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# THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**You are advised to exercise caution in relation to the Proposal. If you are in doubt** as to the contents of this Scheme Document, any aspect of the Proposal or any action to be taken, you should consult a licensed securities dealer or registered institution in securities, stockbroker, bank manager, solicitor, professional accountant or other professional adviser and obtain independent professional advice.

This Scheme Document appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Offeror or the Company nor is it a solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of securities of the Offeror or the Company in any jurisdiction in contravention of applicable law.

This Scheme Document is not for release, publication or distribution, in whole or in part, in, into or from any jurisdiction where to do so would constitute a violation of the relevant laws or regulations of such jurisdiction.

**If you have sold or transferred** all your shares in Mason Group Holdings Limited, you should at once hand this Scheme Document and the accompanying forms of proxy to the purchaser or transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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

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## LIBERTY HIGH CAPITAL LIMITED

*(incorporated in the British Virgin Islands  
with limited liability)*



## MASON GROUP HOLDINGS LIMITED 茂宸集團控股有限公司

*(Incorporated in Hong Kong with limited liability)  
(Stock code: 273)*

# (1) PROPOSAL FOR THE TAKE-PRIVATE OF MASON GROUP HOLDINGS LIMITED BY THE OFFEROR BY WAY OF A SCHEME OF ARRANGEMENT UNDER SECTION 673 OF THE COMPANIES ORDINANCE AND (2) PROPOSED WITHDRAWAL OF LISTING OF MASON GROUP HOLDINGS LIMITED

**Financial Adviser to the Offeror**



**SOMERLEY CAPITAL LIMITED**

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



**Gram Capital Limited  
嘉林資本有限公司**

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Unless the context otherwise requires, capitalised terms used in this Scheme Document (including this cover page) are defined in the “Definitions” section of this Scheme Document. A letter from the Board is set out in the “Letter from the Board” section of this Scheme Document. A letter from the Independent Board Committee containing its advice to the Independent Shareholders in relation to the Proposal is set out in the “Letter from the Independent Board Committee” section of this Scheme Document. A letter from Gram Capital, being the Independent Financial Adviser, containing its advice to the Independent Board Committee in relation to the Proposal is set out in the “Letter from Gram Capital” section of this Scheme Document. An Explanatory Statement regarding the Proposal is set out in the “Explanatory Statement” section of this Scheme Document. The actions to be taken by the Shareholders are set out in the “Actions to be taken” section of this Scheme Document.

Notices convening the Court Meeting to be held at 10:00 a.m. on Tuesday, 3 October 2023 and the General Meeting to be held at 10:15 a.m. on Tuesday, 3 October 2023 (or, in the case of the General Meeting, if later than 10:15 a.m., immediately after the conclusion or the adjournment of the Court Meeting) are set out in “Appendix IV – Notice of Court Meeting” and “Appendix V – Notice of General Meeting” to this Scheme Document, respectively. Whether or not you are able to attend the Court Meeting and/or the General Meeting or any adjournment thereof in person, if you are a Scheme Shareholder, you are strongly urged to complete and sign the enclosed pink form of proxy in respect of the Court Meeting and if you are a Shareholder, you are strongly urged to complete and sign the enclosed white form of proxy in respect of the General Meeting, in accordance with the instructions printed thereon and to lodge them at the office of the Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong as soon as possible but in any event no later than the respective times and dates as stated in the “Actions to be taken” section of this Scheme Document. Completion and return of the forms of proxy for the Court Meeting and/or the General Meeting will not preclude you from attending and voting in person at the relevant meeting or any adjournment thereof, should you so wish. In the event that you attend and vote at the relevant meeting or any adjournment thereof after having lodged your forms of proxy, the returned forms of proxy shall be deemed to have been revoked. This Scheme Document is jointly issued by the Offeror and the Company.

In case of any inconsistency, the English language texts of this Scheme Document, the enclosed pink form of proxy in respect of the Court Meeting and the enclosed white form of proxy in respect of the General Meeting shall prevail over their respective Chinese language texts for the purpose of interpretation.

8 September 2023

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## IMPORTANT NOTICES

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**This Scheme Document contains important information and you should carefully read this Scheme Document in full, including the Appendices. A letter from the Independent Board Committee containing its advice to the Independent Shareholders in relation to the Proposal is set out in the “Letter from the Independent Board Committee” section of this Scheme Document. A letter from Gram Capital, the Independent Financial Adviser, containing its advice to the Independent Board Committee in relation to the Proposal is set out in the “Letter from Gram Capital” section of this Scheme Document. You are urged to carefully read such letters of advice before taking any action in respect of the Proposal.**

### NOTICE TO OVERSEAS SCHEME SHAREHOLDERS

The making of the Proposal to certain Scheme Shareholders may be subject to the laws of jurisdictions other than Hong Kong. Scheme Shareholders and Beneficial Owners residing in jurisdictions other than Hong Kong should inform themselves about and observe all legal and regulatory requirements applicable to them. It is the responsibility of the Scheme Shareholders and Beneficial Owners to satisfy themselves as to the full observance of the laws of the relevant jurisdictions applicable to them in connection with the Proposal, as the case may be, including obtaining any governmental, exchange control or other consents which may be required, and compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdictions.

Any action taken by such Scheme Shareholders or Beneficial Owners in respect of the Proposal and the Scheme will be deemed to constitute a representation and warranty from such persons to the Company and the Offeror that those local laws and requirements have been complied with.

Scheme Shareholders and Beneficial Owners residing in jurisdictions other than Hong Kong should consult their professional advisers if they are in any doubt as to the potential applicability of, or consequence under, any provision of law or regulation or judicial or regulatory decisions or interpretations in any jurisdictions, territory or locality therein or thereof and, in particular, whether there will be any restriction or prohibition on the acquisition, retention, disposal or otherwise with respect to the Scheme Shares, as the case may be. Overseas Scheme Shareholders and Beneficial Owners are advised to read the paragraph headed “18. Overseas Shareholders” of the “Explanatory Statement” section of this Scheme Document for further information.

### NOTICE TO US HOLDERS OF SHARES

The Proposal is being made to cancel the securities of a company incorporated in Hong Kong by means of a scheme of arrangement provided for under the Companies Ordinance. Any financial information included in this Scheme Document has been prepared in accordance with the accounting standards applicable in Hong Kong and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with the generally accepted accounting principles in the US. A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules of the US Securities and Exchange Act of 1934, as amended.

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## **IMPORTANT NOTICES**

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Accordingly, the Proposal is subject to the disclosure requirements and practices applicable in Hong Kong to schemes of arrangement which differ from the disclosure requirements of the US tender offer rules. The receipt of cash pursuant to the Proposal by a US holder of Scheme Shares as consideration for the cancellation and extinguishment of its Scheme Shares pursuant to the Scheme by a Scheme Shareholder may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other tax laws. Each holder of Scheme Shares is urged to consult his independent professional adviser immediately regarding the tax consequences of the Proposal applicable to him. It may be difficult for US holders of the Scheme Shares to enforce their rights and claims arising out of the US federal securities laws, since the Offeror and the Company are located in a country other than the US, and some or all of their officers and directors may be residents of a country other than the US. US holders of the Scheme Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a judgement of the US court.

### **PAST PERFORMANCE AND FORWARD-LOOKING STATEMENTS**

The performance and the results of operations of the Group contained in this Scheme Document are historical in nature and past performance is not a guarantee of the future results of the Group.

This Scheme Document includes certain “forward-looking statements”. These statements are based on the current expectations of the management of the Offeror and/or the Company (as the case may be) and are naturally subject to uncertainty and changes in circumstances. The forward-looking statements contained in this Scheme Document include statements about the expected effects of the Proposal on the Company, the expected timing and scope of the Proposal, and all other statements in this Scheme Document other than historical facts.

Forward-looking statements include, without limitation, statements typically containing words such as “intends”, “expects” and words of similar import. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These factors include, but are not limited to, the satisfaction of the conditions to the Proposal, as well as additional factors, such as general, social, economic and political conditions in the countries in which the Offeror and/or the Group operate or other countries which have an impact on the Offeror’s and/or the Group’s business activities or investments, interest rates, the monetary and interest rate policies of the countries in which the Offeror and/or the Group operate, inflation or deflation, foreign exchange rates, the performance of the financial markets in the countries in which the Offeror and/or the Group operate and globally, changes in domestic and foreign laws, regulations and taxes, changes in competition and the pricing environments in the countries in which the Offeror and/or the Group operate and regional or general changes in asset valuations and disruptions or reductions in travel and operations due to natural or man-made disasters, pandemics, epidemics or outbreak of infections or contagious diseases such as novel coronavirus. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements.

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## **IMPORTANT NOTICES**

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All written and oral forward-looking statements attributable to the Offeror, the Company or persons acting on behalf of any of them are expressly qualified in their entirety by the cautionary statements above. The forward-looking statements included herein are made only as at the Latest Practicable Date. Any forward-looking statement contained in this Scheme Document based on past or current trends and/or activities of the Company should not be taken as a representation that such trends or activities will continue in the future. No statement in this Scheme Document is intended to be a profit forecast or to imply that the earnings of the Company for the current year or future years will necessarily match or exceed their respective historical or published earnings. Each forward-looking statement speaks only as at the date of the particular statement. Subject to the requirements of the Takeovers Code and other applicable laws and regulations, each of the Offeror and the Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in their expectations with regard thereto or any change in events, conditions of circumstances on which any such statement is based.

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## ACTIONS TO BE TAKEN

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### 1. ACTIONS TO BE TAKEN BY THE SHAREHOLDERS

#### **Entitlements of the holders of the Scheme Shares and the Shareholders to attend and vote at the Court Meeting and the General Meeting**

Holders of the Scheme Shares who are entitled to attend and vote at the Court Meeting and Shareholders who are entitled to attend and vote at the General Meeting are those whose names appear on the Register as at the close of business on the Meeting Record Date, being Tuesday, 3 October 2023.

For the purpose of determining the entitlements of the holders of the Scheme Shares to attend and vote at the Court Meeting and the entitlements of the Shareholders to attend and vote at the General Meeting, the Register will be closed from Tuesday, 26 September 2023 to Tuesday, 3 October 2023 (both days inclusive) (or such other dates as the Shareholders may be notified by announcement). During such period, no transfer of Shares will be effected.

In order to qualify to vote at the Court Meeting and/or the General Meeting, all transfers accompanied by the relevant share certificates must be lodged at the office of the Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong before 4:30 p.m. on Monday, 25 September 2023 (or such other date as the Shareholders may be notified by announcement).

#### **Forms of proxy**

A **pink** form of proxy for use at the Court Meeting and a **white** form of proxy for use at the General Meeting are enclosed with each copy of this Scheme Document despatched to the Registered Owners on Friday, 8 September 2023.

Any subsequent transferees of the Shares will need to obtain the relevant form(s) of proxy from the transferors. Alternatively, copies of the forms of proxy can be: (i) obtained from the Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong; or (ii) downloaded from the website of either the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) or the Company at <http://www.masonhk.com/>.

Whether or not you are able to attend the Court Meeting and/or the General Meeting or any adjournment thereof in person:

- (i) if you are a holder of the Scheme Shares, you are strongly urged to complete and sign the enclosed **pink** form of proxy in respect of the Court Meeting; and
- (ii) if you are a Shareholder, you are strongly urged to complete and sign the enclosed **white** form of proxy in respect of the General Meeting,

in accordance with the instructions printed on them, and to lodge them at the office of the Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

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## ACTIONS TO BE TAKEN

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**In order to be valid:**

- (i) the **pink** form of proxy for use at the Court Meeting should be lodged no later than 10:00 a.m. on Thursday, 28 September 2023 (or such other date as the holders of Scheme Shares may be notified by announcement); and
- (ii) the **white** form of proxy for use at the General Meeting should be lodged no later than 10:15 a.m. on Thursday, 28 September 2023 (or such other date as the Shareholders may be notified by announcement).

The completion and return of the relevant form(s) of proxy for the Court Meeting and/or the General Meeting will not preclude you from attending and voting in person at the relevant meeting or any adjournment thereof should you so wish. In the event that you attend and vote at the relevant meeting or any adjournment thereof after having lodged your form of proxy, the returned form of proxy will be deemed to have been revoked.

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

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

**Announcement of the results of the Court Meeting and the General Meeting**

The Company and the Offeror will make an announcement in relation to the results of the Court Meeting and the General Meeting and, if all the resolutions are passed at those meetings, further announcements will be made in relation to, among other things, the results of the Court Hearing and (if the Scheme is sanctioned) the Effective Date and the date of withdrawal of the listing of the Shares from the Stock Exchange, in accordance with the requirements of the Takeovers Code and the Listing Rules.

