6. FINANCIAL IMPACT OF THE DISPOSAL AND USE OF PROCEEDS

As at 30 June 2021, the Group recognised an accumulated unrealised gain on fair value change in respect of the equity investment in the Target Company of approximately HK$13,245,000 in fair value through other comprehensive income reserve ("**FVOCI reserve**"). Upon Completion, the FVOCI reserve will be transferred to retained earnings and will not be reclassified to consolidated statement of profit or loss.

Based on (i) the carrying value of the Sale Shares in the Company's unaudited consolidated financial statements as at 30 June 2021 of approximately HK$183,928,000; (ii) the consideration under the Share Transfer Agreement; and (iii) the estimated transaction costs, it is expected that the Group will record in its consolidated statement of profit or loss and other comprehensive income an estimated loss in respect of the Disposal of approximately HK$73,928,000. Immediately upon completion of the Disposal, the total assets of the Group are expected to decrease by the estimated loss in respect of the Disposal of approximately HK$73,928,000, while the total liabilities of the Group are expected to remain at the same level. The actual gain or loss from the Disposal to be recorded by the Group and hence the actual increase or decrease in the total assets of the Group resulting from the Disposal will be ascertained during the annual audit and presented and reflected in the the audited consolidated financial statements of the Group. Save as disclosed above, the Disposal is not expected to have any material impact on the Group's earnings, assets and liabilities.

The net proceeds from the Disposal are expected to be approximately HK$109,500,000, which will be used by the Group in other future investment and business opportunities that may arise. In particular, the net proceeds are intended to be used entirely to settle the balance of the consideration payable within 3 months after the completion date for the Acquisition (the "**Acquisition Consideration Balance**"). Due to the different completion schedules and consideration payment arrangements of the Acquisition and the Disposal, the Acquisition Consideration Balance may fall due before the net proceeds from the Disposal are received in their entirety. In such an event, the Company will first use its internal resources to settle the part of the Acquisition Consideration Balance that is not covered, and the net proceeds from the Disposal, when received, will subsequently be applied to replenish the Company's internal resources. As disclosed in the Announcement, the consideration for the Acquisition, and hence the Acquisition Consideration Balance, is subject to downward adjustment after completion of valuation of the sale shares, if the appraised value of the sale shares fall below the net assets value of the target group; the appraised value and the final consideration (after necessary downward adjustment, if any, in accordance with the agreed mechanism set forth in the sale and purchase agreement) will be disclosed in the announcement to be made by the Company in relation to the completion of the Acquisition. In the event that the net proceeds from the Disposal exceed the Acquisition Consideration Balance as a result of such downward adjustment, the surplus of net proceeds from the Disposal will be used to supplement the general working capital of the Group.

Upon Completion, the Company will not hold any equity interest in the Target Company, which will cease to be classified as financial asset at fair value through other comprehensive income in the Group's consolidated financial statements.

7. REASONS FOR AND BENEFITS OF THE DISPOSAL

Continuing Dilution of the Group's Interest in the Target Company Calling for Realisation of Asset for More Effective Utilisation of Capital Resources

Reference is made to the announcement of the Company dated 3 June 2018 in relation to the acquisition of the Sale Shares which constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules. The Group acquired 28% of the equity interest of the Target Company from the Purchaser in June 2018 for a consideration of HK$168,200,000, which represented the original acquisition cost of the Sale Shares. Upon completion of the acquisition, the Target Company was accounted for as an associate of the Company. The acquisition was conducted in the belief that the investment in the Target Company would promote and enhance the income and value of the Group, as the Group would enjoy significant influence over the Target Company and be in a position to co-run the Target Group's financial and bullion services in Hong Kong and private investment management services in the PRC in collaboration with the Purchaser.

In 2019, the Target Company allotted and issued new ordinary shares to the Purchaser for business expansion purposes and the Group's equity interest was diluted from 28% to approximately 19%. Consequently, the Group was deemed to have disposed of approximately 9% of the equity interest in, and ceased to have significant influence over, the Target Company. The Group's equity interest in the Target Company has been accounted for as a financial asset at fair value through other comprehensive income in the Group's financial statements for the year ended 31 December 2019 and for subsequent financial years. Subsequently, the Target Company had issued further shares to the Purchaser; as at the Latest Practicable Date, the Group's shareholding in the Target Company had been diluted to approximately 14.73%.

As a result of the continuing dilution of the Group's ownership in the Target Company, the Group's de facto influence over and entitlement to participation in the management of the Target Group's business operations have been significantly reduced. This has rendered the Group's investment in the Target Company substantially less productive (in that the Group could no longer exert significant influence over the Target Group's business operations to achieve desired developments and results), and not congruent with the Group's long-term goal to increase its value through effective use of its capital resources (in that the investment in the Target Group would no longer allow the Group effective and meaningful participation in the management of the Target Group's business to bring substantive business value to the Group from business diversification perspective). The Disposal will enable the Group to convert its financial assets at fair value through other comprehensive income into cash readily available for acquiring a controlling stake in other businesses that the Group will be able to develop under its own directions, which the Directors believe will be more value-adding to the Group. With the net proceeds from the Disposal, the Group will enjoy greater flexibility when pursuing future investment and business opportunities, as it implements its diversification strategy and identify and take advantage of suitable new investment opportunities to enhance its profitability and competitiveness and achieve stable growth.

Development of Hotel and Restaurant Business

As an example of the future investment and business opportunities that the Group is disposed to pursue, the Group had entered into an agreement in relation to the Acquisition, i.e. the acquisition of Foresight Industrial, which, together with its subsidiaries, is principally engaged in hotel operations and management and provision of food and beverage catering services in the PRC, from Foresight International, further details of which are set forth in the Company's announcement dated 26 January 2022.

The Group started to consider the Acquisition when Mr. Cheung Chun Shun ("**Mr. Cheung**"), the ultimate beneficial owner of Foresight International who is a business acquaintance of the executive Director Mr. Wang Jian ("**Mr. Wang**"), approached Mr. Wang and raised his intention to realise his interest in the Foresight Group for development of other businesses.

As disclosed in the Announcement, although uncertainties and challenges remain amid the ongoing outbreak of COVID-19, it is expected that the prospects of the tourism industry in the PRC will still be generally promising in the future because of the introduction and implementation of local government policies to support the development of the tourism industry. According to the tourism data for the third quarter of 2021 released by the Ministry of Culture and Tourism of the PRC, the total number of arrivals of domestic tourists reached approximately 2.69 billion, representing an increase of 39.1% as compared with the number for 2020 and a recovery to 58.5% of the number for 2019, and the domestic tourism revenue reached RMB2.37 trillion, representing an increase of 63.5% as compared with the revenue for 2020 and a recovery to 54.4% of the revenue for 2019. Upon review of the financial statements, the Board noted that there had been a stable overall growth trend in the revenue of the Foresight Group with profits recorded in both 2019 and 2021, notwithstanding the impact of COVID-19 which resulted in a loss in 2020. Taking into account the positive developments in the external environment and the sound financial position and financial performance of the Foresight Group, the Board had resolved to tap into the hotel and restaurant industry, and considered that the Acquisition could serve as a stepping stone in this connection and at the same time an additional income stream of the Group. The Acquisition was therefore viewed as an ideal investment and business opportunity with the prospect of enhancing the profitability and competitiveness of the Group, thereby paving the way for its stable growth. The Group will take the Acquisition as a starting point; after gaining sufficient familiarity with the hotel and restaurant industry in the PRC through operating the business of the Foresight Group, the Group may step up its business operations in the hotel and restaurant industry as appropriate when suitable investment and business opportunities arise and taking into account the prevailing condition of the operating environment and the Group's then financial position. In the meantime, the Company shall carry on its existing business operations and has no present plan or intention to dispose of and/or downsize any of its existing operating segments.

After completion of the Acquisition, the Group will retain the key executives of the Foresight Group to manage the daily operations of the Foresight Group. The Group will also review the staffing and management requirements of the Foresight Group from time to time and may consider recruiting personnel with relevant expertise and experience in the hotel and restaurant industry if necessary.

As disclosed in the section headed "6. FINANCIAL IMPACT OF THE DISPOSAL AND USE OF PROCEEDS" in this Letter from the Board, the net proceeds from the Disposal are intended to be used entirely to settle the Acquisition Consideration Balance. To the best of the knowledge, information and belief of the Directors, there exists no relationship and/or arrangement (formal or informal, existing or prior, expressed or implied) among (a) Foresight International and its ultimate beneficial owner, Mr. Cheung; (b) the Purchaser and its ultimate beneficial owners; and (c) the Company and its connected persons.

The net proceeds from the Disposal will serve to enrich the Group's liquid capital and facilitate the execution of the proposed Acquisition. Hence, the Directors are of the view that the realisation of financial assets at fair value through other comprehensive income by way of the Disposal will allow the Group to go further in achieving the goal of business diversification and be beneficial to the overall development of the Group from the perspective of capital resources deployment.

Fair and Reasonable Consideration and Opportune Timing of the Disposal

As disclosed in the section headed "6. FINANCIAL IMPACT OF THE DISPOSAL AND USE OF PROCEEDS" in this Letter from the Board, a loss is expected to be recorded in respect of the Disposal based on the carrying value of the Sale Shares in the Company's unaudited consolidated financial statements as at 30 June 2021. Notwithstanding the above, the consideration payable by the Purchaser to the Vendor under the Sale and Purchase Agreement represents a premium of approximately 6.8% over the unaudited net assets value of the Target Group (net of non-controlling interests) attributable to the Sales Shares as at 30 November 2021, as disclosed in the section headed "5. FINANCIAL INFORMATION OF THE TARGET COMPANY" in this Letter from the Board, and a premium of 1.9% over the appraised value of the Sale Shares as at 30 November 2021 as assessed by the Valuer. In addition, as explained in the paragraphs above in this section, the Directors consider that it is advisable, from a forward-looking point of view, to conduct the Disposal to achieve more flexible and effective utilisation of the Group's available capital resources. In view of the recent developments in the global economy and the capital market, the Directors expect that the investment climate will deteriorate further in the second half of the year. Under the prevailing marketing conditions, the Directors believe that the consideration will likely have to be adjusted further downwards if the Disposal is to be delayed, and hence the Group should seek to complete the Disposal at the earliest possible opportunity in order to minimise its loss on disposal of the Sale Shares.

Having regard to the reasons for and benefits of the Disposal and the external factors set forth above, the Board is of the view that the terms of the Share Transfer Agreement (including the consideration) and the Disposal are fair and reasonable and in the interests of the Company and its Shareholders as a whole in the circumstances.

8. LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in relation to the Disposal contemplated under the Share Transfer Agreement reach(es) 25% or above but all are less than 75%, the Dispsaol constitutes a major transaction of the Company under Chapter 14 of the Listing Rules.

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Share Transfer Agreement and transactions contemplated thereunder.

9. PROPOSED RE-ELECTION OF DIRECTOR

Reference is made to the Company's announcement dated 2 July 2021 in relation to, among others, the appointment of Mr. Liu Xiaowei as a non-executive Director.

Pursuant to Bye-law No. 86(2) of the Bye-laws, any Director appointed by the Board to fill a casual vacancy should hold office until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Accordingly, Mr. Liu Xiaowei shall retire, and being eligible, offer himself for re-election at the SGM.

An ordinary resolution will be proposed at the SGM for the Shareholders to consider, and if thought fit, to approve the re-election of Mr. Liu Xiaowei as a non-executive Director. Biographical details of Mr. Liu Xiaowei are set out as follows:

Mr. Liu Xiaowei

Mr. Liu Xiaowei, aged 45, was appointed as Non-executive Director of the Company on 2 July 2021.