**Shareholders who have sold/transferred Shares should hand this Scheme Document and accompanying forms of proxy to the purchaser/transferee**

If you have sold or transferred all of your Shares, you should at once hand this Scheme Document and the accompanying forms of proxy to the purchaser or the transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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## ACTIONS TO BE TAKEN

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### 2. ACTIONS TO BE TAKEN BY BENEFICIAL OWNERS WHOSE SHARES ARE HELD BY A REGISTERED OWNER OTHER THAN HKSCC NOMINEES

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

A Beneficial Owner whose Shares are registered in the name of a Registered Owner should contact such Registered Owner to give instructions to and/or to make arrangements with such Registered Owner as to the manner in which the Shares beneficially owned by the Beneficial Owner should be voted at the Court Meeting and/or the General Meeting.

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

- (i) contact the Registered Owner directly to make the appropriate arrangements with the Registered Owner to enable the Beneficial Owner to attend and vote at the Court Meeting and/or the General Meeting and for such purpose the Registered Owner may appoint the Beneficial Owner as its proxy; or
- (ii) arrange for some or all of the Shares registered in the name of the Registered Owner to be transferred and registered in the name of the Beneficial Owner prior to the Meeting Record Date.

The appointment of a proxy by the Registered Owner at the Court Meeting and/or the General Meeting shall be in accordance with all relevant provisions in the articles of association of the Company.

In the case of the appointment of a proxy by the Registered Owner, the relevant forms of proxy shall be completed and signed by the Registered Owner and shall be lodged in the manner and no later than the latest time for lodging the relevant forms of proxy as more particularly set out in this Scheme Document.

Completion and return of a form of proxy for the Court Meeting and/or the General Meeting will not preclude the Registered Owner from attending and voting in person at the relevant meeting or any adjournment thereof should he/she/it so wish, and, in such event, the relevant form of proxy will be deemed to have been revoked.

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



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## ACTIONS TO BE TAKEN

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

HKSCC Nominees may vote for and against the Scheme in accordance with instructions received from CCASS Participants.

Any Beneficial Owner whose Shares are deposited in CCASS and registered under the name of HKSCC Nominees must:

- (i) unless such Beneficial Owner is a person admitted to participate in CCASS as an Investor Participant, contact his/her/its broker, custodian, nominee or other relevant person who is, or has in turn deposited such Shares with, the Other CCASS Participant regarding voting instructions to be given to such persons if he/she/it wishes to vote in respect of the Scheme.

The procedure for voting in respect of the Scheme by the Investor Participants and the Other CCASS Participants with respect to the Shares registered under the name of HKSCC Nominees shall be in accordance with the “Operating Guide For Investor Participants”, “General Rules of CCASS” and “CCASS Operational Procedures” in effect from time to time; or

- (ii) if the Beneficial Owner wishes to vote (in person or by proxy) at the Court Meeting and/or the General Meeting, arrange for some or all of such Shares to be withdrawn from CCASS and transferred and registered in the name of the Beneficial Owner prior to the Meeting Record Date.

For withdrawal of Shares from CCASS and registration thereof, the relevant Beneficial Owner will be required to pay to CCASS a withdrawal fee per board lot withdrawn, a registration fee for each share certificate issued, stamp duty on each transfer instrument and, if his/her/its Shares are held through a financial intermediary, any other relevant fees charged by his/her/its financial intermediary. Such Beneficial Owner should contact his/her/its broker, custodian, nominee or other relevant person in advance of the latest time for lodging transfers of the Shares into his/her/its name so as to qualify to attend and vote at the Court Meeting and/or the General Meeting, in order to provide such broker, custodian, nominee or other relevant person with sufficient time to withdraw the Shares from CCASS and register them in his/her/its name.

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## ACTIONS TO BE TAKEN

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### 4. EXERCISE YOUR RIGHT TO VOTE

If you are a Shareholder or a Beneficial Owner, the Offeror and the Company strongly encourage you to exercise your right to vote or give instructions to the relevant Registered Owner to vote in person or by proxy at the Court Meeting and at the General Meeting.

If you keep any Shares in a share lending programme, the Offeror and the Company urge you to recall any outstanding Shares on loan to avoid market participants using borrowed stock to vote.

If you are a Beneficial Owner whose Shares are deposited in CCASS, the Offeror and the Company encourage you to provide HKSCC Nominees with instructions or make arrangements with HKSCC Nominees in relation to the manner in which those Shares should be voted at the Court Meeting and at the General Meeting without delay and/or arrange for some or all of such Shares to be withdrawn from CCASS and transferred and registered in your name (as detailed in the paragraph headed “3. *Actions to be taken by Beneficial Owners whose Shares are deposited in CCASS*” in this section).

If you are a Registered Owner holding Shares on behalf of Beneficial Owners, the Offeror and the Company would be grateful if you would inform the relevant Beneficial Owners about the importance of arranging for such Shares to be voted.

If the Scheme becomes effective, it will be binding on all of the Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or General Meeting.

If you are in doubt as to the contents of this Scheme Document, any aspect of the Proposal or any action to be taken, you are encouraged to consult a licensed securities dealer or registered institution in securities, stockbroker, bank manager, solicitor, professional accountant or other professional adviser and obtain independent professional advice.

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## DEFINITIONS

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

“Accounts Date”	31 December 2022, the date to which the latest published audited consolidated financial statements of the Group (as at the Latest Practicable Date) were made up
“acting in concert”	has the same meaning ascribed to it under the Takeovers Code, and “parties acting in concert” shall be construed accordingly
“Announcement” or “Joint Announcement”	the joint announcement dated the Announcement Date and jointly issued by the Offeror and the Company in relation to the Proposal
“Announcement Date”	11 June 2023, being the date of the Joint Announcement
“associate(s)”	has the same meaning ascribed to it under the Takeovers Code
“Authorisation(s)”	all necessary authorisations, registrations, filings, rulings, consents, permissions, waivers, exemptions and approvals required from the Relevant Authorities or other third parties which are necessary for any member of the Group to carry on its business
“Beneficial Owner”	any beneficial owner of the Shares whose Shares are registered in the name of a Registered Owner other than himself/herself/itself
“Board”	the board of Directors
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“Cancellation Price”	the cancellation price of HK\$0.0338 for every Scheme Share cancelled and extinguished pursuant to the Scheme, which amount (less the Dividend Adjustment (if any)) will be payable by the Offeror to the Scheme Shareholders in the form of cash. Unless otherwise stated, reference to the Cancellation Price in this Scheme Document is to the amount of HK\$0.0338 per Share, without taking into account any Dividend Adjustment
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Participant”	a person admitted to participate in CCASS as a participant, including an Investor Participant

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## DEFINITIONS

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“CO Disinterested Shares”	has the meaning ascribed to “disinterested shares” in section 674(3) of the Companies Ordinance. Section 674(3) of the Companies Ordinance provides that, in the case of a takeover offer, “disinterested shares” excludes shares held by the offeror and “associates” (within the meaning provided in section 667(1)(b)(i) of the Companies Ordinance) of the offeror (unless otherwise declared by the High Court). Section 667(1)(b)(i) of the Companies Ordinance provides that where the offeror is a body corporate, a reference to an “associate” of the offeror is a reference to (i) a body corporate in the same group of companies as the offeror; (ii) a body corporate in which the offeror is substantially interested; or (iii) a person who is a party, or a nominee of a party, to an acquisition agreement with the offeror
“Committed Shareholders”	persons who have provided the Irrevocable Undertakings in favour of the Offeror, namely Future Achiever Limited, Investment Talent Limited and Tsarina Investments Limited
“Committed Shares”	Shares held by the Committed Shareholders or company(ies) controlled (within the meaning of the Takeovers Code) by them, together with any Shares to be issued by the Company which are attributable to or derived from the Shares held by the Committed Shareholders, and any other Shares which the Committed Shareholders or companies controlled (within the meaning of the Takeovers Code) by them, may, after the date of the Irrevocable Undertakings, become the beneficial owner(s) (or otherwise become able to control the exercise of all rights, including voting rights and the right to all dividends and distributions, attaching to such Shares)
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Company”	Mason Group Holdings Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 273)
“Condition(s)”	the condition(s) of the Proposal as set out in the paragraph headed “5. <i>Conditions to the Proposal</i> ” of the “Explanatory Statement” section of this Scheme Document
“Court Hearing”	the hearing of the petition by the High Court to sanction the Scheme and to confirm the reduction of the share capital of the Company involved in the Scheme

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## DEFINITIONS

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“Court Meeting”	a meeting of the holders of Scheme Shares convened at the direction of the High Court to be held at 10:00 a.m. on Tuesday, 3 October 2023 in Shop 4, G/F, Causeway Centre, 28 Harbour Road, Wanchai, Hong Kong, at which the Scheme (with or without modification) will be voted upon, or any adjournment thereof
“Director(s)”	the director(s) of the Company
“Disinterested Shares”	Shares in issue as at the Scheme Record Date, other than those beneficially owned by the Offeror or the Offeror Concert Parties (including Funderstone Securities which held 412 Shares beneficially as at the Latest Practicable Date). For the avoidance of doubt, Disinterested Shares include the 4,664,953,456 Shares held by Funderstone Securities as at the Latest Practicable Date as (i) these Shares were held by Funderstone Securities as custodian for its clients in its ordinary and usual course of business; and (ii) Funderstone Securities did not have any control over these Shares (including the voting rights attaching thereto)
“Dividend Adjustment”	an amount being all or any part of the per Share amount or value of any dividend, distribution and/or return of capital which may be announced, declared or paid in respect of the Scheme Shares after the Latest Practicable Date (provided that the record date to be announced by the Board for determining the entitlements to such dividend, distribution and/or return of capital falls on a day which is on or before the Effective Date), which the Offeror has reserved the right to reduce the Cancellation Price by subject to consultation with the Executive
“Effective Date”	the date on which the Scheme becomes effective in accordance with the Companies Ordinance
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Explanatory Statement”	the explanatory statement in relation to the Proposal, the text of which is set out in the “Explanatory Statement” section on pages 61 to 88 of this Scheme Document, which constitutes the statement required under section 671 of the Companies Ordinance

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## DEFINITIONS

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“Funderstone Securities”	Funderstone Securities Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO. Funderstone Securities is presumed to be acting in concert with the Offeror in relation to the Proposal under class (9) of the definition of “acting in concert” under the Takeovers Code by virtue of its provision of the Offeror Acquisition Financing to the Offeror to finance part of the cash requirement for the Proposal. According to the annual report for the year ended 31 December 2022 issued by G-Resources Group Limited (the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1051)), Funderstone Securities is its wholly-owned subsidiary
“General Meeting”	a general meeting of the Company to be held at 10:15 a.m. (or if later, immediately after the conclusion or adjournment of the Court Meeting) on Tuesday, 3 October 2023 in Shop 4, G/F, Causeway Centre, 28 Harbour Road, Wanchai, Hong Kong or any adjournment thereof, for the purpose of considering and, if thought fit, passing a special resolution to approve, among other matters, the reduction of the share capital of the Company involved in the Scheme and the implementation of the Scheme
“Group”	the Company and its subsidiaries
“High Court”	the High Court of Hong Kong
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Licensed Entities”	all entities within the Group which are corporations licensed by the SFC to carry on regulated activities under the SFO, namely Mason Securities Limited, Mason Futures Limited, Mason Investment Management Limited, Mason Global Capital Limited, Thomas Global Financial Services Limited and Harris Fraser (International) Limited

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## DEFINITIONS

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“Independent Board Committee”	the independent committee of the Board formed to advise the Independent Shareholders in connection with the Proposal and the Scheme, and comprising all the independent non-executive Directors, namely Mr. Tian Ren Can, Mr. Wang Cong, Mr. Wu Xu’an and Mr. Ng Yu Yuet
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee in relation to the Proposal and the Scheme
“Independent Shareholders”	all Shareholders, other than the Offeror and the Offeror Concert Parties
“Investor Participant”	a person admitted to participate in CCASS as an investor participant
“Irrevocable Undertakings”	the irrevocable undertakings given by the Committed Shareholders in favour of the Offeror as detailed in the paragraph headed “6. <i>Irrevocable Undertakings</i> ” of the “Explanatory Statement” section of this Scheme Document
“IU Long Stop Date”	30 September 2023
“Last Trading Day”	30 May 2023, being the last day in which the Shares were traded on the Stock Exchange immediately prior to the publication of the Announcement
“Latest Practicable Date”	5 September 2023, being the latest practicable date prior to the date of this Scheme Document for the purpose of ascertaining certain information contained in this Scheme Document
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	15 February 2024 (or such later date as the Offeror and the Company may agree or, to the extent applicable, as the High Court on application of the Company may allow and in all cases, as permitted by the Executive)