Mr. Liu obtained a self-study undergraduate certificate (Adult Higher Education) in Chinese Language and Literature from South China Normal University in 2005 and he also obtained a self-study undergraduate certificate (Adult Higher Education) in Law from Sun Yat-sen University in 2014. Mr. Liu is qualified as a lawyer in the PRC in 2011 and he also has more than 14 years of experience in the legal sector.

Mr. Liu is currently a partner of 廣東冠諾律師事務所 (G.D. Grannor Partners). Prior to joining the Group, Mr. Liu served as legal counsel to a number of listed companies in PRC, involving initial public offerings (IPO) and mergers and acquisitions projects.

Mr. Liu has entered into a service contract with the Company for a term of one year which will continue thereafter until being terminated by either party and is subject to the retirement by rotation and re-election in accordance with the Bye-laws and the Corporate Governance Code as set out in Appendix 14 of the Listing Rules. He is entitled to a remuneration of HK$390,000 per annum and discretionary bonus which is recommended by the remuneration committee of the Company and approved by the Board with reference to his duties and responsibilities toward the Company and the prevailing market conditions.

Save as disclosed above, Mr. Liu (i) has not held any directorship in the last three years in any other public companies, the securities of which are listed on any securities market in Hong Kong or overseas; and (ii) does not have any relationship with any Directors, senior management or substantial or controlling Shareholders (as defined in Listing Rules) of the Company.

As at the Latest Practicable Date, Mr. Liu does not have any interest in the Shares of the Company within the meaning of Part XV of the SFO.

Save as disclosed above, there are no other matters that need to be brought to the attention of the Shareholders in connection with Mr. Liu's re-election and there is no other information that should be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

10. SPECIAL GENERAL MEETING

The SGM will be held at Unit 1902, 19/F, Tower 2 Lippo Centre, No. 89 Queensway, Hong Kong on Friday, 13 May 2022 at 11:00 a.m. for the Shareholders to consider and, if thought fit, to (i) approve the relevant transactions under the Disposal; and (ii) approve the Proposed Re-election of Director. Ordinary resolutions approving (and/or ratifying, as the case may be) each of (i) the relevant transactions under the Disposal; and (ii) the Proposed Re-election of Director will be conducted by way of a poll at the SGM.

Due to the recent development of the COVID-19 pandemic and in view of the latest Regulations, **Shareholders are reminded to refer to the section headed "Special Arrangements for the Special General Meeting" on page 1 of this circular**.

The SGM will be conducted through electronic means to enable Shareholders to participate and ask questions at the SGM. In order to do so, any Shareholders who would like to view, listen to and/or speak at the SGM through ZOOM/VooV Meeting must contact the Company's branch share registrar and transfer office in Hong Kong by email to is-enquiries@hk.tricorglobal.com or by telephone hotline (852) 2980 1333, by providing the following personal particulars:

i) full name;
ii) registered address;
iii) number of Shares held;
iv) contact telephone number; and
v) email address,

no later than 11:00 a.m. on Wednesday, 11 May 2022 (being not less than 48 hours before the time appointed for holding the SGM) to enable the Company to verify the Shareholders' and identity and status.

Authenticated Shareholders will receive an email confirmation no later than 11:00 a.m. on Thursday, 12 May 2022 (being not less than 24 hours before the time appointed for holding the SGM) which contains a link via which they can join the live webcast of the SGM. Shareholders **MUST NOT** forward the link to other persons who are not Shareholders and not entitled to attend the SGM.

Please complete and return the form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM (i.e. not later than 11:00 a.m. on Wednesday, 11 May 2022 (Hong Kong time)) or any adjournment thereof (as the case may be). The Company reminds the Shareholders who wish to exercise his/her/its voting rights that they must appoint the Chairman of SGM as their proxy to vote on the relevant resolutions at the SGM.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, all the resolutions set out in the notice of SGM will be voted on by poll. The Company will announce the results of the poll in the manner prescribed under rule 13.39(5) of the Listing Rules after the conclusion of the SGM. To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, no Shareholders or any of their close associates have any material interest in the Disposal. Accordingly, no Shareholder is required to abstain from voting at the SGM on the relevant resolution(s) to approve the Share Transfer Agreement and the transaction contemplated thereunder.

11. RECOMMENDATION

The Directors are of the opinion that the Share Transfer Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolution(s) to be proposed at the SGM.

The Directors consider that the proposed re-election of Director is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolution to be proposed at the SGM.

12. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board
Pak Tak International Limited
Liao Nangang
Chairman

1. INDEBTEDNESS

As at the close of business on 28 February 2022, being the latest practicable date for the purpose of this indebtedness statement prior to printing of this circular, the borrowings and lease liabilities of the Group were as follows:

	HK$'000
Borrowings, secured	
Bank borrowings	518,676*
Other borrowings	6,000**
	524,676

* Secured by corporate guarantee executed by the Company and its certain subsidiaries, investment properties of the Group and properties owned by independent third parties.

** Secured by corporate guarantee executed by the Company and certain listed equity securities classified as financial assets at fair value through other comprehensive income held by the Group.

	HK$'000
Lease liabilities	
Lease liabilities	4,299***

*** This represents the lease arrangements on properties between the Group and the independent lessors.

Save as aforesaid and apart from intra-group liabilities and normal trade payables and accruals in the ordinary course of business, at the close of business on 28 February 2022, the Group did not have any debt securities issued and outstanding or authorised or otherwise created but unissued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, mortgages, charges, lease liabilities, or hire purchase commitments, guarantees or other material contingent liabilities. The Directors are not aware of any material adverse change in the Group's indebtedness position and contingent liabilities since 28 February 2022 up to date of the Circular.

2. WORKING CAPITAL SUFFICIENCY

The Directors are of the opinion that, after taking into account the net proceeds from the Disposal, and the financial resources available to the Group (including the internally generated funds and present available banking facilities), the working capital available to the Group is sufficient for its present requirements, that is for at least the next twelve months from the date of this circular.

3. FINANCIAL AND TRADING PROSPECTS

As disclosed in the interim report of the Group for the six months ended 30 June 2021, the Group will continue to enhance the performance in the Supply Chain Business as its core business by improving the efficiency on utilisation of the Group's resources for the supply chain of non-ferrous metals and construction materials. In addition, the management will maintain the stable and healthy development in the Leasing Business. For the other businesses including Property Investment, Money Lending Business and Securities Investment, the management will keep a cautious and prudent approach and maintain the current scale of such businesses.

In particular, the Group will continue to enhance the performance of the Supply Chain Business and the Leasing Business as follows:

- The Supply Chain Business, in which the Group provides supply chain services of non-ferrous metals and construction materials to customers including major non-ferrous metals mining and production companies and integrated infrastructure companies, has been and is expected to remain the Group's core business. Regarding its supply chain services in respect of non-ferrous metal commodities, the Group will seek to build its own teams to introduce and develop hedging operations and international commodity trading operations on top of its existing commodity trading operations in the PRC, as a means to enrich its supply chain service portfolio and achieve risk diversification and reduction. Regarding its supply chain services in respect of construction materials, the Group will continue to improve its service quality and endeavour to expand its product portfolio and customer base; meanwhile, the Group intends to strengthen its strategic cooperation with large suppliers, with a view to establishing itself as a reputable supplier in the industry well recognised for offering products at competitive prices.

- The Leasing Business is operated through direct lease or sale-and-leaseback arrangements and primarily serves to address capital needs in respect of equipment procurement in the construction industry. The Group will strictly adhere to the regulatory requirements in the finance lease industry and maintain strict risk control. On this premise, the Group will strengthen its post-lending management, whereby it will keep a close watch on customers' operational risks and promptly attend to any material adverse development. In addition, the Group will adopt a risk-adverse approach when developing and expanding the Leasing Business and conduct stringent industry-specific and project-specific risk assessments before resolving to extend its leasing services to the market players in other industries.

At the same time, the Group implements a diversification strategy by seeking and identifying new investment opportunities to enhance the profitability and competitiveness of the Group and to achieve stable growth of the Group. As announced by the Company on 26 January 2022, the Group has entered into an agreement in relation to the acquisition of a group of companies which is principally engaged in hotel operations and management, and provision of food and beverage catering services in the PRC. The Board believes that such acquisition poses a good investment opportunity for the Group to step into the hotel and restaurant industry in a bid to generate revenue for the Group.

The foreseeable outlook of the business environment would continue to remain uncertain and challenging, in particular, with the occasional outbreaks of different variants of COVID-19 and the stalemate in the United States-China trade dispute. Under these unpredictable circumstances, the management will seek business continuity and adjust its operating strategies in a timely manner. The Group will explore any new investment opportunities and safeguard its resources to achieve stable growth of the Group.

Upon Completion, the Company will not hold any equity interest in the Target Company which will cease to be classified as financial asset at fair value through other comprehensive income in the Group's consolidated financial statements.

The following is the text of a letter and valuation report prepared by Greater China Appraisal Limited, an independent professional valuer, in connection with the valuation of the Sale Shares to be disposed of by the Group as at 30 November 2021, for the purpose of incorporation into this circular.

Date: 21 April 2022

Pak Tak International Limited
Unit 1902, 19/F,
Tower 2 Lippo Centre,
89 Queensway, Hong Kong

Dear Sir/ Madam,

Valuation of 14.73% Equity Interest in Golden Affluent Limited and its Subsidiaries

In accordance with the instructions from Pak Tak International Limited (the "**Company**"), we were engaged to perform a valuation analysis in relation to the market value of 14.73% equity interest (the "**Equity Interest**") in Golden Affluent Limited (the "**Target Company**") and its subsidiaries (collectively referred to as the "**Target Group**") held by the Company as at 30 November 2021 (the "**Valuation Date**").

It is our understanding that our analysis will be used by the management of the Company in their determination of the value of the Equity Interest for transaction reference purpose. We are aware that the entire valuation report may be included in the circular of the Company. The valuation was conducted for the above-mentioned purpose only and this report shall not be used for any other purpose without our written consent.

The approaches and methodologies used in our work did not comprise an examination in accordance with generally accepted accounting principles, the objective of which is an expression of an opinion regarding the fair presentation of financial statements or other financial information, whether historical or prospective, presented in accordance with generally accepted accounting principles. We express no opinion and accept no responsibility for the accuracy and completeness of the Company's information or other financial data provided by the management. We assume that the financial and other information obtained is accurate and complete, and we have relied upon this information in performing our valuation.

I. PURPOSE OF ENGAGEMENT

It is our understanding that our analysis will be used by the management of the Company solely for transaction reference purpose.

II. SCOPE OF SERVICES

We were engaged in evaluating the Equity Interest of the Target Group as at the Valuation Date.

III. BASIS OF VALUATION

We have performed valuation of the Equity Interest 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*" under the International Valuation Standards.

Our valuation has been prepared in accordance with the International Valuation Standards (effective 31 January 2022) published by International Valuation Standards Council. These standards contain guideline on the basis and valuation approaches used in business valuation.

IV. LEVEL OF VALUE

Valuation is a range concept and current valuation theories suggest that there are three basic "levels" of value applicable to a business or business interest. The levels of value are respectively:

- **Controlling interest**: the value of the controlling interest, always evaluate an enterprise as a whole;
- **As if freely tradable minority interest**: the value of a minority interest, lacking control, but enjoying the benefit of market liquidity; and
- **Non-marketable minority interest**: the value of a minority interest, lacking both control and market liquidity.

This valuation is primarily prepared on non-marketable minority interest basis.