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## DEFINITIONS

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“Meeting Record Date”	Tuesday, 3 October 2023, or such other date as shall be announced to the Shareholders, being the record date for the purpose of determining the entitlements of the holders of the Scheme Shares to attend and vote at the Court Meeting and the entitlement of the Shareholders to attend and vote at the General Meeting
“Mr. Xia”	Mr. Hui Xia, a director of the Offeror. Further information on Mr. Xia is set out in the paragraph headed “ <i>11. Information on the Offeror and the Offeror Concert Parties</i> ” of the “Explanatory Statement” section of this Scheme Document
“Offeror”	Liberty High Capital Limited, a company incorporated under the laws of the British Virgin Islands with limited liability. Further information on the Offeror is set out in the paragraph headed “ <i>11. Information on the Offeror and the Offeror Concert Parties</i> ” of the “Explanatory Statement” section of this Scheme Document
“Offeror Director(s)”	director(s) of the Offeror
“Offeror Acquisition Financing”	the margin loan facility provided to the Offeror by Funderstone Securities for the purpose of financing a portion of the cash required for the Proposal pursuant to the margin financing confirmation issued by Funderstone Securities to the Offeror and Somerley dated 29 May 2023
“Offeror Concert Parties”	parties acting in concert or presumed to be acting in concert with the Offeror, including Funderstone Securities
“Other CCASS Participant”	a broker, custodian, nominee or other relevant person who is, or has deposited the Shares with, a CCASS participant
“Proposal”	the proposal to take-private the Company by the Offeror by way of the Scheme, and the withdrawal of listing of the Shares from the Stock Exchange, on the terms and subject to the Conditions set out in this Scheme Document
“Red Emerald Capital Fund II”	Red Emerald Capital Fund II LP, a Cayman Islands exempted limited partnership. Further information on Red Emerald Capital Fund II is set out in the paragraph headed “ <i>11. Information on the Offeror and the Offeror Concert Parties</i> ” of the “Explanatory Statement” section of this Scheme Document
“Register”	the register of members of the Company



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## DEFINITIONS

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“Registered Owner”	any person (including without limitation a nominee, trustee, depositary or any other authorised custodian or third party) whose name is entered in the Register as a holder of the Shares
“Registrar of Companies”	the Registrar of Companies appointed under the Companies Ordinance
“Relevant Authorities”	applicable governments or governmental bodies, regulatory bodies, or courts including but not limited to the SFC and the Stock Exchange
“Relevant Period”	the period commencing on 11 December 2022, being the date falling six (6) months prior to the Announcement Date, and ending on the Latest Practicable Date
“Scheme”	the scheme of arrangement proposed under section 673 of the Companies Ordinance for the implementation of the Proposal as set out in Appendix III to this Scheme Document, with or subject to any modification thereof or addition thereof or condition approved or imposed by the High Court
“Scheme Document”	this composite scheme document, including each of the letters, statements, appendices and notices herein
“Scheme Record Date”	Tuesday, 7 November 2023, or such other date as shall be announced to the Shareholders, being the record date for the purpose of determining the entitlements of the Scheme Shareholders to the Cancellation Price under the Scheme
“Scheme Share(s)”	Share(s) in issue on the Scheme Record Date other than those held by the Offeror. As at the Latest Practicable Date, the Offeror did not legally and beneficially own, control or have direction over any Shares. Accordingly, all of the 44,364,885,557 Shares in issue as at the Latest Practicable Date will be regarded as Scheme Shares and subject to the Scheme
“Scheme Shareholder(s)”	registered holder(s) of the Scheme Shares as at the Scheme Record Date
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

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## DEFINITIONS

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“Share(s)”	the ordinary share(s) of the Company
“Shareholder(s)”	the registered holder(s) of the Shares
“Share Charge”	a charge over the new Shares that will be allotted and issued to the Offeror upon the Scheme becoming effective under the Proposal, pursuant to a deed of share charge dated 23 May 2023 executed by the Offeror in favour of Funderstone Securities to secure the Offeror Acquisition Financing;
“Share Option Scheme”	the share option scheme adopted by the Company on 22 May 2012, which had lapsed upon the expiry of its term on 21 May 2022
“Share Registrar”	the share registrar of the Company, being Computershare Hong Kong Investor Services Limited, which is situated at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong
“Somerley”	Somerley Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, and the financial adviser to the Offeror in relation to the Proposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers (as revised from time to time)
“US” or “United States”	the United States of America
“%”	per cent.

*All references in this Scheme Document to times and dates are references to Hong Kong times and dates, unless otherwise specified.*

*All percentages stated in this Scheme Document are approximations and certain amounts and percentage figures included in this Scheme Document have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.*

*This Scheme Document and the accompanying forms of proxy are prepared in both English and Chinese. In the event of inconsistency, the English texts of the aforementioned documents shall prevail.*

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## EXPECTED TIMETABLE

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

Date of despatch of this Scheme Document . . . . . Friday, 8 September 2023

Latest time for lodging transfers of Shares  
in order to become entitled to attend and vote at  
the Court Meeting and/or the General Meeting . . . . . 4:30 p.m. on Monday, 25 September 2023

Closure of the Register for determining the entitlements of the  
holders of the Scheme Shares to attend and vote at the Court Meeting,  
and for determining the entitlements of the Shareholders  
to attend and vote at the General Meeting (*Note 1*) . . . . . from Tuesday, 26 September 2023  
to Tuesday, 3 October 2023  
(both days inclusive)

Latest time for lodging forms of proxy in respect of (*Note 2*):

- the Court Meeting . . . . . 10:00 a.m. on Thursday, 28 September 2023
- the General Meeting . . . . . 10:15 a.m. on Thursday, 28 September 2023

Meeting Record Date . . . . . Tuesday, 3 October 2023

Court Meeting (*Note 3*) . . . . . 10:00 a.m. on Tuesday, 3 October 2023

General Meeting (*Note 3*) . . . . . 10:15 a.m. on Tuesday, 3 October 2023  
(or if later, immediately after the conclusion or  
adjournment of the Court Meeting)

Announcement of the results of the Court Meeting and  
the General Meeting posted on the website of  
the Stock Exchange . . . . . by 7:00 p.m. on Tuesday, 3 October 2023

Expected latest time for trading in the Shares on  
the Stock Exchange . . . . . 4:10 p.m. on Wednesday, 4 October 2023

Latest time for lodging transfers of Shares in order to  
qualify for entitlements under the Scheme. . . . . 4:30 p.m. on Tuesday, 31 October 2023

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## EXPECTED TIMETABLE

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Closure of the Register for determining the entitlements of the Scheme Shareholders under the Scheme ( <i>Note 4</i> ) . . . . .	from Wednesday, 1 November 2023 onwards
Court Hearing . . . . .	Tuesday, 7 November 2023
Announcement of the results of the Court Hearing, the expected Effective Date and the expected date of the withdrawal of the listing of the Shares on the Stock Exchange . . . . .	Tuesday, 7 November 2023
Scheme Record Date . . . . .	Tuesday, 7 November 2023
Announcement of the Effective Date and the expected date of withdrawal of the listing of the Shares on the Stock Exchange . . . . .	Friday, 10 November 2023
Effective Date ( <i>Note 5</i> ) . . . . .	Friday, 10 November 2023
Withdrawal of the listing of the Shares on the Stock Exchange becomes effective ( <i>Note 6</i> ) . . . . .	after 4:00 p.m. on Monday, 13 November 2023
Latest date to despatch cheques for payment of the Cancellation Price to the Scheme Shareholders ( <i>Note 7</i> ) . . . . .	Tuesday, 21 November 2023

*Notes:*

- (1) The Register will be closed during such period for the purpose of determining the entitlements of the holders of the Scheme Shares to attend and vote at the Court Meeting and of the Shareholders to attend and vote at the General Meeting. For the avoidance of doubt, this book closure period is not for determining the entitlements of the holders of the Scheme Shares under the Scheme.
- (2) Forms of proxy should be lodged with the office of the Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event no later than the time and date stated above. In order to be valid, the **pink** form of proxy for the Court Meeting and the **white** form of proxy for the General Meeting must be lodged no later than the latest times and date stated above.

Completion and return of a form of proxy for the Court Meeting or the General Meeting will not preclude a holder of Scheme Shares and a Shareholder, respectively, from attending the relevant meeting and voting in person. In the event that the holder of Scheme Shares or the Shareholder attends and votes at the relevant meeting or any adjournment thereof after having lodged his/her/its form of proxy, the returned form of proxy shall be deemed to have been revoked.

- (3) The Court Meeting and the General Meeting will be held in Shop 4, G/F, Causeway Centre, 28 Harbour Road, Wanchai, Hong Kong at the times and date specified above. Please see the Notice of the Court Meeting and the Notice of the General Meeting set out in Appendices IV and V to this Scheme Document, respectively, for details. If a tropical cyclone warning signal No. 8 or above is hoisted or a black rainstorm warning signal is in force at any time after 7:00 a.m. on the date of the Court Meeting and the General Meeting, the Court Meeting and the General Meeting will be postponed. The Company will post an announcement on the respective websites of the Stock Exchange and the Company to notify the holder of Scheme Shares and the Shareholders of the date, time and venue of the rescheduled meetings.

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## EXPECTED TIMETABLE

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- (4) The Register will be closed during such period for the purposes of determining the Scheme Shareholders who are qualified for entitlements under the Scheme.
- (5) The Scheme will become effective upon all the Conditions set out in the paragraph headed “5. *Conditions to the Proposal*” of the “Explanatory Statement” section of this Scheme Document having been satisfied or waived (as applicable).
- (6) If the Scheme becomes effective on Friday, 10 November 2023, it is expected that the listing of the Shares on the Stock Exchange will be withdrawn after 4:00 p.m. on Monday, 13 November 2023.
- (7) Cheques for payment of the Cancellation Price to the Scheme Shareholders will be despatched within seven Business Days following the Effective Date by ordinary post in postage pre-paid envelopes addressed to the person(s) entitled thereto at their respective addresses as appearing on the Register as at the Scheme Record Date or, in the case of joint holders, at the address appearing on the Register as at the Scheme Record Date of the joint holder whose name then stands first in the Register in respect of the relevant joint holding.

Cheques shall be posted at the risk of the person(s) entitled thereto and none of the Offeror, the Company, Somerley, Gram Capital and the Share Registrar and their respective directors, employees, officers, agents, advisers, associates and affiliates and any other persons involved in the Proposal shall be responsible for any loss or delay in transmission.

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## LETTER FROM THE BOARD

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### MASON GROUP HOLDINGS LIMITED 茂宸集團控股有限公司

*(Incorporated in Hong Kong with limited liability)*

**(Stock code: 273)**

*Executive Directors:*

Ms. Han Ruixia  
Mr. Zhang Zhenyi

*Non-executive Director:*

Ms. Hui Mei Mei, Carol

*Independent Non-executive Directors:*

Mr. Tian Ren Can  
Mr. Wang Cong  
Mr. Wu Xu'an  
Mr. Ng Yu Yuet

*Registered Office:*

Room 2101, 21/F,  
Office Tower,  
Convention Plaza,  
No. 1 Harbour Road,  
Wan Chai,  
Hong Kong

8 September 2023

*To the Shareholders*

Dear Sir or Madam,

**(1) PROPOSAL FOR THE TAKE-PRIVATE OF  
MASON GROUP HOLDINGS LIMITED  
BY THE OFFEROR BY WAY OF A SCHEME OF ARRANGEMENT  
UNDER SECTION 673 OF THE COMPANIES ORDINANCE  
AND  
(2) PROPOSED WITHDRAWAL OF LISTING OF  
MASON GROUP HOLDINGS LIMITED**

#### INTRODUCTION

On 11 June 2023, the Offeror and the Company jointly announced in the Joint Announcement that on 30 May 2023, the Offeror requested the Board to put forward to holders of the Scheme Shares the Proposal, which, if implemented, would result in the Company becoming wholly-owned by the Offeror and the withdrawal of listing of the Shares from the Stock Exchange.

The Proposal will be implemented by way of a scheme of arrangement under section 673 of the Companies Ordinance involving the cancellation of the Scheme Shares and, in consideration therefor, the payment to the Scheme Shareholders of the Cancellation Price in cash for each Scheme Share cancelled.

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, (i) the issued share capital of the Company comprised 44,364,885,557 Shares, all of which will be regarded as Scheme Shares and subject to the Scheme; and (ii) there were no outstanding options, warrants, derivatives or securities convertible into Shares. Based on the Cancellation Price of HK\$0.0338, the Proposal values the issued share capital of the Company at approximately HK\$1,499.5 million.

If the Proposal is approved and implemented:

- (a) all the Scheme Shares held by the Scheme Shareholders will be cancelled and extinguished on the Effective Date in exchange for the payment by the Offeror to the Scheme Shareholders of the cancellation price of HK\$0.0338, less the Dividend Adjustment (if any), in cash for each Scheme Share;
- (b) upon the cancellation and extinguishment of the Scheme Shares, the issued share capital of the Company will be restored to its former number by the issuance to the Offeror, credited as fully paid, of the same number of new Shares as the number of Scheme Shares cancelled and extinguished. The reserve created in the Company's books of account as a result of any reduction in issued share capital will be applied to the paying up in full of the new Shares so issued, credited as fully paid, to the Offeror. The Company will accordingly become a direct wholly-owned subsidiary of the Offeror on the Effective Date; and
- (c) the listing of the Shares on the Stock Exchange will be withdrawn with effect after the Effective Date.

The purpose of this Scheme Document is to provide you with further information regarding the Proposal and, in particular, the Scheme, and to give you notices of the Court Meeting and the General Meeting (together with proxy forms in relation thereto). Your attention is also drawn to (i) the letter from the Independent Board Committee set out on pages 31 to 32 of this Scheme Document; (ii) the letter from Gram Capital set out on pages 33 to 60 of this Scheme Document; (iii) the Explanatory Statement set out on pages 61 to 88 of this Scheme Document; and (iv) the terms of the Scheme set out on pages III-1 to III-8 of this Scheme Document.

### THE PROPOSAL

Subject to the Conditions described in the section headed "5. *Conditions to the Proposal*" in the Explanatory Statement on pages 61 to 88 of this Scheme Document being fulfilled or waived, as applicable, the Proposal will be implemented by way of the Scheme between the Company and the Scheme Shareholders.

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## LETTER FROM THE BOARD

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### THE SCHEME

#### Cancellation Price

Under the Scheme, the Scheme Shares held by the Scheme Shareholders will be cancelled and extinguished on the Effective Date and, in consideration therefor, each Scheme Shareholder will be entitled to receive the Cancellation Price, less the Dividend Adjustment (if any), in cash for each Scheme Share cancelled and extinguished.

Cancellation Price. . . . . HK\$0.0338 (less the Dividend Adjustment (if any)) per Scheme Share

#### Dividend Adjustment

If, after the Latest Practicable Date, any dividend and, or other distribution and, or other return of capital is announced, declared or paid in respect of the Scheme Shares, the Offeror expressly reserves the right to reduce the Cancellation Price by the Dividend Adjustment, in which case any reference in the Scheme Document, the Announcement or any other announcement or document to the Cancellation Price will be deemed to be a reference to the Cancellation Price as so reduced.

As at the Latest Practicable Date, the Company, (i) had not announced or declared any dividend, distribution or other return of capital which remains unpaid; and (ii) did not intend to announce, declare and, or pay any dividend, distribution or other return of capital before the Effective Date, or the date on which the Scheme is not approved or the Proposal otherwise lapses (as the case may be).

#### Comparison of value

The Cancellation Price (assuming that there will be no Dividend Adjustment) of HK\$0.0338 in cash for every Scheme Share cancelled and extinguished under the Scheme represents:

- (a) a premium of approximately 20.7% over the closing price of HK\$0.0280 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 20.7% over the average closing price of HK\$0.0280 per Share based on the daily closing prices as quoted on the Stock Exchange for the 5 trading days up to and including the Last Trading Day;
- (c) a premium of approximately 19.4% over the average closing price of HK\$0.0283 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- (d) a premium of approximately 19.0% over the average closing price of approximately HK\$0.0284 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;



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## LETTER FROM THE BOARD

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- (e) a premium of approximately 12.7% over the average closing price of approximately HK\$0.0300 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- (f) a premium of approximately 19.0% over the average closing price of approximately HK\$0.0284 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day;
- (g) a discount of approximately 60.1% to the unaudited consolidated net asset value per Share attributable to the Shareholders of approximately HK\$0.0847 as at 30 June 2023 (calculated based on the unaudited consolidated net asset value of the Company attributable to Shareholders of approximately HK\$3,759,384,000 as at 30 June 2023 as extracted from the Company's interim results announcement dated 25 August 2023 for the six months ended 30 June 2023 and 44,364,885,557 Shares (being the number of Shares in issue as at 30 June 2023));
- (h) a discount of approximately 60.8% to the audited consolidated net asset value per Share attributable to the Shareholders of approximately HK\$0.0862 as at 31 December 2022 (calculated based on the audited consolidated net asset value of the Company attributable to Shareholders of approximately HK\$3,826,232,000 as at 31 December 2022 as extracted from the Company's 2022 annual report and 44,364,885,557 Shares (being the number of Shares in issue as at 31 December 2022)); and
- (i) a premium of approximately 5.6% over the closing price of HK\$0.0320 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Cancellation Price was determined on a commercial basis after taking into account, among other things, the historical financial performance and business prospects of the Group, the financial information of the Group, and the recent market prices and trading volume of the Shares traded on the Stock Exchange.

Assuming that the Scheme becomes effective on Friday, 10 November 2023, cheques for entitlements under the Scheme will be despatched as soon as possible but in any event within seven (7) Business Days following the Effective Date and accordingly, the cheques are expected to be despatched on or before Tuesday, 21 November 2023. All such cheques will be posted at the risk of the persons entitled thereto and none of the Offeror, the Company, Somerley, Gram Capital and the Share Registrar and their respective directors, employees, officers, agents, advisers, associates and affiliates and any other persons involved in the Proposal will be responsible for any loss or delay in transmission.

### TOTAL CONSIDERATION AND FINANCIAL RESOURCES

As at the Latest Practicable Date, the Company had 44,364,885,557 Shares in issue, all of which will be regarded as Scheme Shares and subject to the Scheme.

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## LETTER FROM THE BOARD

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Based on the Cancellation Price of HK\$0.0338 per Scheme Share and the 44,364,885,557 Scheme Shares in issue as at the Latest Practicable Date, and on the assumption that no new Shares will be issued and there are no other changes in the shareholding structure of the Company before the Scheme Record Date, the amount of cash payable to the Scheme Shareholders under the Proposal would be approximately HK\$1,499.5 million.

The Offeror intends to finance the cash requirement for the Proposal through (a) its internal cash resources, indirectly funded through Red Emerald Capital Fund II from its limited partners; and (b) the drawdown of the Offeror Acquisition Financing, the Offeror's repayment obligation under which is (i) guaranteed by Red Emerald Capital Fund II and (ii) secured by the Share Charge.

Somerley, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the maximum amount of cash consideration required to effect the Proposal.

### CONDITIONS OF THE PROPOSAL

The Proposal is subject to the fulfillment or waiver, as applicable, of the Conditions described in the section headed "5. *Conditions to the Proposal*" in the Explanatory Statement on pages 61 to 88 of this Scheme Document.

Subject to the requirements of the Takeovers Code, the Proposal will lapse if any of the Conditions has not been fulfilled or waived, as applicable, on or before the Long Stop Date. If the Scheme is not approved or does not become effective, or the Proposal otherwise lapses, the listing of the Shares on the Stock Exchange will not be withdrawn.

**If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under the Takeovers Code on the Offeror making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may, within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses, announce an offer or possible offer for the Company, except with the consent of the Executive.**

If the Scheme becomes effective, it will be binding on all of the Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the General Meeting.

**Shareholders and potential investors of the Company should be aware that the implementation of the Proposal and the Scheme are subject to the Conditions being fulfilled or waived, as applicable, and therefore the Proposal may or may not be implemented, and the Scheme may or may not become effective. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, licensed securities dealer, registered institution in securities, bank manager, solicitor or other professional advisers.**

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## LETTER FROM THE BOARD

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### IRREVOCABLE UNDERTAKINGS

On 27 March 2023, 28 March 2023 and 13 May 2023, the Offeror received the Irrevocable Undertakings from the Committed Shareholders, respectively, who held or had control over 6,192,360,618 Shares, 7,246,628,634 Shares and 7,656,916,000 Shares (representing approximately 13.96%, 16.33% and 17.26% of the total number of Shares in issue) as at the Latest Practicable Date, respectively, which aggregate to 21,095,905,252 Shares (representing approximately 47.55% of the total number of Shares in issue) as at the Latest Practicable Date. Each of the Committed Shareholders is not, and is not presumed to be, acting in concert with (i) the Offeror and (ii) any Offeror Concert Party, except that Funderstone Securities, an Offeror Concert Party, held 629,962,748 Shares as custodian for Investment Talent Limited as at the Latest Practicable Date and Funderstone Securities is therefore presumed to be acting in concert with Investment Talent Limited in respect of those 629,962,748 Shares under class (5) of the definition of “acting in concert” under the Takeovers Code. For the avoidance of doubt, Investment Talent Limited is not an Offeror Concert Party.

Pursuant to the Irrevocable Undertakings, each Committed Shareholder has irrevocably and unconditionally undertaken to the Offeror that, among others:

- (a) it shall exercise, and shall procure the exercise of, all voting rights attaching to all the Committed Shares in favour of any resolution to be proposed at any general meeting of the Company or at any meeting of holders of Shares convened by a court which is necessary to implement or otherwise relate to the Proposal (including any resolution that may impact on the fulfilment of any condition to the Proposal), and carry out all acts as are necessary for the implementation of the Proposal; and
- (b) it shall not, and shall procure that the relevant registered holder of the Committed Shares shall not:
  - (i) except to give effect to the arrangements in the relevant Irrevocable Undertaking, (1) sell, transfer, charge, pledge or grant any option over or otherwise dispose of or create any encumbrances in any way in respect of any of the Committed Shares or any interest therein; or (2) enter into any agreement in respect of the voting rights or other rights attached to any of the Committed Shares;
  - (ii) except with the prior written consent of the Offeror, purchase, acquire, subscribe for or otherwise deal in any Shares or other securities of the Company or any interest therein;
  - (iii) accept, or give any undertaking to accept or otherwise agree to, any offer, scheme of arrangement, acquisition, merger or other business combination made or proposed to be made in respect of any of the Committed Shares by any person other than the Offeror, or otherwise take any action or express any opinion which is or may be prejudicial to the success of the Proposal; or
  - (iv) enter into any discussion, negotiation, agreement or arrangement or incur any obligation (or permit such circumstances to occur) in relation to (1) the Committed

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## LETTER FROM THE BOARD

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Shares; or (2) any of the acts referred to in sub-paragraphs (i), (ii) or (iii) above, or make available any information to any person (other than the Offeror and any other person authorised by the Offeror) in connection with the foregoing.

Each of the Irrevocable Undertakings shall terminate (1) if the Announcement is not published on or before the IU Long Stop Date, being 30 September 2023, at the end of the IU Long Stop Date; or (2) if the Announcement is published on or before the IU Long Stop Date, at the time of the Proposal becoming effective, lapsing or being withdrawn in circumstances permitted under the Takeovers Code.

### SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date:

- (a) the Company had 44,364,885,557 Shares in issue, all of which will be regarded as Scheme Shares and subject to the Scheme;
- (b) no options were outstanding under the Share Option Scheme and the Share Option Scheme had lapsed on 21 May 2022;
- (c) the Company had no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) other than its issued share capital comprising 44,364,885,557 Shares;
- (d) Funderstone Securities, an Offeror Concert Party, held 4,664,953,868 Shares, representing 10.51% of the issued Shares. As confirmed by Funderstone Securities, (i) of the 4,664,953,868 Shares held by it as at the Latest Practicable Date, 412 Shares were held by it beneficially, and the remaining 4,664,953,456 Shares were held by it as custodian for its clients in its ordinary and usual course of business; and (ii) it did not have any control over these 4,664,953,456 Shares (including the voting rights attaching thereto) held by it as custodian for its clients. As such, the 4,664,953,456 Shares held by Funderstone Securities as custodian for its clients were considered to be Disinterested Shares and CO Disinterested Shares;
- (e) save as disclosed in sub-paragraph (d) above, the Offeror and the Offeror Concert Parties did not hold or have control or direction over any other Shares or any options, warrants, derivatives or securities convertible into Shares or other derivatives in respect of securities in the Company and have not dealt in any Shares or any options, warrants, derivatives or securities convertible into Shares or other derivatives in respect of securities in the Company in the past six months prior to the Latest Practicable Date;
- (f) neither the Offeror nor the Offeror Concert Parties had entered into any outstanding derivative in respect of the securities in the Company;

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## LETTER FROM THE BOARD

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- (g) neither the Offeror nor the Offeror Concert Parties have borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company, save for any borrowed securities which had been either on-lent or sold; and
- (h) all Shareholders (other than Funderstone Securities in respect of the 412 Shares held by it beneficially as disclosed in sub-paragraph (d) above) were considered as Independent Shareholders for the purpose of the Takeovers Code and holders of CO Disinterested Shares for the purpose of the Companies Ordinance.