V. PREMISE OF VALUE

Premise of value relates to the concept of valuing a subject in the manner that would generate the greatest return to the owner of the property. It takes account of what is physically possible, financially feasible and legally permissible. Premise of value includes the following:

- **Going concern**: appropriate when a business is expected to continue operating without the intention or threat of liquidation in the foreseeable future;
- **Orderly liquidation**: appropriate for a business that is clearly going to cease operations in the near future and is allowed sufficient time to sell its assets in the open market;
- **Forced liquidation**: appropriate when time or other constraints do not allow an orderly liquidation; and
- **Assembled group of assets**: appropriate when all assets of a business are sold in the market piecemeal instead of selling the entire business.

This valuation is prepared on going concern basis.

VI. SOURCES OF INFORMATION

Our analysis and conclusion of opinion of value were based on our discussions with the management of the Company, as well as our review of relevant documents, including but not limited to:

- Consolidated financial statements of the Target Group for the period from 1 January 2021 to 30 November 2021; and
- Group chart of the Target Group.

We also relied upon publicly available information from sources on capital markets, including industry reports, news and various databases of publicly traded companies.

VII. COMPANY OVERVIEW

1. Golden Affluent Limited (the "Target Company")

According to the management of the Company, Golden Affluent Limited (the "**Target Company**") is an investment holding company. The Target Group has the following subsidiaries, classified by underlying operating business, as Proficient Power Limited and Glory Sun Securities Limited (collectively referred to as "**PP Group**"), and all the remaining subsidiaries (collectively referred to as the "**Remaining Subsidiaries**"):

Table 7 — 1 PP Group of the Target Company

	Name of Subsidiaries	Place of Incorporation	Business Description
1	Proficient Power Limited	British Virgin Islands ("**BVI**") with limited liability	• Investment holding
2.	Glory Sun Securities Limited	Hong Kong with limited liability	• Principally engaged in Type 1, Type 2, and Type 6 regulated activities under the Securities and Futures Ordinance ("**SFO**") • Provision of stocks and futures broking and foreign exchange trading services in Hong Kong

Table 7 — 2 The Remaining Subsidiaries of the Target Company

	Name of Subsidiaries	Place of Incorporation	Business Description
1	Prominent Up Limited	BVI with limited liability	• Investment holding
2	Fast Prestige Limited	BVI with limited liability	• Investment holding
3	Novel Forward Limited	BVI with limited liability	• Investment holding
4	Gigantic Increase Limited	BVI with limited liability	• Investment holding
5	Metro Grow Limited	BVI with limited liability	• Investment holding
6	Affluent Advantage Limited	BVI with limited liability	• Investment holding

	Name of Subsidiaries	Place of Incorporation	Business Description
7	Glory Sun Asset Management Limited	Hong Kong with limited liability	• Engaged in Type 4 and Type 9 regulated activities under SFO • Its subsidiary (Shenzhen Qianhai Bao Xin Equity Investment Fund Management Company Limited) was established in the People's Republic of China ("**PRC**") with limited liability • Principally engaged in provision of investment management services
8	Glory Sun Wealth Management Limited	Hong Kong with limited liability	• Engaged in the provision of wealth management and insurance services in Hong Kong
9	Glory Sun Financial Investment Limited	Hong Kong with limited liability	• Investment holding company, with its subsidiaries Shanghai Hunlicar Investment Management Company Limited is incorporated in the PRC with limited liability, and is principally engaged in provision of investment management services • Another subsidiary, Lin Dong Corporate Management Consulting (Shanghai) Company Limited, is incorporated in the PRC with limited liability, and is principally engaged in provision of consultation services in respect of corporate management
10	Glory Sun Bullion Limited	Hong Kong with limited liability	• Engaged in trading of precious metals in Hong Kong • Its subsidiary Shenzhen Qianhai KB Bullion Limited is incorporated in the PRC with limited liability and is principally engaged in provision of investment management services
11	Glory Sun Services Limited	Hong Kong with limited liability	• Engaged in provision of back-office support to the Target Group
12	Glory Sun Capital Limited	Hong Kong with limited liability	• Dormant without any business activities

VIII. ECONOMIC OVERVIEW

In conjunction with the preparation of this valuation, we have reviewed and analysed the current economic conditions of Hong Kong where the profit of the Target Group is derived, and how the valuation may be impacted.

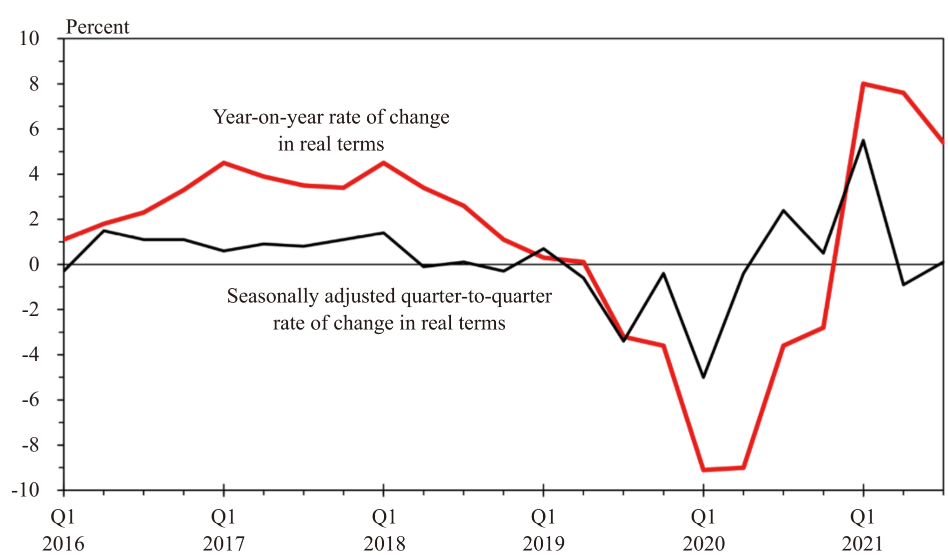
1. Overall situation

According to Third Quarter Economic Report 2021, Hong Kong's economic recovery became more entrenched in the third quarter alongside the continued revival of global economic activity and stable local epidemic situation. Real GDP grew further by 5.4% over a year earlier, though the pace of expansion was more moderate than in the second quarter on account of the base effect and stronger-than-expected performance in the first half of the year. Total exports of goods saw notable growth thanks to solid external demand. Exports of services increased moderately as exports of transport services accelerated further amid active regional trade and cargo flows, while cross-border business and financial activities also increased. Meanwhile, exports of travel services remained at a very low level as inbound tourism was virtually at a standstill. As regards domestic demand, private consumption expenditure rose appreciably thanks to the stable local epidemic situation, improved labour market conditions and the Consumption Voucher Scheme. Overall investment expenditure continued to rebound visibly as business outlook improved over the past year. The unemployment rate fell further, while underlying consumer price inflation went up but remained moderate.

2. Gross Domestic Product (GDP)

In the third quarter of 2021, GDP grew by 5.4% in real terms in the third quarter of 2021 over a year earlier, having expanded by 7.6% in the preceding quarter. For the first three quarters of 2021 as a whole, the economy grew by 7.0% over a year earlier. On a seasonally adjusted quarter-to-quarter comparison, real GDP rose slightly by 0.1% in the third quarter, after falling by 0.9% in the preceding quarter.

Figure 8 — 1 Real GDP Growth (%) in Hong Kong from 2016 to 2021



Source: Hong Kong Economic Situation: Third Quarter Economic Report 2021

3. Domestic Demand

Domestic demand stayed on a solid recovery path in the third quarter. Private consumption expenditure grew appreciably by 7.1% in real terms over a year earlier, further to a 7.2% expansion in the preceding quarter. Consumption-related activities revived further in the third quarter thanks to the stable local epidemic situation, improved labour market conditions and the Consumption Voucher Scheme. Outbound tourism activities, though increased moderately from the low base last year, were still depressed amid the evolving global pandemic. On a seasonally adjusted quarter-to-quarter comparison, private consumption expenditure increased further by 2.1% in real terms in the third quarter. Meanwhile, government consumption expenditure rose by 4.3% year-on-year in real terms in the third quarter, after a 3.0% growth in the preceding quarter.

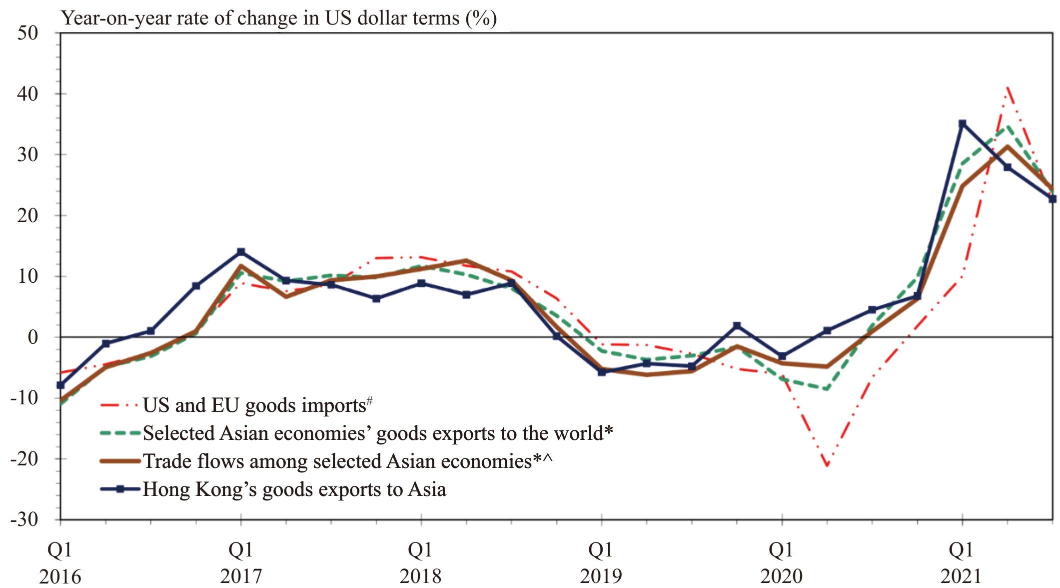
Overall investment spending in terms of gross domestic fixed capital formation grew by 10.8% in real terms in the third quarter over a year earlier, following a 23.9% increase in the preceding quarter. Within the total, expenditure on acquisitions of machinery, equipment and intellectual property products surged by 19.6% thanks to improved business outlook. Expenditure on building and construction turned to a marginal increase of 0.3% as private sector spending grew modestly while public sector spending stayed virtually unchanged. Meanwhile, the costs of ownership transfer continued to rise sharply, as property transactions were visibly higher than a year earlier.

4. The External Sector

Total exports of goods compiled under the GDP accounting framework registered notable year-on-year growth of 14.2% in real terms in the third quarter over a year earlier, having surged by 20.5% in the preceding quarter, thanks to the continued revival of major economies and vibrant regional trade flows. Analysed by market, exports to the Mainland, the US and the EU continued to show double-digit growth. Exports to most of the other major markets in Asia saw robust performance.

Exports of services increased moderately by 4.2% year-on-year in real terms in the third quarter after a 3.0% growth in the preceding quarter. As regional trade and cargo flows remained active, exports of transport services accelerated further despite subdued cross-boundary passenger transport. Exports of business and other services posted mild growth amid the global economic recovery. Exports of financial services increased along with the pick- up in cross-border financial activities. Meanwhile, exports of travel services remained at a very low level as inbound tourism was virtually at a standstill.

Figure 8 — 2 Trade Flows among Hong Kong and Other Selected Asian Economies, 2016-2021

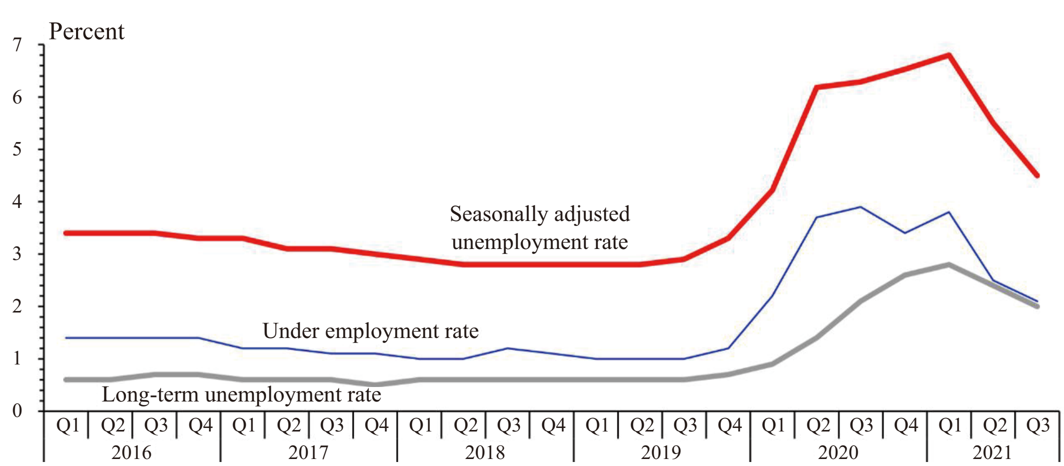


Source: Hong Kong Economic Situation: Third Quarter Economic Report 2021

5. The Labour Sector

The labour market continued to improve in the third quarter of 2021, largely reflecting the sustained revival of local economic activity. The seasonally adjusted unemployment rate fell further from 5.5% in the second quarter to 4.5% in the third quarter, and the underemployment rate decreased from 2.5% to 2.1%, both visibly lower than their respective peaks of 7.2% and 4.0% in December 2020 — February 2021. The unemployment rates of the consumption- and tourism- related sectors declined visibly, and so did those of many other sectors. The unemployment rates of both lower-skilled workers and higher-skilled workers fell further. Wages and labour earnings on average showed modest yet faster year-on-year increases in nominal terms in the second quarter, reversing the general trend of deceleration in the past two years or so.

Figure 8 — 3 Unemployment Rate and Long-term Unemployment Rate in Hong Kong, 2016-2021



Source: Hong Kong Economic Situation: Third Quarter Economic Report 2021

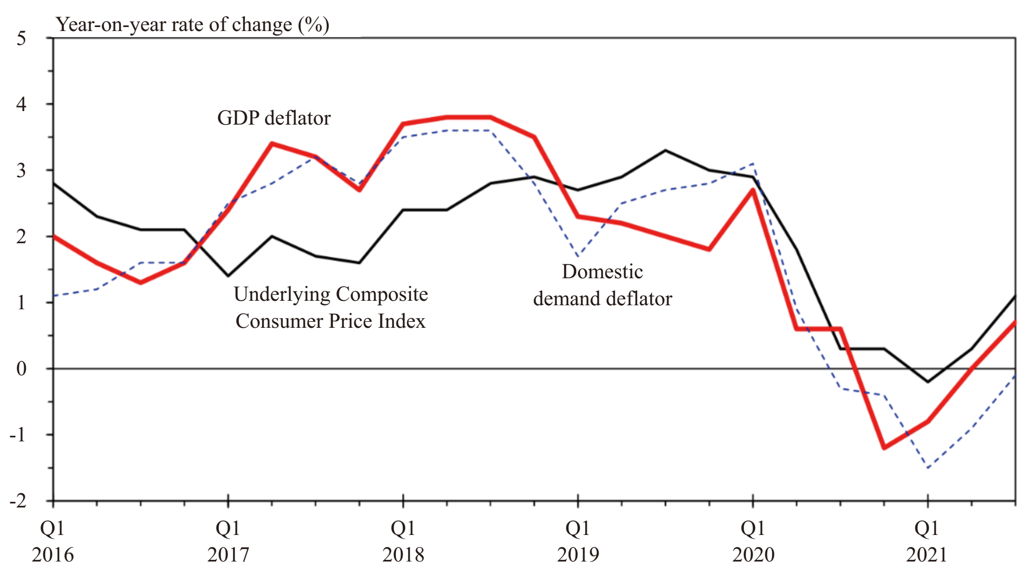
6. Inflation Rate

Underlying consumer price inflation went up but remained moderate in 2021. Netting out the effects of the Government's one-off relief measures, the underlying Composite CPI rose by 1.1% in the third quarter over a year earlier, up from 0.3% in the preceding quarter. While this was partly due to the larger price increases in some consumption-related items amid the stabilised local epidemic situation and improved consumption demand, the low bases of comparison for some CPI items were also relevant.

The headline Composite CPI rose by 2.3% in the third quarter over a year earlier, having risen by 0.8% in the preceding quarter. The higher headline inflation rate in the third quarter partly reflected the low base of comparison arising from the payment of one-month public housing rentals by the Government and rent waiver for tenants by the Hong Kong Housing Society in July 2020.

The GDP deflator rose by 0.7% over a year earlier in the third quarter, after staying virtually unchanged in the preceding quarter. The terms of trade registered a mild improvement from a year earlier as export prices rose slightly faster than import prices. Taking out the external trade components, the domestic demand deflator saw a narrowed decline of 0.1% in the third quarter, after decreasing by 0.9% in the preceding quarter.

Figure 8 — 4 Underlying Consumer Price Index and Domestic Demand Deflator in Hong Kong, 2016-2021



Source: Hong Kong Economic Situation: Third Quarter Economic Report 2021

7. Medium-term outlook for the Hong Kong economy

Rapid spread of COVID-19 has dealt a severe blow to economic activities and sentiment in Hong Kong. The impact of the epidemic on the economy in the near term is probably be greater than that of the SARS outbreak in 2003, and the labour market is also subject to significant pressure, however, it is believed that Hong Kong's economic fundamentals remain solid and the core competitiveness will not be shaken. The economy of Hong Kong would be able to recover once the epidemic is over.

In the medium term, Hong Kong will continue to benefit from the ongoing development of the Mainland and the shift in global economic gravity from West to East. The economic outlook is positive. The signing of the Regional Comprehensive Economic Partnership (RCEP) Agreement will further promote economic integration in the region. On the other hand, the Government will strive to overcome land and talent constraints, promote innovation and technology (I&T) development, invest in education and nurture talent, and strengthen connection with the world.

Considering the factors above, the government forecasted Hong Kong's economy will grow by an average of 3.3% per annum in real terms from 2021 to 2024, slightly lower than the trend growth of 2.9% over the past decade. The underlying inflation rate is forecast to average of 2%.

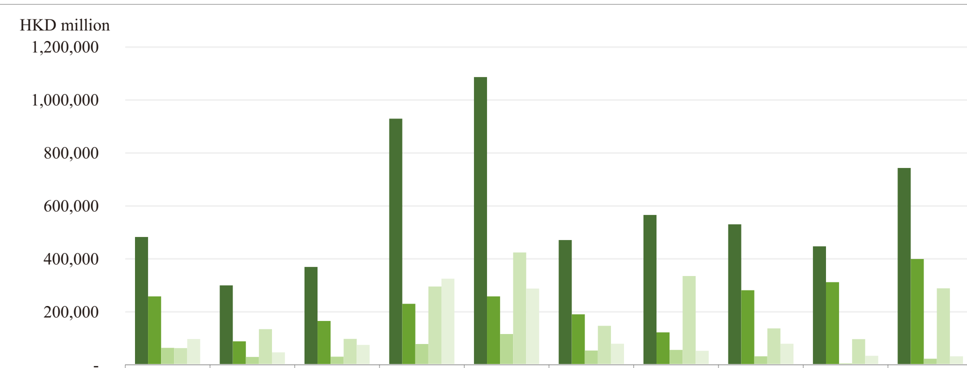
IX. INDUSTRY OVERVIEW

The Target Group is mainly engaged in financial services business in Hong Kong, and its business is closely related to the financial markets in Hong Kong. The following industry overview will give a description of the recent developments in major financial markets in Hong Kong.

1. Securities and Corporate Finance Industry in Hong Kong

Hong Kong has one of the most active and liquid capital and securities markets in the world mainly because there is neither control over capital movements nor capital gains tax or dividend income tax in Hong Kong. As at the end of 2021, Hong Kong's stock market was the third largest in Asia and seventh largest in the world in terms of market capitalization. There were 2,572 companies listed on Hong Kong Exchanges and Clearing Limited ("**HKEx**") as at the end of 2021, with a total market capitalization of more than HKD42.4 trillion. Besides, Hong Kong is also one of the world's most active markets for initial public offerings ("**IPO**"). IPO, issuance of rights issue and placing of securities are the common ways to raise equity fund. The level of equity fund raising has been active but volatile in the past few years. In accordance with the statistics released by the Securities and Futures Commission ("**SFC**") and HKEx, Hong Kong completed 154 IPOs in 2020, raising a total of HKD397.7 billion, up from that of 2018, whereas the equity funds raised directly and indirectly through Hong Kong in the Main Board and the GEM in 2020 are HKD743,400 billion and HKD3,556 million respectively.

Figure 9 — 1 Equity Funds Raised Directly and Indirectly Through Hong Kong in the Main Board

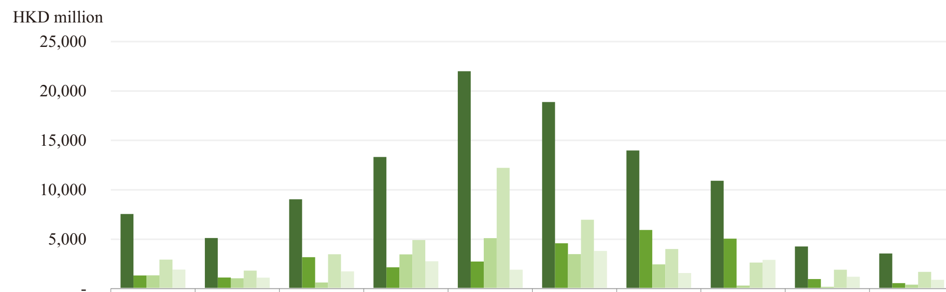


	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total	482,834	300,231	369,822	929,399	1,086,9	471,172	565,960	530,789	447,705	743,400
IPO	258,456	88,916	165,776	230,357	258,587	190,925	122,598	281,436	311,919	399,583
Rights Issue	63,849	29,578	30,831	78,623	116,507	53,768	56,480	32,193	4,854	22,886
Placing	62,987	134,634	98,005	295,467	424,139	147,104	335,318	137,504	96,960	289,039
Others	97,542	47,102	75,210	324,953	287,761	79,575	53,006	79,655	33,972	31,892

Total IPO Rights Issue Placing Others

Source: HKEx

Figure 9 — 2 Equity Funds Raised Directly and Indirectly Through Hong Kong in GEM



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total	7,556	5,130	9,041	13,317	21,997	18,882	13,984	10,918	4,277	3,556
IPO	1,334	1,126	3,183	2,160	2,741	4,591	5,938	5,061	970	554
Rights Issue	1,345	1,053	624	3,466	5,114	3,495	2,454	308	189	407
Placing	2,945	1,833	3,483	4,920	12,226	6,977	4,011	2,642	1,911	1,695
Others	1,932	1,117	1,750	2,771	1,916	3,819	1,581	2,908	1,207	899

Source: HKEx

Trading services of the securities industry in Hong Kong are provided by investment banks, commercial banks, finance companies and securities brokerage companies. Investment banks are the principal underwriters for IPO. Hong Kong's highly liberal and liquid securities market has attracted many international investment banks and securities houses to build their presence here, eyeing the IPO and securities businesses. In the secondary market, local retail customers are served mainly by local brokers and banks, whereas institutional buyers are principally served by the international brokers and investment banks.