A table setting out the shareholding structure of the Company as at the Latest Practicable Date and immediately upon the Scheme becoming effective (assuming no new Shares will be issued prior thereto and there are no other changes in the shareholding structure of the Company before completion of the Proposal):

<b>Shareholders</b>	<b>As at the Latest Practicable Date</b>		<b>Immediately upon completion of the Proposal</b>	
	<i>No. of Shares</i>	<i>Approximate % (Note 1)</i>	<i>No. of Shares (Note 2)</i>	<i>Approximate % (Note 1)</i>
<b>Offeror</b>	–	–	44,364,885,557	100.00
<b>Offeror Concert Parties</b>				
Funderstone Securities	412 <i>(Note 3)</i>	0.00	–	–
<b>Aggregate number of Shares held by the Offeror and Offeror Concert Parties</b>	<b>412</b>	<b>0.00</b>	<b>44,364,885,557</b>	<b>100.00</b>
<b>Independent Shareholders (including all Committed Shareholders)</b>				
<b>Committed Shareholders</b>				
Future Achiever Limited	7,656,916,000 <i>(Note 4)</i>	17.26	–	–
Investment Talent Limited	7,246,628,634 <i>(Note 5)</i>	16.33	–	–
Tsarina Investments Limited	6,192,360,618 <i>(Note 6)</i>	13.96	–	–
Sub-total	21,095,905,252	47.55	–	–

## LETTER FROM THE BOARD

Shareholders	As at the Latest Practicable Date		Immediately upon completion of the Proposal	
	No. of Shares	Approximate % (Note 1)	No. of Shares (Note 2)	Approximate % (Note 1)
Substantial shareholders (within the meaning of the Takeovers Code) of the Company (other than the Committed Shareholders) True Dynasty Limited	7,179,192,165 (Note 7)	16.18	–	–
Other Independent Shareholders	16,089,787,728	36.27	–	–
<b>Aggregate number of Shares held by Independent Shareholders</b>	<b>44,364,885,145</b> (Notes 8 and 9)	<b>100.00</b>	–	–
<b>Total number of Shares</b>	<b>44,364,885,557</b>	<b>100.00</b>	<b>44,364,885,557</b>	<b>100.00</b>
<b>Total number of Scheme Shares</b>	<b>44,364,885,557</b>	<b>100.00</b>	–	–

*Notes:*

- The shareholding percentages in the table are subject to rounding adjustment.
- Under the Scheme, the share capital of the Company will, on the Effective Date, be reduced by cancelling and extinguishing the Scheme Shares, and forthwith upon such reduction, the share capital of the Company will be increased to its former amount by the issuance to the Offeror, credited as fully paid, of the same number of Shares as is equal to the number of Scheme Shares cancelled and extinguished.
- These 412 Shares were held by Funderstone Securities beneficially. Funderstone Securities is presumed to be acting in concert with the Offeror under class (9) of the definition of “acting in concert” under the Takeovers Code by virtue of its provision of the Offeror Acquisition Financing to the Offeror to finance part of the cash requirement for the Proposal.
- According to the latest disclosures of interests in the Company, these 7,656,916,000 Shares were held by Future Achiever Limited, a company wholly-owned by Mr. Hui Wing Mau. Future Achiever Limited is a Committed Shareholder and a substantial shareholder (within the meaning of the Takeovers Code) of the Company.
- According to the latest disclosures of interests in the Company, these 7,246,628,634 Shares were held by Investment Talent Limited, a company wholly-owned by Mr. Chen Sung-Tse. 629,962,748 of these Shares were held through Funderstone Securities as custodian for Investment Talent Limited. Investment Talent Limited is a Committed Shareholder and a substantial shareholder (within the meaning of the Takeovers Code) of the Company.
- According to the latest disclosures of interests in the Company, these 6,192,360,618 Shares were held by Tsarina Investments Limited, a company wholly-owned by Ms. Lin Yi-Wei. Tsarina Investments Limited is a Committed Shareholder and a substantial shareholder (within the meaning of the Takeovers Code) of the Company.
- According to the latest disclosures of interests in the Company, these 7,179,192,165 Shares were held by True Dynasty Limited, a company wholly-owned by Ms. Hsu Yu-Yu.

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## LETTER FROM THE BOARD

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8. These 44,364,885,145 Shares include the 4,664,953,456 Shares held by Funderstone Securities as custodian for its clients as stated below.

As confirmed by Funderstone Securities, (i) as at the Latest Practicable Date, 4,664,953,456 Shares were held by it as custodian for its clients (including 629,962,748 Shares held by it as custodian for Investment Talent Limited, which is a Committed Shareholder) in its ordinary and usual course of business; and (ii) it did not have any control over these 4,664,953,456 Shares (including the voting rights attaching thereto) held by it as custodian for its clients. As such, these 4,664,953,456 Shares held by Funderstone Securities as custodian for its clients were considered to be Disinterested Shares and CO Disinterested Shares.

9. These 44,364,885,145 Shares also include the 1,844,125,000 Shares in respect of which Mason Resources Finance Limited (an indirect wholly-owned subsidiary of the Company, “**Mason Resources**”) is currently entitled to exercise voting rights, as stated below.

In connection with a loan provided by Mason Resources to a borrower in June 2017, and by virtue of a deed of security executed in favour of Mason Resources in January 2020 as continuing security for such loan, 1,175,925,000 Shares were charged in favour of Mason Resources.

In connection with a term loan facility provided by Mason Resources to another borrower in September 2017, and by virtue of a deed of security executed in favour of Mason Resources in January 2020 as continuing security for such loan, 668,200,000 Shares were charged in favour of Mason Resources.

According to the terms of each of the above deeds of security and based on the status of the respective loans, Mason Resources is currently entitled to exercise voting rights over an aggregate of 1,844,125,000 Shares (representing approximately 4.16% of all Shares in issue as at the Latest Practicable Date).

None of the borrowers of the above loans and Mason Resources is an Offeror Concert Party.

10. As at the Latest Practicable Date, none of the Directors were interested (within the meaning of Part XV of the SFO) in the Shares.

All Shareholders will be entitled to vote on the special resolution to be proposed at the General Meeting to approve and give effect to the Scheme, including the approval of the reduction of the share capital of the Company by cancelling and extinguishing the Scheme Shares and the issue to the Offeror of such number of new Shares (credited as fully paid) as is equal to the number of the Scheme Shares cancelled, which is set out in the section headed “5. *Conditions to the Proposal*” in the Explanatory Statement. The Offeror Concert Parties will also be entitled to vote on the special resolution to be proposed at the General Meeting to approve and give effect to the Scheme.

Following the Effective Date, the Company will become a direct wholly-owned subsidiary of the Offeror.

### REASONS FOR AND BENEFITS OF THE PROPOSAL

You are urged to read carefully the section headed “4. *Reasons for and Benefits of the Proposal*” in the Explanatory Statement on pages 61 to 88 of this Scheme Document.

### INFORMATION ABOUT THE GROUP

The Group is principally engaged in (i) provision of wealth and asset management, financial brokerage and related services; (ii) trading of securities investments; (iii) provision of financing services; and (iv) manufacture of infant formula and nutritional products.

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## LETTER FROM THE BOARD

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Your attention is drawn to Appendix I headed “Financial Information Relating to the Group” on pages I-1 to I-6 of this Scheme Document, and the sections headed “12. *Information on the Group*” in the Explanatory Statement on pages 61 to 88 of this Scheme Document.

### THE GROUP’S VOTING RIGHTS IN CERTAIN CHARGED SHARES

In connection with a loan provided by Mason Resources Finance Limited (an indirect wholly-owned subsidiary of the Company, “**Mason Resources**”) to a borrower in June 2017, and by virtue of a deed of security executed in favour of Mason Resources in January 2020 (the “**1st Deed**”) as continuing security for such loan, 1,175,925,000 Shares were charged in favour of Mason Resources.

In connection with a term loan facility provided by Mason Resources to another borrower in September 2017, and by virtue of a deed of security executed in favour of Mason Resources in January 2020 (the “**2nd Deed**”) as continuing security for such loan, 668,200,000 Shares were charged in favour of Mason Resources.

According to the terms of each of the 1st Deed and the 2nd Deed and based on the status of the respective loans, Mason Resources is currently entitled to exercise voting rights over an aggregate of 1,844,125,000 Shares, representing approximately 4.16% of all Shares in issue as at the Latest Practicable Date.

### THE OFFEROR’S INTENTIONS IN RELATION TO THE GROUP

You are urged to read carefully the section headed “13. *The Intention of the Offeror in relation to the Group*” in the Explanatory Statement on pages 61-88 of this Scheme Document.

The Board has noted the intentions of the Offeror in respect of the Company and the employees of the Group, as disclosed in the section headed “13. *The Intention of the Offeror in relation to the Group*” in the Explanatory Statement on pages 61-88 of this Scheme Document.

The Board is pleased to note that as at the Latest Practicable Date, the Offeror had no intention, upon the Scheme becoming effective, to make any material changes to the business and/or disposal or redeployment of assets of the Group, or to make any significant changes to the management of the Company or employment of employees of the Group as a result of the implementation of the Proposal. If and after the Scheme becomes effective, the Offeror will conduct a strategic review of the financial position and operations of the Group in order to formulate a long-term strategy for the Group. Subject to the results of the above strategic review, the Offeror may prioritise its support to business(es) and/or investment(s) with appealing prospects, and may explore restructuring, downsizing or disposal of business(es) and/or investment(s) that, in view of its/their present form, may not create value to the Group in the foreseeable future. Save as aforesaid, the Offeror has identified potential in the Group’s financial services business in Hong Kong, and it is the intention of the Offeror to continue such business in substantially the same manner in which it is presently conducted.

### FINANCIAL ADVISER TO THE OFFEROR

Somerley has been appointed as the financial adviser to the Offeror in connection with the Proposal.



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## LETTER FROM THE BOARD

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### THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, which comprises all the independent non-executive Directors, namely Mr. Tian Ren Can, Mr. Wang Cong, Mr. Wu Xu'an and Mr. Ng Yu Yuet, has been established by the Board to make a recommendation to the Independent Shareholders as to whether the Proposal is, or is not, fair and reasonable and as to voting.

Pursuant to Rule 2.8 of the Takeovers Code, the Independent Board Committee comprises all non-executive Directors who have no direct or indirect interest in the Proposal.

Ms. Hui Mei Mei, Carol, a non-executive Director, is also (i) a director of Future Achiever Limited (“FAL”), a substantial shareholder of the Company holding 17.26% of the issued share capital of the Company as at the Announcement Date, and (ii) the daughter of Mr. Hui Wing Mau, the sole beneficial owner of FAL. In addition, Ms. Hui Mei Mei, Carol is nominated to the Board by FAL, which has given the Irrevocable Undertaking to the Offeror. On this basis, the Board is of the view that Ms. Hui Mei Mei, Carol is not regarded to be independent for the purpose of making a recommendation to the Scheme Shareholders in relation to the Proposal and the Scheme, therefore she has been excluded from being a member of the Independent Board Committee.

The full text of the letter from the Independent Board Committee is set out on pages 31 to 32 of this Scheme Document.

### INDEPENDENT FINANCIAL ADVISER

The Company has, with the approval of the Independent Board Committee, appointed Gram Capital as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Proposal.

The full text of the letter from Gram Capital is set out on pages 33 to 60 of this Scheme Document.

### INFORMATION ABOUT THE OFFEROR AND THE OFFEROR CONCERT PARTIES

Your attention is drawn to the sections headed “11. *Information on the Offeror and the Offeror Concert Parties*” in the Explanatory Statement on pages 61 to 88 of this Scheme Document.

### OVERSEAS SHAREHOLDERS

If you are an overseas holder of the Scheme Shares, your attention is drawn to the section headed “18. *Overseas Shareholders*” in the Explanatory Statement on pages 61 to 88 of this Scheme Document.