According to the statistics released by the SFC, the number of licensed corporations and registered institutions for dealing in securities increased from 991 in 2011 to 1,598 in 2021, representing a corresponding CAGR of 4.89%.

Table 9 — 1 Number of SFC Regulated Activity 1 Holders in Hong Kong, 2011 to 2021

	Number of Regulated Activity 1			
Year	**of Licensed Corporations**	**of Registered Institutions**	**of Licensed Representatives**	**of Responsible/ Approved Officers**
2011	882	109	25,477	2,841
2012	934	117	24,815	3,042
2013	957	120	24,517	3,151
2014	973	117	24,656	3,284
2015	1,024	118	24,765	3.434
2016	1,129	121	25,866	3,770
2017	1,247	119	26,309	4,163
2018	1,350	117	27,008	4,625
2019	1,430	114	27,225	4,894
2020	1,448	112	26,755	5,022
2021	1,487	111	27,843	5,119

Source: SFC

According to the statistics released by the SFC, the number of licensed corporations and registered institutions for advising on securities increased from 936 in 2011 to 1,978 in 2021, representing a corresponding CAGR of 7.77%.

Table 9 — 2 Number of SFC Regulated Activity 4 Holders in Hong Kong, 2011 to 2021

	Number of Regulated Activity 4			
Year	**of Licensed Corporations**	**of Registered Institutions**	**of Licensed Representatives**	**of Responsible/ Approved Officers**
2011	852	84	9,840	2,257
2012	872	93	9,298	2,390
2013	889	94	9,309	2,408
2014	928	93	9,603	2,569
2015	987	96	10,462	2,745
2016	1,131	97	11,018	3,123
2017	1,291	96	11,834	3,513
2018	1,445	93	13,054	4,061
2019	1,602	92	13,957	4,415
2020	1,700	93	14,278	4,710
2021	1,883	95	15,382	4,905

Source: SFC

Investors in Hong Kong securities market are well-diversified. As per Cash Market Transaction Survey 2019 announced by the HKEx, overseas investors accounted for 43% of total market turnover value while local investors contributed 30%. Institutional and retail investors took up 53% and 16% of the market turnover value respectively.

According to the statistics released by the SFC, the number of licensed corporations and registered institutions for advising on corporate finance increased from 287 in 2011 to 357 in 2021, representing a corresponding CAGR of 2.21%.

Table 9 — 3 Number of SFC Regulated Activity 6 Holders in Hong Kong, 2011 to 2021

	Number of Regulated Activity 6			
Year	**of Licensed Corporations**	**of Registered Institutions**	**of Licensed Representatives**	**of Responsible/ Approved Officers**
2011	248	39	3,216	812
2012	259	41	3,828	847
2013	265	39	3,630	866
2014	267	37	3,828	893
2015	275	35	4,051	909
2016	288	33	4,122	963
2017	315	35	4,408	1,067
2018	331	35	4,828	1,172
2019	338	34	4,994	1,227
2020	332	33	4,936	1,275
2021	326	31	5,608	1,269

Source: SFC

According to Bloomberg, for announced deals in Hong Kong in 2021, JP Morgan, Morgan Stanley and HSBC ranked as the top 3 financial advisors in terms of deal amount.

Table 9 — 4 Financial Advisors for Announced M&A Deals in 2021 in Hong Kong (By Deal Amount)

Financial Advisor	Ranking	No. of Deals	Deal Value *(USD million)*
JP Morgan	1	5	10,941
Morgan Stanley	2	3	10,003
HSBC	3	4	8,198
Goldman Sachs	4	9	6,623
Simon Robertson Associates LLP	5	1	5,487
Evercore Partners Inc	5	1	5,487
UBS	7	4	3,947
Ballas Capital Ltd	8	1	3,818
Duff & Phelps LLC	9	2	3,638
BofA Securities	10	3	2,602

Source: Bloomberg

2. Futures Market in Hong Kong

The futures markets provide partial income risk insurance to producers whose output is risky, but very effective insurance to commodity stockholders at remarkably low cost. In most commodity markets, speculators absorb some of the risks in the speculation and conduct hedging activities. As an important part of the capital markets, the futures market in Hong Kong also developed quickly in the past few years and the trading volume is keeping growing. In May 2015, SFC approved the HKEx's introduction of stock index futures contracts for seven sectors including software, mainland banks and properties, and thereafter approved the HKEx's metal mini futures contracts on nickel and tin, which commenced trading in December 2015. This initiative enriches the commodity product mix in Hong Kong and facilitates trading and hedging activities in the Asian time zone. The effect of such measure can be reflected in the growth rate for the number of SFC Type 2 regulated activities (dealing in futures contracts) holders of licenced corporations in Hong Kong.

According to the statistics released by the SFC, the number of licensed corporations and registered institutions for dealing in futures contracts increased from 259 in 2011 to 379 in 2021, representing a corresponding CAGR of 3.88%.

Table 9 — 5 Number of SFC Regulated Activity 2 Holders in Hong Kong, 2011 to 2021

	Number of Regulated Activity 2			
Year	of Licensed Corporations	of Registered Institutions	of Licensed Representatives	of Responsible/ Approved Officers
2011	252	7	9,158	771
2012	266	9	8,883	848
2013	270	7	8,882	866
2014	266	7	8,804	895
2015	276	6	9,029	914
2016	300	6	8,873	990
2017	327	6	8,877	1,064
2018	357	6	8,881	1,219
2019	375	6	8,789	1,284
2020	374	7	8,619	1,219
2021	372	7	8,636	1,275

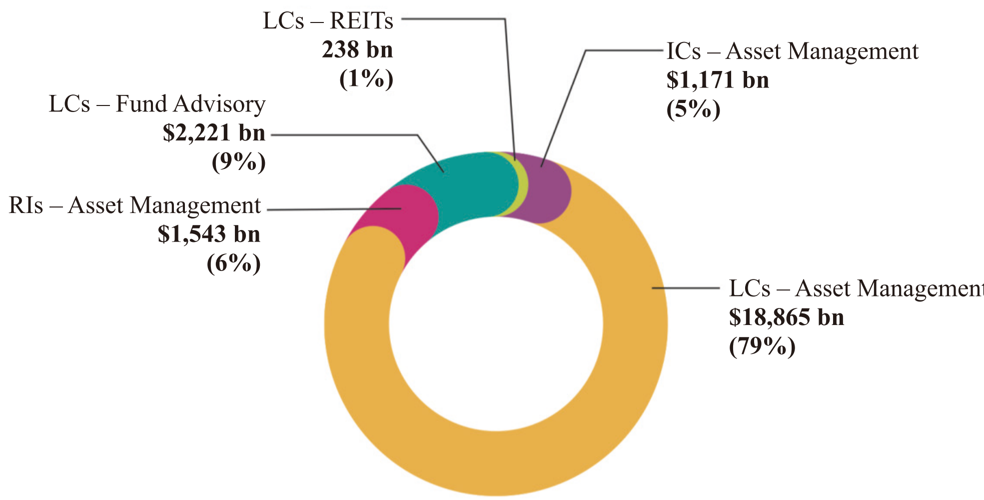
Source: SFC

Looking ahead, pandemic risk will continue to affect the global economic outlook. Uncertainties about the timing of interest rate hikes grow given rising inflationary pressure. Valuation concerns in overseas markets may add to market volatility.

3. Asset Management Industry in Hong Kong

Hong Kong is widely recognized as a leading asset management centre in Asia with a large concentration of international fund managers. According to the Asset and Wealth Management Activities Survey, released by the SFC in July 2021, Hong Kong's asset management and fund advisory business reached HKD24,038 billion in 2020, and HKD18,865 billion of which were contributed from the asset management business of licensed corporations.

Figure 9 — 3 Breakdown of Asset Management Business in Hong Kong



Source: Asset and Wealth Management Activities Survey (July 2021), SFC

According to the statistics released by the SFC, the number of licensed corporations and registered institutions for asset management increased from 884 in 2011 to 2,016 in 2021, representing a corresponding CAGR of 8.59%.

Table 9 — 6 Number of SFC Regulated Activity 9 Holders in Hong Kong, 2011 to 2021

	Number of Regulated Activity 9			
Year	of Licensed Corporations	of Registered Institutions	of Licensed Representatives	of Responsible/ Approved Officers
2011	844	40	4,163	2,021
2012	892	43	4,469	2,208
2013	950	45	4,853	2,328
2014	1,031	43	5,228	2,501
2015	1,135	42	5,821	2,751
2016	1,300	40	6.366	3,177
2017	1,477	36	6,954	3,576
2018	1,643	35	7,588	4,101
2019	1,808	36	8,251	4,435
2020	1,878	36	8,454	4,620
2021	1,979	37	8,931	4,855

Source: SFC

Overseas investors remained a main source of funding for Hong Kong's fund management. According to the SFC survey, around 64% of the investment funds were sourced from outside Hong Kong in 2020. Hong Kong maintains its position as a key sales and distribution centre in Asia.

Hong Kong's asset management industry has developed a strong expertise of investing in Asia, in particular the Chinese mainland. Such expertise is vital to Hong Kong's appeal for attracting funds for management. In 2020, the total assets managed in Hong Kong amounted to HKD12,419 billion. Approximately 64% of which were invested in the Asia-Pacific, with HKD3,159 billion in Hong Kong and HKD2,626 billion in Mainland China. The full potential of Hong Kong's fund management industry cannot be realized without the Chinese mainland market. China has a growing demand for fund management expertise to manage its massive savings pool and rapidly expanding retirement funds. Given its proximity to the mainland, Hong Kong will keep playing a key role in sharing management skills and talents in the development of the mainland's asset management industry in the future.

In 2015, the SFC introduced a strategy for developing Hong Kong as a global, full-service asset management centre, complete with a full range of ancillary services, with the ground-breaking Mainland-Hong Kong Mutual Recognition of Funds ("**MRF**") scheme at its core. The MRF scheme became operational on 1 July 2015, creating significant opportunities for Hong Kong's asset management industry. The MRF scheme has operated smoothly and will pave the way for greater market integration and connectivity between the Mainland and Hong Kong. As at January 2017, the SFC authorized 48 Mainland funds and the China Securities Regulatory Commission approved six Hong Kong funds under the MRF scheme. Following the successful implementation of MRF with the Mainland, the SFC expanded its MRF network to include the UK in October 2018, Luxembourg in January 2019 and the Netherlands in May 2019. The SFC also secured eligibility for SFC-authorised funds structured in the form of open-ended fund companies (OFC) under the MRF agreements with Switzerland, France, the UK, Luxembourg and the Netherlands. MRF arrangements with other overseas jurisdictions are also being pursued.

In additions, to enhance the regulatory regime for better investor protection, the SFC revised the fund management conduct requirements, which took effect in November 2018, and enhanced asset management regulation in key areas including securities lending and repurchase agreements, custody of fund assets, liquidity risk management as well as disclosure of leverage by fund managers. Enhancements to point-of sale transparency and additional protective measures for the sale of complex products were introduced in August 2018 and July 2019 respectively, for better addressing conflicts of interest in selling investment products and ensuring the suitability of complex products sold on an unsolicited basis.

X. VALUATION METHODOLOGY

The valuation of any asset or business can be broadly classified into one of the three approaches, namely the asset approach, the market approach and the income approach. In any valuation analysis, all three approaches above must be considered, and the approach or approaches deemed most appropriate will then be selected for use in the market value analysis of that asset.

1. Asset Approach

This is a general way of determining a market value indication of a business, business ownership interest, security or intangible asset by using one or more methods based on the value of the assets net of liabilities. Value is determined based on the cost of reproducing or replacing the asset, less depreciation from physical deterioration and functional and economic obsolescence, if present and measurable.

2. Income Approach

This is a general way of determining a market value indication of a business, business ownership interest, security or intangible asset by using one or more methods that convert anticipated benefits into a present value amount.

In the income approach, an economic benefit stream of the asset under analysis is selected, usually based on historical and/or forecasted cash flow. The focus is to determine a benefit stream that is reasonably reflective of the asset's most likely future benefit stream. This selected benefit stream is then discounted to present value with an appropriate risk-adjusted discount rate. Discount rate factors often include general market rates of return at the Valuation Date, business risks associated with the industry in which the company operates, and other risks specific to the asset being valued.

3. Market Approach

This is a general way of determining a market value indication of a business, business ownership interest, security or intangible asset by using one or more methods that compare the subject to similar businesses, business ownership interests, securities, or intangible assets that have been sold.

Value is established based on the principle of competition. This simply means that if one thing is similar to another and could be used for the other, then they must be equal. Furthermore, the price of two alike and similar items should be approximate to one another.

4. Selection of Valuation Approach

4.1 Asset approach — Rejected

Under the asset approach, the value of the Equity Interest is determined based on the replacement cost or reproduction cost rather than the ability to generate streams of benefits in the future. For the Target Group, future economic benefits will be generated from the Target Group's operation of its financial services business. As such, the asset approach cannot reliably reflect the value of the Equity Interest. Accordingly, the asset approach was rejected.

4.2 Income approach — Rejected

Under the income approach, the value of the Equity Interest is determined based on the estimation of the projected inputs, such as projected revenue, operating costs and risk-adjusted discount rate. A major challenge to income approach is its sensitivity to model inputs, as slight deviation in discount rate and forecasted operating cash flows would result in significantly different valuation results. According to the management of the Company, a major customer of the Target Group in the past no longer remains. It is therefore considered that the future financial performance of the Target Group would become less certain. In respect of the correlation between the above factors and performance of the industry, high level of uncertainty would be involved inevitably in forming a financial forecast, i.e. income forecast, income growth rate, profit margin. As such, we are in opinion that income approach is not preferable and is rejected in the valuation.

4.3 Market approach — Accepted

Under the Market Approach, the value of the Equity Interest could be determined based on the recently published financial data of listed comparable companies such as the trading prices and fundamentals. Market expectation on the industry is also reflected in the valuation of the comparable companies. As there were sufficient numbers of comparable public companies available in markets which facilitate a meaningful comparison and provide inputs for determining the valuation multiple, the market approach was considered as appropriate and reliable.

XI. GENERAL VALUATION ASSUMPTIONS

A number of general assumptions have to be established in order to sufficiently support our conclusion of valuation. The general assumptions adopted in this valuation were as follows:

- Performance of the Target Group is expected not significantly deviate from the performance of its industry peers;
- There would be no material change in the existing political, legal, fiscal, foreign trade and economic conditions in Hong Kong where the Target Group is carrying on its businesses;
- There would be no significant deviation in the industry trends and market conditions from the current market expectation;
- There would be no material change in the current taxation law in Hong Kong where the Target Group and the comparable companies operate;
- There would be no material change in interest rates or foreign currency exchange rates from those currently prevailing;
- All relevant legal approvals, business certificates or licenses for the normal course of operation are formally obtained by the Target Group, the Target Group is in good standing and no additional costs or fees are needed to procure such during the application; and
- The Target Group would retain competent management, key personnel and technical staff to support the ongoing business operations.

XII. MARKET APPROACH

Guideline Public Company Method

We considered the Guideline Public Company Method, one of the market approaches in this valuation. The premise behind the Guideline Public Company Method is that prices of substantially similar assets in the same or a similar industry provide objective evidence as to values at which investors are willing to buy and sell interest of companies in that industry.

We have reviewed and accepted the Guideline Public Company Method due to the following reasons:

- The substantially similar assets are actively publicly traded; and
- There are frequent and/or recent observable transactions in substantially similar assets.

Active trading volume in the stock market is a significant and relevant criterion for selection of Guideline Public Companies, as stocks that are actively traded are more representative and could form a meaningful comparison basis for a valuation.

In applying the Guideline Public Company Method, we compute various pricing multiple for each Guideline Public Company. The appropriate valuation multiple is determined and adjusted for the unique aspects of the Target Group being valued. This multiple is then applied to the Target Group being valued to arrive at an estimate of value for the appropriate ownership interest. The selected valuation multiple is based on market capitalisation.

Equity value can be derived from the formula below:

Equity value = Guideline multiple x the financial performance or position of the Target Group

A valuation multiple represents a ratio that uses a Guideline Public Company's market value at the Valuation Date as the numerator and a measure of the Guideline Public Company's operating results (or financial position) as the denominator. In this valuation, we have considered price-to-book ("**P/B**"), price-to-earnings ("**P/E**"), price-to-sales ("**P/S**"), enterprise value/sales ("**EV/S**"), enterprise value/earnings before interests and taxes ("**EV/EBIT**"), and enterprise value/earnings before interests, taxes, depreciation and amortization ("**EV/EBITDA**") multiples.

P/B multiple can only capture tangible assets of a company and cannot capture company-specific competencies and advantages, thus P/B is not the most preferable multiple in the valuation and therefore is not adopted. On the other hand, we considered that P/S and EV/S multiples could not reflect the profitability of the Target Group and thus these multiples are also not preferable in this valuation. EV/S, EV/EBITDA and EV/EBIT multiples use the market capitalization of a company as the starting point, considering the inclusion of the value of debt, minority interest, preferred shares and the exclusion of any cash and cash equivalents to represent enterprise value. Enterprise value generally requires normalized adjustments on debts and/or non-operating assets/liabilities of the Target Group which may be subjective. Thus, EV-related multiples are not adopted in this valuation.

P/E multiple is defined as the company's market capitalization to its latest trailing twelve-month net profit as at a specific date. P/E ratio is suitable for companies that can generate consistent and stable net profit. The Target Group engaged in financial services business in Hong Kong, which is a relatively more matured business segment, and recorded steady income stream and track record profitability. Therefore, the P/E multiple is considered as an appropriate valuation multiple in this valuation. Once we have selected a number of the Guideline Public Companies and make the necessary adjustments to their financial information, the next step is to determine and compute the appropriate valuation multiples, and the calculation method is the same for all the selected Guideline Public Companies. The process of computing the valuation multiple in this case consists of the following procedures:

1. Determination of the market capitalisation for each of the Guideline Public Companies as at the Valuation Date. The market capitalisation is computed by multiplying their share prices to the number of outstanding shares as at the Valuation Date; and

2. Determination of the measure of financial position, i.e. the trailing twelve months ("**TTM**") net income as at the Valuation Date which represents the denominators of the multiple.

The application of this method depends on the selection of the Guideline Public Companies that with sufficient similarities to the underlying business of the Target Group so as to provide a meaningful comparison. We exercised due care in the selection of the Guideline Public Companies by using reasonable criteria in deciding whether or not a particular Guideline Public Company is relevant.

According to the management of the Company, the principal businesses of PP Group are Type 1, Type 2 and Type 6 regulated activities under the SFO. On the other hand, the principal businesses of the Remaining Subsidiaries are Type 4 and Type 9 regulated activities under the SFO. The valuation of the Target Group comprised separate assessment of PP Group and Remaining Subsidiaries, and therefore two different sets of Guideline Public Companies were selected.

Selection of Guideline Public Companies

In selecting the Guideline Public Companies, we considered the lines of business, products, market location of the business and other criteria of the Target Group. Our preliminary list of Guideline Public Companies is generated from searching through Bloomberg and websites of public companies. The major searching criteria are listed below:

- Listed on the HKEx;
- Majority of revenue contribution from financial services in Hong Kong, specifically securities underwriting and consultancy, securities and futures brokerage, corporate finance, asset management and other financial services;
- Holders of licenses granted by the SFC ("**SFC Licenses**"), including Type 1, Type 2, Type 4, Type 6 and Type 9 SFC Licenses;
- Active trading volume on the Stock Exchange;
- Generated a net profit in the latest financial reporting period; and
- Principal business location is Hong Kong.

Then, we have investigated the principal of businesses, business location and asset location of each company from segment information generated by Bloomberg, official website and the most recent annual report and interim report of comparable companies to ensure that the selected Guideline Public Companies have contained all the above-mentioned attributes.

The following are the preliminary list of the Guideline Public Companies that we have reviewed containing all the above-mentioned attributes, and the comparison with the Target Group in their business description and type of license held:

Table 12 — 1 Preliminary List of the Guideline Public Companies

	Guideline Public Companies	Ticker	Business Activities	Type of License held	% of Revenue from SFC Licenses Type 1, 2 and 6	% of Revenue from SFC Licenses Type 4 and 9
1	Get Nice Holdings Ltd	64 HK	• provides financial, property development, personal and property financing, investments, and real estate brokerage services	1, 2, 4, 5, 6, 9	80.2%	0.0%
2	Cinda International Holdings Ltd	111 HK	• acquires, manages, and disposes of non-performing assets and offers gold and silver spot trading services • acquires non-performing assets in local and foreign currencies, collects debts, leases, transfers and restructures assets, sponsors stock listings, and underwrites bonds and stocks	1, 2, 4, 6, 9	58.2%	41.8%

	Guideline Public Companies	Ticker	Business Activities	Type of License held	% of Revenue from SFC Licenses Type 1, 2 and 6	% of Revenue from SFC Licenses Type 4 and 9
3	Sunwah Kingsway Capital Holdings Ltd	188 HK	• provides brokerage, capital market, corporate finance, and asset management services	1, 2, 4, 6, 9	92.1%	0.1%
4	Shenwan Hongyuan HK Ltd	218 HK	• provides loan-financing, securities, futures and equity options trading and dealing, underwriting, and corporate advisory services • involved in cross-border financing and merger and acquisition by foreign investors	1, 2, 4, 5, 6, 9	80.5%	5.5%
5	Value Partners Group Ltd	806 HK	• an asset management group with a value-oriented investment approach	1, 2, 4, 5, 9	0.0%	83.8%
6	Value Convergence Holdings Ltd	821 HK	• operates securities brokerage, commodities trading, and corporate finance businesses via traditional means and Internet	1, 2, 4, 5, 6, 9	60.6%	0.0%
7	Sheng Yuan Holdings Ltd	851 HK	• provides financial investment and trading services in Hong Kong and throughout the People's Republic of China	1, 2, 4, 6, 9	0.2%	99.8%
8	Innovax Holdings Ltd	2680 HK	• offers corporate finance advisory, placing and underwriting, securities dealing and brokerage, asset management, and other services	1, 2, 4, 6, 9	77.5%	2.5%

Source:Bloomberg, the website of SFC, and the annual report and interim report of the Guideline Public Companies

The valuation multiples of the Guideline Public Companies have not been adjusted to account for the differences in size and other factors. Since not all the comparable companies have disclosed their detailed revenue segments to the public and the Target Group is a comprehensive financial institution providing various types of financial services, there is no adjustment on market multiple based on specific business nature.

According to the principal businesses in PP Group and Remaining Subsidiaries, two sets of Guideline Public Companies are selected from the list of companies in Table 12 — 1.