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## LETTER FROM THE BOARD

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### COURT MEETING AND GENERAL MEETING

For the purpose of exercising your right to vote at the Court Meeting and the General Meeting, you are requested to read carefully the section headed “20. *Court Meeting and General Meeting*” in the Explanatory Statement on pages 61 to 88 of this Scheme Document, the section headed “21. *Actions to be Taken*” in the Explanatory Statement on pages 61 to 88 of this Scheme Document, and the notices of the Court Meeting and the General Meeting on pages IV-1 to IV-3 and V-1 to V-3 respectively of this Scheme Document.

### ACTIONS TO BE TAKEN

The actions which you are required to take in relation to the Proposal are set out under the section headed “Actions to be Taken” on pages 1 to 5 and the section headed “21. *Actions to be Taken*” in the Explanatory Statement on pages 61 to 88 of this Scheme Document.

### RECOMMENDATION

Gram Capital has advised the Independent Board Committee that it considers the terms of the Proposal are fair and reasonable so far as the Independent Shareholders are concerned, and accordingly, advises the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the relevant resolution(s) to be proposed at the Court Meeting and the General Meeting to approve and implement the Proposal and the Scheme.

The Independent Board Committee, having considered the terms of the Proposal, and having taken into account the advice of Gram Capital, considers that the terms of the Proposal are fair and reasonable so far as the Independent Shareholders are concerned and recommends the Independent Shareholders to vote in favour of the relevant resolution(s) to be proposed at the Court Meeting and the General Meeting to approve and implement the Proposal and the Scheme.

Your attention is drawn to the recommendation of Gram Capital to the Independent Board Committee, in respect of the Proposal as set out in the “Letter from Gram Capital” on pages 33 to 60 of this Scheme Document. Your attention is also drawn to the recommendation of the Independent Board Committee in respect of the Proposal as set out in the “Letter from the Independent Board Committee” on pages 31 to 32 of this Scheme Document.

### SHARE CERTIFICATES, DEALINGS, LISTING, REGISTRATION AND PAYMENT

Upon the Scheme becoming effective, all Scheme Shares will be cancelled and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. In that case, the Company does not intend to maintain its listing on the Stock Exchange and will make an application for the listing of the Shares to be withdrawn from the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules, with effect after the Effective Date. The Shareholders will be notified by way of an announcement of the exact dates of the last day for dealing in the Shares and the day on which the Scheme and the withdrawal of listing of the Shares on the Stock Exchange will become effective. An indicative expected timetable in relation to the Proposal is included in the “Expected Timetable” section of this Scheme Document.

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## LETTER FROM THE BOARD

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Subject to the requirements of the Takeovers Code, the Proposal will lapse if any of the Conditions described in the section headed “5. *Conditions of the Proposal*” in the Explanatory Statement on pages 61 to 88 of this Scheme Document has not been fulfilled or waived, as applicable, on or before the Long Stop Date.

If the Scheme is withdrawn or is not approved at the Court Meeting or is not sanctioned by the High Court or does not become effective or the Proposal otherwise lapses, (a) the listing of the Shares on the Stock Exchange will not be withdrawn; (b) neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may, except with the consent of the Executive, within 12 months thereafter, announce an offer or possible offer for the Company; and (c) the Company will publish an announcement to update the Shareholders in respect of the status of the Proposal.

Your attention is drawn to the sections entitled “14. *Withdrawal of the Listing of the Shares*” and “17. *Registration and Payment*” in the Explanatory Statement set out on pages 61 to 88, of this Scheme Document.

### TAXATION, EFFECTS AND LIABILITIES

It is emphasised that none of the Offeror, the Company, Somerley, Gram Capital and the Share Registrar and their respective directors, employees, officers, agents, advisers, associates and affiliates and any other persons involved in the Proposal accept responsibility for any tax or other effects on, or liabilities of, any person or persons as a result of their approval or rejection, or the implementation, of the Proposal. Accordingly, you are urged to read the section entitled “19. *Taxation*” in the Explanatory Statement set out on pages 61 to 88 of this Scheme Document and if you are in any doubt as to any aspect of this Scheme Document or as to the action to be taken, you should consult an appropriately qualified professional adviser.

### FURTHER INFORMATION

You are urged to read carefully the letters from the Independent Board Committee and from Gram Capital, as set out on pages 31 to 32, and pages 33 to 60 respectively of this Scheme Document, the Explanatory Statement as set out on pages 61 to 88 of this Scheme Document, the appendices to this Scheme Document, the terms of the Scheme as set out on pages III-1 to III-8 of this Scheme Document, the notice of the Court Meeting as set out on pages IV-1 to IV-3 of this Scheme Document and the notice of the General Meeting as set out on pages V-1 to V-3 of this Scheme Document. In addition, a pink form of proxy for the Court Meeting and a white form of proxy for the General Meeting are enclosed with this Scheme Document.

By order of the Board of  
**Mason Group Holdings Limited**  
**Han Ruixia**

*Executive Director and Deputy Chief Executive Officer*



**MASON GROUP HOLDINGS LIMITED**

**茂宸集團控股有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock code: 273)**

8 September 2023

*To the Independent Shareholders*

Dear Sir or Madam,

**(1) PROPOSAL FOR THE TAKE-PRIVATE OF  
MASON GROUP HOLDINGS LIMITED  
BY THE OFFEROR BY WAY OF A SCHEME OF ARRANGEMENT  
UNDER SECTION 673 OF THE COMPANIES ORDINANCE  
AND  
(2) PROPOSED WITHDRAWAL OF LISTING OF  
MASON GROUP HOLDINGS LIMITED**

**INTRODUCTION**

We refer to the document dated 8 September 2023 jointly issued by the Offeror and the Company in relation to the Proposal (the “**Scheme Document**”), of which this letter forms part. Terms defined in this Scheme Document shall have the same meanings in this letter unless the context otherwise requires.

We have been appointed by the Board as the Independent Board Committee to make a recommendation to the Independent Shareholders in respect of the Proposal, details of which are set out in the “Letter from the Board” and the “Explanatory Statement” of this Scheme Document.

Gram Capital, the Independent Financial Adviser, has been appointed with our approval, to advise us in connection with the Proposal. The details of its advice and the principal factors taken into consideration in arriving at its recommendations are set out in the “Letter from Gram Capital” as set out on pages 33 to 60 of this Scheme Document.

In the “Letter from Gram Capital” as set out on pages 31 to 60 of this Scheme Document, Gram Capital states that it considers the terms of the Proposal are fair and reasonable so far as the Independent Shareholders are concerned, and advises the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the relevant resolution(s) to be proposed at the Court Meeting and the General Meeting to approve and implement the Proposal and the Scheme.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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### RECOMMENDATION

The Independent Board Committee, having considered the terms of the Proposal, and having taken into account the opinion of Gram Capital, and in particular the factors, reasons and recommendations set out in its letter, considers that the terms of the Proposal are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolutions to be proposed at the Court Meeting and the General Meeting to approve and implement the Proposal and the Scheme.

The Independent Board Committee draws the attention of the Independent Shareholders to (i) the “Letter from the Board” set out on pages 17 to 30 of this Scheme Document; (ii) the “Letter from Gram Capital” set out on pages 33 to 60 of this Scheme Document, which sets out the factors and reasons taken into account in arriving at its recommendations to the Independent Board Committee; and (iii) the Explanatory Statement set out on pages 61 to 88 of this Scheme Document.

Yours faithfully,  
The Independent Board Committee

**Mr. Tian Ren Can**  
*Independent*  
*Non-executive Director*

**Mr. Wu Xu’an**  
*Independent*  
*Non-executive Director*

**Mr. Wang Cong**  
*Independent*  
*Non-executive Director*

**Mr. Ng Yu Yuet**  
*Independent*  
*Non-executive Director*

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## LETTER FROM GRAM CAPITAL

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*Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee in respect of the Proposal and the Scheme, for the purpose of inclusion in this Scheme Document.*



Room 1209, 12/F.  
Nan Fung Tower  
88 Connaught Road Central/  
173 Des Voeux Road Central  
Hong Kong

8 September 2023

*To: The independent board committee of Mason Group Holdings Limited*

Dear Sirs,

**(1) PROPOSAL FOR THE TAKE-PRIVATE OF  
MASON GROUP HOLDINGS LIMITED  
BY THE OFFEROR BY WAY OF A SCHEME OF ARRANGEMENT  
UNDER SECTION 673 OF THE COMPANIES ORDINANCE;  
AND  
(2) PROPOSED WITHDRAWAL OF LISTING OF  
MASON GROUP HOLDINGS LIMITED**

### INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Proposal and the Scheme, details of which are set out in the Scheme Document dated 8 September 2023 jointly issued by the Offeror and the Company to the Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Scheme Document unless the context requires otherwise.

With reference to the letter from the Board (the “**Board Letter**”) contained in the Scheme Document, on 30 May 2023, the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders for the take-private of the Company by way of the Scheme, being a scheme of arrangement under Section 673 of the Companies Ordinance.

An Independent Board Committee comprising Mr. Tian Ren Can, Mr. Wang Cong, Mr. Wu Xu’an and Mr. Ng Yu Yuet (being all non-executive Directors, excluding Ms. Hui Mei Mei, Carol, a non-executive Director who is (i) a director of FAL, a substantial Shareholder; and (ii) the daughter of Mr. Hui Wing Mau, the sole beneficial owner of FAL) has been formed to advise the Independent Shareholders on whether the Proposal and the Scheme are fair and reasonable and as to the voting of the Proposal and the Scheme. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee in this respect, and our opinion herein is solely for the assistance of the Independent Board Committee in connection with its consideration of the Proposal

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## LETTER FROM GRAM CAPITAL

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and the Scheme pursuant to Rule 2.1 of the Takeovers Code. The appointment of Gram Capital as the Independent Financial Adviser has been approved by the Independent Board Committee.

### INDEPENDENCE

We were not aware of (i) any relationships or interests between Gram Capital and the Company; or (ii) any services provided by Gram Capital to the Company, during the past two years immediately preceding the Latest Practicable Date, or any other parties that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser to the Independent Board Committee.

### BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee, we have relied on the statements, information, opinions and representations contained or referred to in the Scheme Document and the information and representations as provided to us by the Directors and the Offeror (where applicable). We have assumed that all information and representations that have been provided by the Directors and the Offeror, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date, and should there be any material changes to our opinion after the Latest Practicable Date, Shareholders would be notified as soon as possible. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors and the Offeror in the Scheme Document were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Scheme Document, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors and the Offeror, which have been provided to us. Our opinion is based on the Directors' and the Offeror's representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Proposal. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules and Rule 2 of the Takeovers Code.

Your attention is drawn to the responsibility statements as set out in the section headed "1. RESPONSIBILITY STATEMENT" of Appendix II to the Scheme Document. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Scheme Document, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, the Offeror or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Proposal and the Scheme.

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## LETTER FROM GRAM CAPITAL

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We have assumed that the Proposal and the Scheme will be consummated in accordance with the terms and conditions set forth in the Scheme Document without any waiver, amendment, addition or delay of any terms or conditions. We have assumed that in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents as required for the Proposal and the Scheme, no delay, limitation, condition or restriction will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived from the Proposal and the Scheme. In addition, our opinion is necessarily based on the financial, market, economic, industry-specific and other conditions as they existed on, and the information made available to us as at the Latest Practicable Date.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly and fairly extracted, reproduced or presented from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our opinion in respect of the Proposal and the Scheme, we have taken into consideration the following principal factors and reasons:

#### **(1) Background and terms of the Proposal and the Scheme**

On 30 May 2023, the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders for the take-private of the Company by way of the Scheme, being a scheme of arrangement under Section 673 of the Companies Ordinance.

If the Proposal is approved and implemented:

- (a) all the Scheme Shares held by the Scheme Shareholders will be cancelled and extinguished on the Effective Date in exchange for the payment by the Offeror to the Scheme Shareholders of the cancellation price of HK\$0.0338, less the Dividend Adjustment (if any), in cash for each Scheme Share;
- (b) upon the cancellation and extinguishment of the Scheme Shares, the issued share capital of the Company will be restored to its former number by the issuance to the Offeror, credited as fully paid, of the same number of new Shares as the number of Scheme Shares cancelled and extinguished. The reserve created in the Company's books of account as a result of any reduction in issued share capital will be applied to the paying up in full of the new Shares so issued, credited as fully paid, to the Offeror. The Company will accordingly become a direct wholly-owned subsidiary of the Offeror on the Effective Date; and
- (c) the listing of the Shares on the Stock Exchange will be withdrawn with effect after the Effective Date.



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## LETTER FROM GRAM CAPITAL

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With reference to the Board Letter, as at the Latest Practicable Date, (i) the issued share capital of the Company comprises 44,364,885,557 Shares, all of which will be regarded as Scheme Shares and subject to the Scheme; and (ii) the Company has no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) other than its issued share capital comprising 44,364,885,557 Shares.

With reference to the Board Letter, the Offeror intends to finance the cash requirement for the Proposal through (a) its internal cash resources, indirectly funded through Red Emerald Capital Fund II from its limited partners; and (b) the drawdown of the Offeror Acquisition Financing. Somerley, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the maximum amount of cash consideration required to effect the Proposal.

### **(2) Information on the Group**

With reference to the Board Letter, the Group is principally engaged in (i) provision of wealth and asset management, financial brokerage (including life and health insurance brokerage mainly for individuals) and related services; (ii) trading of securities investments; (iii) provision of financing services; and (iv) manufacture of infant formula and nutritional products.

## LETTER FROM GRAM CAPITAL

### *Financial performance*

Set out below is a summary of the Group's audited consolidated financial information for each of the two years ended 31 December 2022 as extracted from the Company's annual report for the year ended 31 December 2022 (the "2022 Annual Report"):

	<b>For the year ended 31 December 2022 ("FY2022") HK\$'000</b>	<b>For the year ended 31 December 2021 ("FY2021") HK\$'000</b>	<b>Year on year change %</b>
Turnover	4,444,101	4,012,509	10.76
<i>Segment turnover</i>			
– <i>Trading of securities investments</i>	4,197,480	3,465,150	21.13
– <i>Provision of financing services</i>	17,336	24,957	(30.54)
– <i>Provision of wealth and asset management, financial brokerage and related services</i>	154,797	339,478	(54.40)
– <i>Manufacture of infant formula and nutritional products</i>	72,711	182,873	(60.24)
– <i>Investment holding</i>	1,777	51	3,384.31
Operating income	51,925	604,426	(91.41)
<i>Segment operating income/(loss)</i>			
– <i>Trading of securities investments</i>	(194,696)	57,067	N/A
– <i>Provision of financing services</i>	17,336	24,957	(30.54)
– <i>Provision of wealth and asset management, financial brokerage and related services</i>	154,797	339,478	(54.40)
– <i>Manufacture of infant formula and nutritional products</i>	72,711	182,873	(60.24)
– <i>Investment holding</i>	1,777	51	3,384.31
Loss attributable to equity holders of the Company	(414,972)	(733,623)	(43.44)
	<b>As at 31 December 2022 HK\$'000</b>	<b>As at 31 December 2021 HK\$'000</b>	<b>Year on year change %</b>
Equity attributable to equity holders of the Company	3,826,232	4,364,787	(12.34)

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## LETTER FROM GRAM CAPITAL

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As depicted from the above table, the Group's turnover for FY2022 increased by approximately 10.76% as compared to that for FY2021. The Group's segment turnover from (i) trading of securities investments; and (ii) investment holding, increased from FY2021 to FY2022, while the Group's segment turnover from (i) provision of financing services; (ii) provision of wealth and asset management, financial brokerage and related services; and (iii) manufacture of infant formula and nutritional products, decreased from FY2021 to FY2022.

Although the Group's segment turnover from trading of securities investments for FY2022 increased as compared to that for FY2021, the Group recorded segment operating loss from this segment for FY2022 as compared to segment operating income for FY2021. The Group's segment operating loss from trading of securities investments for FY2022, together with the decrease in the Group's segment operating income from (i) provision of financing services; (ii) provision of wealth and asset management, financial brokerage and related services; and (iii) manufacture of infant formula and nutritional products, from FY2021 to FY2022, led to significant decrease in the Group's operating income from FY2021 to FY2022.

As depicted from the above table, the loss attributable to equity holders of the Company for FY2022 decreased by approximately 43.44% as compared to that for FY2021. With reference to the 2022 Annual Report, such decrease was mainly due to (i) adoption of stringent cost control measures that led to decrease in operating costs; (ii) reduction of the impairment loss on interests in associates due to improvement of operating results of certain associate investments; and (iii) absence of impairment loss on amount due from related parties.

As depicted from the above table, the equity attributable to equity holders of the Company as at 31 December 2022 decreased by approximately 12.34% as compared to that as at 31 December 2021.

Set out below is a summary of the Group's unaudited consolidated financial information for the six months ended 30 June 2023 (with comparative figures in 2022) as extracted from the Company's interim results announcement for the six months ended 30 June 2023 (the "**2023 IR Announcement**"):

## LETTER FROM GRAM CAPITAL

	For the six months ended 30 June 2023 ("1H2023") HK\$'000	For the six months ended 30 June 2022 ("1H2022") HK\$'000	Year on year change %
Turnover	1,539,643	609,708	152.52
<i>Segment turnover</i>			
– <i>Trading of securities investments</i>	1,468,509	457,312	221.12
– <i>Provision of financing services</i>	9,517	7,396	28.68
– <i>Provision of wealth and asset management, financial brokerage and related services</i>	36,768	98,579	(62.70)
– <i>Manufacture of infant formula and nutritional products</i>	24,757	44,807	(44.75)
– <i>Investment holding</i>	92	1,614	(94.30)
Operating income/(loss)	(8,189)	77,994	N/A
<i>Segment operating income/(loss)</i>			
– <i>Trading of securities investments</i>	(79,323)	(74,402)	6.61
– <i>Provision of financing services</i>	9,517	7,396	28.68
– <i>Provision of wealth and asset management, financial brokerage and related services</i>	36,768	98,579	(62.70)
– <i>Manufacture of infant formula and nutritional products</i>	24,757	44,807	(44.75)
– <i>Investment holding</i>	92	1,614	(94.30)
Loss attributable to equity holders of the Company	(59,047)	(121,303)	(51.32)
	<b>As at 30 June 2023</b> HK\$'000	<b>As at 30 June 2022</b> HK\$'000	<b>Year on year change %</b>
Equity attributable to equity holders of the Company	3,759,384	4,149,192	(9.39)

As depicted from the above table, the Group's turnover for 1H2023 increased substantially by approximately 152.52% as compared to that for 1H2022. The Group's segment turnover from (i) trading of securities investments; and (ii) provision of financing services, increased from 1H2022 to 1H2023, while the Group's segment turnover from (i) provision of wealth and asset management, financial brokerage and related services; (ii) manufacture of infant formula and nutritional products; and (iii) investment holding, decreased from 1H2022 to 1H2023.

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## LETTER FROM GRAM CAPITAL

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Although the Group's segment turnover from trading of securities investments for 1H2023 increased as compared to that for 1H2022, the Group's segment operating loss from this segment for 1H2023 increased by approximately 6.61% as compared to that for 1H2022. The Group's segment operating loss from trading of securities investments for 1H2023, together with decrease in the Group's segment operating income from (i) provision of wealth and asset management, financial brokerage and related services; (ii) manufacture of infant formula and nutritional products; and (iii) investment holding, for 1H2023 as compared to those for 1H2022, led to the Group's turnaround from operating income for 1H2022 to operating loss for 1H2023.

Despite the Group's turnaround from operating income for 1H2022 to operating loss for 1H2023, the Group's loss attributable to equity holders of the Company for 1H2023 decreased by approximately 51.32% as compared to that for 1H2022. With reference to the 2023 IR Announcement and as confirmed by the Directors, such decrease was mainly attributable to the combined effect of (a) turnaround from operating income to operating loss; (b) increase in other income; and (c) decrease in cost of inventories recognised as expenses, commission and brokerage expenses, employee benefits expenses, net fair value loss on financial instruments.

The equity attributable to equity holders of the Company as at 30 June 2023 decreased by approximately 1.75% as compared to that as at 31 December 2022.

### ***Outlook and industry overview***

With reference to the 2023 IR Announcement, despite the end of COVID-19 pandemic, there are challenges in business environment, including economic slowdown, weak consumption, and higher capital cost in Hong Kong because of the Fed rate increase. These factors will create economic pressure on the Group's business development and therefore the Group is cautiously optimistic for the year 2023 ahead. The Group considers that it is an opportunity to, within the year 2023, expand its competitive financial strength to make a stronger presence in the Hong Kong financial industry by increasing new market share within the securities margin financing business as well as other different types of secured lending businesses.

As illustrated in the sub-section headed "Financial performance" above, the Group's segment turnover from manufacture of infant formula and nutritional products decreased by approximately 44.75% from 1H2022 to 1H2023 and accounted for approximately 1.61% of the Group's total turnover for 1H2023. The Group's segment loss from this segment also decreased by approximately 52.60% from 1H2022 to 1H2023. With reference to the 2023 IR Announcement, the operating performance of this segment was affected by unfavorable factors such as the decrease in the birth rate, the decline in spending power, and new registration standard for infant formula milk powder by the Mainland China, which continued to affect the market environment of the maternal and infant industry.

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## LETTER FROM GRAM CAPITAL

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To further understand the operating environment of the Group's major business, being trading of securities investments and provision of wealth and asset management, financial brokerage (including life and health insurance brokerage mainly for individuals) and related services, we conducted the following market researches:

### *Hong Kong financial market*

Set out below are the numbers of listed companies, average daily turnover of the Hong Kong securities market and total contract volume of futures and options in the Hong Kong derivatives market during the five years ended 31 December 2022, according to the statistics published by the Stock Exchange:

	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Number of listed companies</b>	2,315	2,449	2,538	2,572	2,597
<i>Annual increase in number of listed companies</i>		134	89	34	25
<b>Average daily turnover of the Hong Kong securities market (HK\$ million)</b>	107,409	87,163	129,476	166,730	124,908
<i>Change (%)</i>		(18.85)	48.54	28.77	(25.08)
<b>Total contract volume of futures and options (contracts in thousands)</b>	296,183	262,886	282,225	288,140	320,589
<i>Change (%)</i>		(11.24)	7.36	2.10	11.26

As shown in the above table, the number of listed companies in Hong Kong securities market had been increasing from 2018 to 2022. Nevertheless, the annual increase in number of listed companies in Hong Kong securities market decreased from 134 for 2019 to 25 for 2022. Average daily turnover of the Hong Kong securities market fluctuated from 2018 to 2022. After a decrease in 2019, total turnover of futures and options in the Hong Kong derivatives market had been increasing from 2020 to 2022.

We also noted from a research paper titled "Research Paper No. 72: A Review of the Global and Local Securities Markets in 2022 (Featuring Market Turnover and Short Positions)" published by SFC on 10 February 2023 that, the market outlook may be affected by, among other things, the pace and scale of monetary tightening by major central banks, risks of a global recession, US dollar movements, ongoing geopolitical tensions in Ukraine, the policy stimulus to support the Mainland's economic growth and the development of Sino-US relations.

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## LETTER FROM GRAM CAPITAL

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Set out below is a summary of the Hang Seng Index from 2 January 2018 to the Latest Practicable Date (the “HSI Review Period”):

### Historical daily closing of Hang Seng Index



As illustrated above, the closing Hang Seng Index shown a downward trend from January 2018 to March 2020 and reached 28,189.75 on 31 December 2019.

After outbreak of COVID-19 pandemic in Hong Kong, from 23 January 2020 (being the date of first confirmed case announced in Hong Kong) to 19 January 2023 (being the date on which the government of Hong Kong announced cancellation of arrangement of issuing isolation orders to COVID-19 infected persons), the highest and lowest closing Hang Seng Index were 31,084.94 recorded on 17 February 2021 and 14,687.02 recorded on 31 October 2022, respectively. Since the outbreak of COVID-19 pandemic, the closing Hang Seng Index had shown a general downward trend and reached 21,696.13 on 23 March 2020. Despite the later resurgence from March 2020 to February 2021 and the closing Hang Seng Index reached 31,084.94 on 17 February 2021, the closing Hang Seng Index then followed a downward trend again from February 2021 to October 2022 and reached 14,687.02 on 31 October 2022, being the lowest during the HSI Review Period. Thereafter, the closing Hang Seng Index recovered and reached 21,650.98 on 19 January 2023.

Subsequently, there was a short-term increase in the closing Hang Seng Index and it reached 22,688.90 on 27 January 2023 before it followed a downward trend again from 28 January 2023 to 15 February 2023. From 16 February 2023 up to the Latest Practicable Date, the closing Hang Seng Index fluctuated between 17,623.29 and 20,987.67.