Valuation of PP Group

Principal businesses in PP Group include Type 1, Type 2 and Type 6 regulated activities under the SFO. Among the public companies in Table 12 – 1, companies with major revenue from SFC Licenses Type 1, Type 2 and Type 6 regulated activities are selected as Guideline Public Companies for PP Group. The list of companies in Table 12 – 2 below have the similar business coverage as PP Group. Therefore, we believe that they are sufficiently comparable to the operations of PP Group and conform to the conditions of being a Guideline Public Company, and therefore a meaningful comparison can be made.

The following is a list of Guideline Public Companies of PP Group and their valuation multiples:

Table 12 — 2 Valuation Multiples of the Guideline Public Companies for PP Group as at the Valuation Date

		Ticker	**Market Value** *(HKD million)*	**TTM Net Income** *(HKD million)*	**P/E Ratio**
1	Get Nice Holdings Ltd	64 HK	1,556	214	7.27x
2	Cinda International Holdings Ltd	111 HK	282	110	2.55x
3	Sunwah Kingsway Capital Holdings Ltd	188 HK	270	32	8.50x
4	Shenwan Hongyuan HK Ltd	218 HK	1,421	149	9.56x
5	Value Convergence Holdings Ltd	821 HK	790	124	6.36x
6	Innovax Holdings Ltd	2680 HK	228	7	32.33x

Source: Bloomberg

* *Products of the figures and sum of the figures may not equal to the total of the figures due to rounding*

Selected multiple for assessment of PP Group is listed as below:

Table 12 — 3 Summary of the Selected Multiple for PP Group

Valuation Date	**Selected Multiple**	**Median**
30 November 2021	P/E ratio	7.88x

Valuation of the Remaining Subsidiaries

The principal businesses of the Remaining Subsidiaries include Type 4 and Type 9 regulated activities under the SFO. Among the public companies in Table 12 - 1, companies with major revenue from SFC Licenses Type 4 and Type 9 regulated activities are selected as Guideline Public Companies for the Remaining Subsidiaries. The list of companies in Table 12 – 4 below have the similar business coverage as the Remaining Subsidiaries. Therefore, we believe that they are sufficiently comparable to the operations of the Remaining Subsidiaries and conform to the conditions of being a Guideline Public Company, and therefore a meaningful comparison can be made.

The following is a list of Guideline Public Companies of the Remaining Subsidiaries and their valuation multiples:

Table 12 — 4 Valuation Multiples of the Guideline Public Companies for the Remaining Subsidiaries as at the Valuation Date

		Ticker	Market Value *(HKD million)*	TTM Net Income *(HKD million)*	P/E Ratio
1	Value Partners Group Ltd	806 HK	7,307	1,464	4.99x
2	Sheng Yuan Holdings Ltd	851 HK	168	25	6.85x

Source: Bloomberg

* *Products of the figures and sum of the figures may not equal to the total of the figures due to rounding*

Selected multiple for assessment of the Remaining Subsidiaries is listed as below:

Table 12 — 5 Summary of the Selected Multiple for the Remaining Subsidiaries

Valuation Date	**Selected Multiple**	**Median**
30 November 2021	P/E ratio	5.92x

In the view of the similarity in the principal business activity, target market and profitability of the Guideline Public Companies and the Target Group, we consider the two group of selected Guideline Public Companies are representative and could form a meaningful comparison basis for the valuation.

Determination of Value

Based on the investigation and analysis stated above and on the valuation method employed, it was our opinion that the market value of the Equity Interest as at the Valuation Date was as follows:

Table 12 — 6 Equity Interest in the Target Group as at the Valuation Date

Result under the Market Approach		*HKD*
Multiple Selected		**P/E Ratio**
Selected Multiple for PP Group (rounded)		7.88x
Financial Performance of PP Group:		
TTM Net Income of PP Group as at the Valuation Date *(Note 1)*		76,789,444
Implied Equity Value of PP Group before Control Premium		605,308,734
Add: Control Premium *(Note 2)*	10.00%	60,530,873
Implied Equity Value of PP Group after Control Premium		665,839,608
Less: Discount for Lack of Marketability ("**DLOM**") *(Note 3)*	(15.00%)	(99,875,941)
Implied Equity Value of PP Group after Control Premium and DLOM		565,963,666
Add: Investments owned by PP Group *(Note 4)*		226,227,928
Total Equity Value of PP Group		792,191,594
Equity Interest of PP Group owned by the Target Company	65.32%	**517,459,549**
Selected Multiple for the Remaining Subsidiaries (rounded)		5.92x
Financial Performance of the Remaining Subsidiaries:		
TTM Net Income of the Remaining Subsidiaries as at the Valuation Date *(Note 5)*		27,289,738
Implied Equity Value of the Remaining Subsidiaries		161,625,091
Add: Control Premium *(Note 2)*	10.00%	16,162,509
Implied Equity Value of the Remaining Subsidiaries after Control Premium		177,787,600
Less: DLOM *(Note 3)*	(15.00%)	(26,668,140)
Implied Equity Value of the Remaining Subsidiaries after Control Premium and DLOM		151,119,460
Add: Market Investment of the Remaining Subsidiaries *(Note 4)*		262,445,958
Less: Loan of the Remaining Subsidiaries from Third Party for Investment *(Note 6)*		(38,942,141)
Total Equity Value of the Remaining Subsidiaries		374,623,277
Equity Interest of the Remaining Subsidiaries owned by the Target Company	80.00%	**299,698,621**

Result under the Market Approach		*HKD*
Total Implied Equity Value of the Target Group		817,158,171
Less: Discount for Lack of Control ("**DLOC**") *(Note 2)*		(81,715,817)
Implied 100% Equity Value of the Target Group after DLOC		735,442,354
Value of 14.73% Equity Interest in the Target Group	**HKD**	**108,330,659**
Value of 14.73% Equity Interest in the Target Group (rounded)	**HKD**	**108,000,000**

* *Products of the figures and sum of the figures may not equal to the total of the figures due to rounding*

Note 1: The net income of PP Group is annualized with adjustments of reversal of bad debt provision, and fair value change in investment (Please refer to Note 4)

Note 2: Please refer to Section XIII. Control Premium and Discount for Lack of Control for detailed discussion

Note 3: Please refer to Section XIV. Discount for Lack of Marketability for detailed discussion

Note 4: The investment by the Target Group is non-recurring in nature, and not the main business of the Target Group. Thus, it is considered a non-operating item and is shown separately in the calculation

Note 5: The net income of the Remaining Subsidiaries is annualized with adjustment of reversal of fair value change in investment by the Remaining Subsidiaries, and the related finance cost of loan for the investment (Please refer to Note 4)

Note 6: The loan for investment is non-recurring in nature, and directly related to investment (Please refer to Note 4). Thus, it is considered as a non-operating item and is shown separately in the calculation

XIII. CONTROL PREMIUM AND DISCOUNT FOR LACK OF CONTROL

The corporate value of comparable listed companies used in the market approach is the transaction price in the publicly traded stock market where generally only a minority of shares (i.e. minority interests) can be acquired. There is a difference between the minority interests and the controlling interests. That is, the controlling shareholder has the control power over a subsidiary, but the minority shareholders do not have such control power. This control includes:

- being able to appoint or change the management of a company;
- being able to appoint or change board members;
- being able to determine the salary, bonus and allowance of management personnel; and
- being able to develop a company's business strategy and strategic policy and change the company's business direction.

Based on the above difference, the value of minority interests is lower than that of controlling interests, and the difference is reflected in minority interest discount. Therefore, when using the market approach to calculate the value of the subsidiaries of the Target Company's equity in the case of holding control, we would apply control premium to reflect control advantage over the peer minorities. On the other hand, when calculating the value of the Target Company's equity, we would apply DLOC to reflect the fact that minority shares in a company are worth less because their holders do not have a controlling interest in the company.

We use the following formula to calculate the control premium and DLOC:

Control premium = (1 + average premium percentage of controlling interest transactions) / (1 + average premium percentage of minority interest transactions) - 1

DLOC = (1 + average premium percentage of minority interest transactions) / (1 + average premium percentage of controlling interest transactions) - 1

We refer to the average premium percentage of controlling interest transactions and the average premium percentage of minority interest transactions published in the Mergerstat Review from 2016 to 2020 for further calculations. Mergerstat Review, by FactSet MergerStat, is an annual publication that presents compiled statistics relating to mergers and acquisitions ("**M&A**") that involve both publicly traded and privately held companies. Data on M&A announcements and purchase prices are presented annually and quarterly, for the current period and historically, including details on individual deals and trends in prices, methods of payment, multiples, and premiums. Publisher of the Mergerstat Review is Business Valuation Resources, LLC. They publish auditable market data, news and research, and expert opinion.

Mergerstat Review represent a widely used and accepted database of control premium and DLOC available to market participants.

We have conducted further calculation with reference to the average premium percentage of controlling interest transactions and the average premium percentage of minority interest transactions from 2016 to 2020 as set out in Mergerstat Review. After calculation with the above formula, the average difference between the average premium percentage of controlling interest transactions and the average premium percentage of minority interest transactions from 2016 to 2020 is approximately 11.5%, and the average difference between the average premium percentage of minority interest transactions and the average premium percentage of controlling interest transactions from 2016 to 2020 is approximately -10.2%. We have adopted 10.0% for control premium and 10.0% for DLOC in the valuation of the Equity Interest.

XIV. DISCOUNT FOR LACK OF MARKETABILITY

The DLOM is a downward adjustment of part of the value of equity to reflect its lack of marketability. Marketability is defined as the ability to convert an investment into cash quickly at a known price and with minimum transaction costs. In respect of two identical equities, investors will pay a higher price to purchase the equity that will be exchanged for cash sooner at no risk of value loss, such as listed stocks. In another case, investors will pay a lower price to purchase the equity that takes a longer time or has a greater cost to be realized, such as the stock of a private company. For investors, there is uncertainty about the time required for the realization of the latter and the final realization price (that is, lack of marketability). Therefore, when investors purchase such equity, they require a discount to compensate for the above uncertainty. This discount is a DLOM.

The Target Group is a private company, and the corporate value of comparable listed companies used in the market approach is the transaction price in the publicly traded stock market. In the privately traded market, the transaction of private companies generally takes a longer time and has a greater cost, private companies therefore lack marketability as compared with listed companies, resulting in their value will be discounted. Therefore, the DLOM should be considered when using the market approach.

Based on the above, the DLOM is used in calculating the equity value of the Target Group. When calculating the DLOM, we refer to the Stout Restricted Stock Study (the "**Study**") compiled by Business Valuation Resources, a publisher of auditable market data, news and research, and expert opinion. The Study represents a widely used and accepted database of DLOM available to market participants. We have conducted a search on the website of the HKEx and noticed the data presented in the Study was commonly adopted in valuation of private enterprises such as the Target Group. The Study researched a total of 759 private placement transactions involving unregistered ordinary shares of listed companies from 1980 to 2019, and calculated the marketability discount percentage by dividing the difference between the private placement price and the market reference price by the market reference price. The average and median of the marketability discount percentages obtained from the research are 20.6% and 15.8%, respectively. Considering that the Target Group's current assets account for 83% of its total assets, the Target Group's overall liquidity ability is good. Therefore, this valuation refers to the lower of average and median of marketability discount percentages in the Study, i.e. 15.8%, the median in the Study, to reflect the Target Group's DLOM. We believe a DLOM of 15.0% is fair and reasonable considering the Target Group is private.

XV. LIMITING TERMS

We have made no investigation of and assumed no responsibility for the title to or any liabilities against the Company and the Target Group.

The opinions expressed in this report have been based on the information supplied to us by the Company/the Target Group and their staff, as well as from various institutes and government bureaus without verification. All information and advice related to this valuation are provided by the management of the Company. Readers of this report may perform due diligence themselves. We have exercised all due care in reviewing the supplied information. Although we have compared key supplied data with expected values, the accuracy of the results and conclusions from the review are reliant on the accuracy of the supplied data. We have relied on this information and have no reason to believe that any material facts have been withheld, or that a more detailed analysis may reveal additional information. We do not accept responsibility for any errors or omissions in the supplied information and do not accept any consequential liability arising from commercial decision or actions resulting from them.

This valuation reflects facts and conditions existing at the Valuation Date. Subsequent events have not been considered, and we have no obligation to update our report for such events and conditions.

XVI. CONCLUSION OF VALUE

In conclusion, based on the analysis stated above and on the valuation method employed, it is our opinion that the market value of 14.73% Equity Interest of Golden Affluent Limited as at 30 November 2021 is as follows:

Subject of Valuation	**Market Value** *(HKD)*
14.73% Equity Interest of Golden Affluent Limited	108,000,000

The opinion of value was based on generally accepted valuation procedures and practices that rely extensively on the use of numerous assumptions and consideration of many uncertainties, not all of which can be easily quantified or ascertained.

We hereby certify that we have neither present nor prospective interests in the subject under valuation. Moreover, we have neither personal interests nor bias with respect to the parties involved.

This valuation report is issued subject to our general service conditions.

Yours faithfully,
For and on behalf of
GREATER CHINA APPRAISAL LIMITED

Analysed and Reported by:
Kenneth H.W. Lam, *CFA, FRM, ACCA*
Director

Faye C.Y. Chan, *CPA (Aust.)*
Business Valuation & Transaction Advisory

Alfred C.M. Chiu, *BSc*
Business Valuation & Transaction Advisory

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, there are no other facts the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

Directors' and Chief Executive's Interests or Short Positions in the Shares, Underlying Shares and Debentures

As at the Latest Practicable Date, to the best of the knowledge of the Directors, the interests of the Directors in the shares of the Company as required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, to be entered in the register referred to in section 352 of the SFO pursuant to the requirements therein, and/or to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**"), were as follows:

Name of Directors	**Number of Shares Held** *(Note 1)*	**Capacity**	**Approximate % Shareholding** *(Note 2)*
Mr. Liao Nangang ("**Mr. Liao**") *(Note 3)*	1,092,000,000	Interests of controlled corporation	28.00%
Mr. Wang Jian ("**Mr. Wang**") *(Note 4)*	546,953,000	Interest of controlled corporation	14.02%

Notes:

1. All interests disclosed above represent long positions in the Shares.

2. The percentage was calculated based on the total number of issued Shares as at the Latest Practicable Date, which was 3,900,000,000.

3. These 1,092,000,000 Shares were owned by Tengyue Holding Limited ("**Tengyue Holding**"), which was wholly owned by Beyond Glory Holdings Limited ("**Beyond Glory**"), which was in turn wholly owned by Mr. Liao. Accordingly, Beyond Glory and Mr. Liao were each deemed to be interested in all the Shares held by Tengyue Holding by virtue of the SFO.

4. These 546,953,000 Shares were owned by Massive Thriving Limited ("**Massive Thriving**"), which was wholly owned by Mr. Wang. Accordingly, Mr. Wang was deemed to be interested in all the Shares held by Massive Thriving by virtue of the SFO.

Save as disclosed above, as at the Latest Practicable Date, to the best of the knowledge of the Directors, none of the Directors and the chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) 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, to be entered in the register referred to in section 352 of the SFO pursuant to the requirements therein, and/or to be notified to the Company and the Stock Exchange pursuant to the Model Code.

As at the Latest Practicable Date, and Mr. Wang was a director of Massive Thriving. Save as disclosed above, as at the Latest Practicable Date, to the best of the knowledge of the Directors, none of the Directors was a director or employee of a company which had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. SERVICE CONTRACTS

As the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which would not expire or was not terminable by such member of the Group within one year without payment of compensation (other than statutory compensation).

4. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or their respective close associates had any interest in any business apart from the Group's business which competed or was likely to compete, either directly or indirectly, with the Group's business.

5. DIRECTORS' INTERESTS IN ASSETS/CONTRACTS AND OTHER INTERESTS

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting which was significant in relation to the business of the Group, nor did any Director have any direct or indirect interest in any assets which had been acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group since 31 December 2021, being the date to which the latest published audited financial statements of the Group were made up.

6. LITIGATION

As at the Latest Practicable Date, no litigation or claim of material importance was known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

7. MATERIAL CONTRACTS

Set forth below are the contracts, not being contracts entered into in the ordinary course of business, entered into by the members of the Group within two years immediately preceding the Latest Practicable Date which are or may be material:

(a) the subscription agreement dated 20 January 2021 entered into between the Company and Tengyue Holding Limited as subscriber in respect of the subscription of 280,000,000 new Shares at the subscription price of HK$0.2 per Share;

(b) the placing agreement dated 20 January 2021 entered into between the Company and CCB International Capital Limited as placing agent in respect of the placing of up to 720,000,000 new Shares by the placing agent at the placing price of HK$0.2 per Share;

(c) the sale and purchase agreement dated 26 January 2022 entered into between Golden Flourish Assets Limited, a direct wholly-owned subsidiary of the Company, as purchaser and Foresight International Group Limited as vendor, pursuant to which the purchaser has conditionally agreed to acquire and the vendor has conditionally agreed to sell 100 shares in Foresight Industrial Group Limited, representing its entire issued share capital of Foresight Industrial Group Limited at the maximum consideration of HK$120,000,000 (subject to adjustment); and

(d) the Share Transfer Agreement.

8. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has given opinions or advice which are contained in this circular:

Name	Qualification
Greater China Appraisal Limited	Independent professional valuer

The expert has given and has not withdrawn its written consent to the issue of this circular with its opinion, advice and report included in the form and context in which they are included.

As at the Latest Practicable Date, the expert was not beneficially interested in the share capital of any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did it have any direct or indirect interest in any assets which had been acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group since 31 December 2021, being the date to which the latest published audited financial statements of the Group were made up.

9. GENERAL

a) The registered office of the Company was situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The Company's head office and principal place of business in Hong Kong was situated at Unit 1902, 19/F, Tower 2 Lippo Centre, No. 89 Queensway, Hong Kong.

b) The company secretary of the Company is Mr. Sze Kat Man. Mr. Sze is also the financial controller of the Group. He is a member of the Hong Kong Institute of Certified Public Accountants.

c) The Company's share registrar and transfer office in Hong Kong, Tricor Standard Limited, is situated at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

d) In the event of any inconsistency between the English version and the Chinese version of this circular, the English version of this circular shall prevail.

10. DOCUMENTS ON DISPLAY

Copies copy of the Share Transfer Agreement and the Valuation Report will be published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.paktakintl.com) for a period of 14 days from the date of this circular.

PAK TAK INTERNATIONAL LIMITED
(百德國際有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 2668)

NOTICE IS HEREBY GIVEN that a special general meeting (the "**SGM**") of Pak Tak International Limited (the "**Company**") will be held at Unit 1902, 19/F, Tower 2 Lippo Centre, No. 89 Queensway, Hong Kong on Friday, 13 May 2022 at 11:00 a.m. for the purposes of transacting the following businesses:

ORDINARY RESOLUTIONS

1. "**THAT** the share transfer agreement (the "**Share Transfer Agreement**") dated 28 January 2022 entered into between Hua Tong Group Limited as vendor and Glory Sun Financial Holdings Limited as purchaser in relation to the disposal of 13,921,278 shares in Golden Affluent Limited and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified and that the directors of the Company be and are hereby authorised to take any action and sign any document (under seal, if necessary) as they consider necessary, desirable or expedient for or in connection with the Share Transfer Agreement or the transactions contemplated thereunder and to agree to such variation, amendment or waiver as are, in the opinion of the directors of the Company, in the interest of the Company provided that such variation, amendment or waiver shall not be fundamentally different from the terms as provided in the Share Transfer Agreement."

2. To re-elect Mr. Liu Xiaowei as the director of the Company.

By order of the Board
Pak Tak International Limited
Liao Nangang
Chairman

Hong Kong, 21 April 2022

* *for identification purpose only*

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head office and principal place of business in Hong Kong:
Unit 1902, 19/F
Tower 2 Lippo Centre
No. 89 Queensway
Hong Kong

Notes:

1. Due to the recent development of the COVID-19 pandemic and in view of the latest Prevention and Control of Disease (Prohibition on Gathering) Regulation (Chapter 599G of the Laws of Hong Kong) and Prevention and Control of Disease (Requirements and Directions) (Business and Premises) Regulation (Chapter 599F of the Laws of Hong Kong), special arrangements will be adopted for conducting the SGM and Shareholders are reminded to refer to the section headed "Special Arrangements for the Special General Meeting" on page 1 of the circular dated 21 April 2022 issued by the Company for details. In particular, the SGM will be conducted through electronic means to enable Shareholders to participate and ask questions at the SGM. In order to do so, any Shareholders who would like to view, listen to and/or speak at the SGM through ZOOM/VooV Meeting must contact the Company's branch share registrar and transfer office in Hong Kong by email to is-enquiries@hk.tricorglobal.com or by telephone hotline (852) 2980 1333, by providing the following personal particulars:

   i) full name;
   ii) registered address;
   iii) number of Shares held;
   iv) contact telephone number; and
   v) email address,

   no later than 11:00 a.m. on Wednesday, 11 May 2022 (being not less than 48 hours before the time appointed for holding the SGM) to enable the Company to verify the Shareholders' and identity and status.

   Authenticated Shareholders will receive an email confirmation no later than 11:00 a.m. on Thursday, 12 May 2022 (being not less than 24 hours before the time appointed for holding the SGM) which contains a link via which they can join the live webcast of the SGM. Shareholders **MUST NOT** forward the link to other persons who are not Shareholders and not entitled to attend the SGM.

2. In order to be valid, a form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority, must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the SGM (i.e. not later than 11:00 a.m. on Wednesday, 11 May 2022 (Hong Kong time)) or any adjournment thereof (as the case may be). The Company reminds the Shareholders who wish to exercise his/her/its voting rights that they must appoint the Chairman of the SGM as their proxy to vote on the relevant resolutions at the SGM.

3. For determining the entitlement to attend and vote at the SGM, the register of members of the Company will be closed from Tuesday, 10 May 2022 to Friday, 13 May 2022, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the SGM, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Standard Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Friday, 6 May 2022.

4. If a Typhoon Signal No. 8 or above is hoisted or a Black Rainstorm Warning Signal is in force or "extreme conditions" caused by super typhoons is announced by the Government of Hong Kong at or at any time after 9:00 a.m. on the date of the meeting, the meeting will be postponed or adjourned. The Company will post an announcement on the websites of the Hong Kong Exchanges and Clearing Limited and the Company to notify shareholders of the date, time and place of the rescheduled meeting.

   The meeting will be held as scheduled when an Amber or Red Rainstorm Warning Signal is in force. Shareholders should decide on their own whether they would attend the meeting under bad weather conditions bearing in mind their own situation.

As at the date of this notice, the Board comprises Mr. Liao Nangang, Ms. Qian Pu, Mr. Wang Jian and Mr. Ning Jie as executive Directors; Mr. Shin Yick Fabian and Mr. Liu Xiaowei as non-executive Directors; and Mr. Chan Ngai Sang Kenny, Mr. Chan Kin Sang and Mr. Zheng Suijun as independent non-executive Directors.