The above figures indicated that the Hong Kong stock market has overall been volatile and formed a general downward trend with fluctuations from January 2018 up to the Latest Practicable Date.

The above findings indicated uncertainty of the Hong Kong financial market.

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## LETTER FROM GRAM CAPITAL

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On the other hand, on 22 February 2023, the Financial Secretary of Hong Kong, namely, Mr. Chan Mo-po, Paul, delivered the speech of the 2023-2024 Budget, which outlined certain supportive measures, including:

- (i) After consulting the market, the Stock Exchange would introduce a listing regime for advanced technology companies in the first quarter of 2023 to expand the listing channel for issuers. The Stock Exchange will also put forward specific reform recommendations on GEM of the Stock Exchange within 2023 after carefully considering the views of various market players on the financing needs of small and medium-sized enterprises and start-ups, and consult stakeholders (on 24 March 2023, the Stock Exchange also announced the expansion of Hong Kong's listing framework for the listings of specialist technology companies).
- (ii) The Stock Exchange will explore ways to further enhance the Listing Rules with the SFC in order to strike a balance between market development and regulatory needs, including relevant arrangement concerning share buy-backs by issuers.
- (iii) The Stock Exchange will also study a series of proposals on the optimisation of the trading mechanism, which include exploring arrangements for maintaining operation of the market under inclement weathers and reviewing the self-trade prevention function as well as the relevant restrictions, so as to facilitate transactions of investors and dovetail with the market trend.
- (iv) In recent years, the Exchange Fund of Hong Kong has established alternative asset portfolios with dedicated allocation to smaller local managers. As a next step, such portfolios will cover also private equity funds managed by smaller local managers and those seeking to expand their Hong Kong operations in order to support their continued growth there. In addition, the Exchange Fund of Hong Kong will identify and increase allocation to funds that focus on sustainable investment to help consolidate Hong Kong's position as the region's leading sustainable finance platform.
- (v) On wealth management, regulators will on a risk-based principle and subject to appropriate protection for investors, streamline the suitability assessment and disclosure process for sophisticated or ultra-high net worth individual clients. Moreover, the Hong Kong government will review the existing tax concession measures applicable to funds and carried interest.

The above measures are supportive to the Hong Kong securities industry. Nevertheless, their actual effects and influences are undetermined at present.



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## LETTER FROM GRAM CAPITAL

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### *Insurance industry of Hong Kong*

Set out below are certain insurance-related statistics (relating to major types of insurance products that the Group offers) for the five years from 2017 to 2021, being the latest five full-year statistics published by the Insurance Authority:

	2017	2018	2019	2020	2021
<b>In-force office premium for individual life business</b>					
<i>(HK\$ million)</i>	415,050.2	426,343.6	440,242.9	458,570.1	464,603.0
<i>Changes (%)</i>		2.72	3.26	4.16	1.32
<b>Office premium for new individual life business</b>					
<i>(HK\$ million)</i>	150,645.7	150,600.8	151,180.3	119,632.3	152,423.4
<i>Changes (%)</i>		(0.03)	0.38	(20.87)	27.41
<b>Gross premium for direct accident and health business</b>					
<i>(HK\$ million)</i>	14,395.2	15,761.3	17,183.8	16,261.5	15,806.4
<i>Changes (%)</i>		9.49	9.03	(5.37)	(2.80)

As depicted from the above table, in-force office premium for individual life business had been increasing from 2017 to 2021, with a relatively low annual growth rate of approximately 1.32% for 2021, as compared to those for previous years. Office premium for new individual life business had remained stable from 2017 to 2019 and fluctuated in 2020 and 2021. Following the annual increase in the gross premium for direct accident and health business in 2018 and 2019, the gross premium for direct accident and health business decreased for two consecutive years in 2020 and 2021.

With reference to the “Annual Report 2020-21” and “Annual Report 2021-22” published by the Insurance Authority on 23 February 2022 and 11 January 2023 respectively, (i) the decrease in office premium for new individual life business in 2020 was largely attributable to new business derived from Mainland visitors plunging by 84.3%; and (ii) the recovery in office premium for new individual life business in 2021 was driven by a redirection of focus to local demand for protective insurance coverage (including life insurance), and the digitalisation on the distribution process of specific insurance products without face-to-face interaction with customers, which alleviated the damage done to business derived from restricted cross-boundary travel of Mainland visitors.

In light of the above, there is uncertainty on the Group’s insurance brokerage business.

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## LETTER FROM GRAM CAPITAL

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### **(3) Information on and intention of the Offeror with regard to the Company**

With reference to the Explanatory Statement, the Offeror is a company incorporated in the British Virgin Islands with limited liability. As at the Latest Practicable Date, it is wholly-owned by Red Emerald Capital Fund II. Red Emerald Capital Fund II is a Cayman Islands exempted limited partnership. A key strategy of the Red Emerald Capital Fund II is to invest and hold interests in businesses with potential, in terms of overall asset appreciation and/or revenue generation. The general partner of Red Emerald Capital Fund II is Red Emerald Capital II Ltd., a company incorporated in the Cayman Islands with limited liability, which is wholly-owned by Red Emerald Capital Limited, a company incorporated in the British Virgin Islands with limited liability, which is in turn wholly-owned by Mr. Xia, the founder of Red Emerald Capital Limited. The principal businesses of Red Emerald Capital II Ltd. and Red Emerald Capital Limited are investment management and investment holding, respectively. The limited partners of Red Emerald Capital Fund II are Olentangy River Capital Limited, Empire Gain International Limited and Islandwide Holdings Limited.

Details of the Offeror, Mr. Xia, Red Emerald Capital Fund II and its general partner and limited partners are set out under the section headed “11. INFORMATION ON THE OFFEROR AND THE OFFEROR CONCERT PARTIES” of the Explanatory Statement.

With reference to the Explanatory Statement, as at the Latest Practicable Date, the Offeror has no intention, upon the Scheme becoming effective, to make any material changes to the business and/or disposal or redeployment of assets of the Group, or to make any significant changes to the management of the Company or employment of employees of the Group as a result of the implementation of the Proposal. If and after the Scheme becomes effective, the Offeror will conduct a strategic review of the financial position and operations of the Group in order to formulate a long-term strategy for the Group. Subject to the results of the above strategic review, the Offeror may prioritise its support to business(es) and/or investment(s) with appealing prospects, and may explore restructuring, downsizing or disposal of business(es) and/or investment(s) that, in view of its/their present form, may not create value to the Group in the foreseeable future. Save as aforesaid, the Offeror has identified potential in the Group’s financial services business in Hong Kong, and it is the intention of the Offeror to continue such business in substantially the same manner in which it is presently conducted.

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## LETTER FROM GRAM CAPITAL

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### (4) Reasons for and benefits of the Proposal

Set out below are the reasons for and benefits of the Proposal, details of which are set out under the section headed “4. REASONS FOR AND BENEFITS OF THE PROPOSAL” of the Explanatory Statement:

The purpose of Red Emerald Capital Fund II is to achieve long-term capital appreciation principally through, among others, the acquisition and holding of the interests in the Company. With the Company becoming a private company wholly-owned by the Offeror following the implementation of the Proposal, the Offeror will be in a better position to provide greater commercial and financial support to the Company in a more flexible manner, which the Offeror believes to be beneficial to the Group. The Offeror will also be able to focus on long-term development of the Group, free from the pressure of short-term share price fluctuations or stock market expectations which arise from the Company being a listed company. In addition, the Offeror will conduct a strategic review of the financial position and operations of the Group. The take-private of the Company will permit the Offeror to make strategic decisions on, among others, business, investment or capital raising opportunities of the Group following the above strategic review. The Offeror will be able to execute any such strategic decisions in a more efficient and flexible manner if the Company is a private company wholly-owned by the Offeror.

The Offeror also believes the Proposal provides the Scheme Shareholders with an attractive opportunity to realise their investments and interests in the Company for cash at a premium over the historical market prices of the Shares. The Cancellation Price represents premium over the recent closing price/average closing prices of the Shares. While the Cancellation Price represents a discount of approximately 60.09% to the unaudited consolidated net asset value per Share attributable to the Shareholders of approximately HK\$0.0847 as at 30 June 2023, historical average closing prices of the Shares have been trading at discounts to the net asset value per Share.

The liquidity of the Shares has been at a relatively low level over a prolonged period of time, with a median daily trading volume of approximately 2,800,000 Shares for the 24 months up to and including the Last Trading Day, representing less than 0.01% of the total issued Shares as at the Last Trading Day. Low trading liquidity of the Shares renders it difficult for Shareholders to execute substantial on-market disposals without adversely affecting the price of the Shares. Further, such low liquidity may also hinder ability of the Company to raise funds from the public equity market, which no longer serves as a viable source of funding for developing the business of the Group. Based on the above, the Proposal provides immediate opportunity for Scheme Shareholders to monetise their investments for cash and redeploy the proceeds from the Scheme into other investment opportunities.

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## LETTER FROM GRAM CAPITAL

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We performed a trading liquidity analysis of the Shares for the period from 1 June 2022 (being approximately one year prior to the Last Trading Day) up to and including the Latest Practicable Date (the “**Shares Review Period**”). The number of trading days per month, the average daily number of the Shares traded per month, and the respective percentages of the Shares’ average daily trading volume as compared to (i) the total number of issued Shares held by the Independent Shareholders other than substantial Shareholders (the “**Other Independent Shareholders**”) as at the Latest Practicable Date; and (ii) the total number of Shares in issue as at the Latest Practicable Date during the Shares Review Period are tabulated below:

<b>Month</b>	<b>Number of trading days</b>	<b>Average daily trading volume (the “Average Volume”) (Number of Shares)</b>	<b>% of the Average Volume to total number of Shares in issue as at the Latest Practicable Date (Note 1) Approximate %</b>	<b>% of the Average Volume to total number of issued Shares held by the Other Independent Shareholders as at the Latest Practicable Date (Note 2) Approximate %</b>
<b>2022</b>				
June	21	11,877,942	0.027	0.074
July	20	185,554,575	0.418	1.153
August	23	6,772,547	0.015	0.042
September	21	11,048,375	0.025	0.069
October	20	13,568,252	0.031	0.084
November	22	9,314,024	0.021	0.058
December	20	218,342,813	0.492	1.357
<b>2023</b>				
January	18	3,240,106	0.007	0.020
February	20	319,476,682	0.720	1.986
March	23	6,661,820	0.015	0.041
April	17	1,192,091	0.003	0.007
May	20	1,638,365	0.004	0.010
June	14	15,131,770	0.034	0.094
July	20	4,729,709	0.011	0.029
August	23	4,108,017	0.009	0.026
September (including and up to the Latest Practicable Date)	2	7,860,000	0.018	0.049

Source: the Stock Exchange’s website

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## LETTER FROM GRAM CAPITAL

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*Notes:*

1. Based on 44,364,885,557 Shares in issue as at the Latest Practicable Date.
2. Based on 16,089,787,728 Shares held by the Other Independent Shareholders as at the Latest Practicable Date.
3. Trading in the Shares was halted from 31 May 2023 to 9 June 2023.

As illustrated from the table above, the Average Volume was generally thin during the Shares Review Period.

During the Shares Review Period, save as and except for July 2022, December 2022 and February 2023, the Average Volume in each month was (i) below 0.05% of the total number of Shares in issue as at the Latest Practicable Date; and (ii) below 0.1% of the total number of issued Shares held by the Other Independent Shareholders as at the Latest Practicable Date.

We did not identify any specific reason which caused the fluctuation of the Average Volume during the Shares Review Period.

In light of the above, we also consider that the trading liquidity of the Shares is low and disposal of a large number of Shares by Shareholders in the open market may have adverse impact on the price of Shares.

Having also considered:

- (i) the Group's financial performance as demonstrated under the section headed "(2) Information on the Group" above, in particular:
  - significant decrease in the Group's operating income from FY2021 to FY2022;
  - the Group's turnaround from operating income for 1H2022 to operating loss for 1H2023; and
  - continuous loss attributable to equity holders of the Company for FY2021, FY2022 and 1H2023;
- (ii) the uncertainty of the Hong Kong financial market and the Group's insurance brokerage business as illustrated under the sub-section headed "(2) Information on the Group – Outlook and industry overview" above; and
- (iii) our analysis on the Cancellation Price as set out below,

we are also of the view that the Proposal provides the Scheme Shareholders with an opportunity to realise their investment in the Company for cash at a premium without having to suffer any illiquidity discount.

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## LETTER FROM GRAM CAPITAL

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### (5) The Cancellation Price

#### *Cancellation Price comparison*

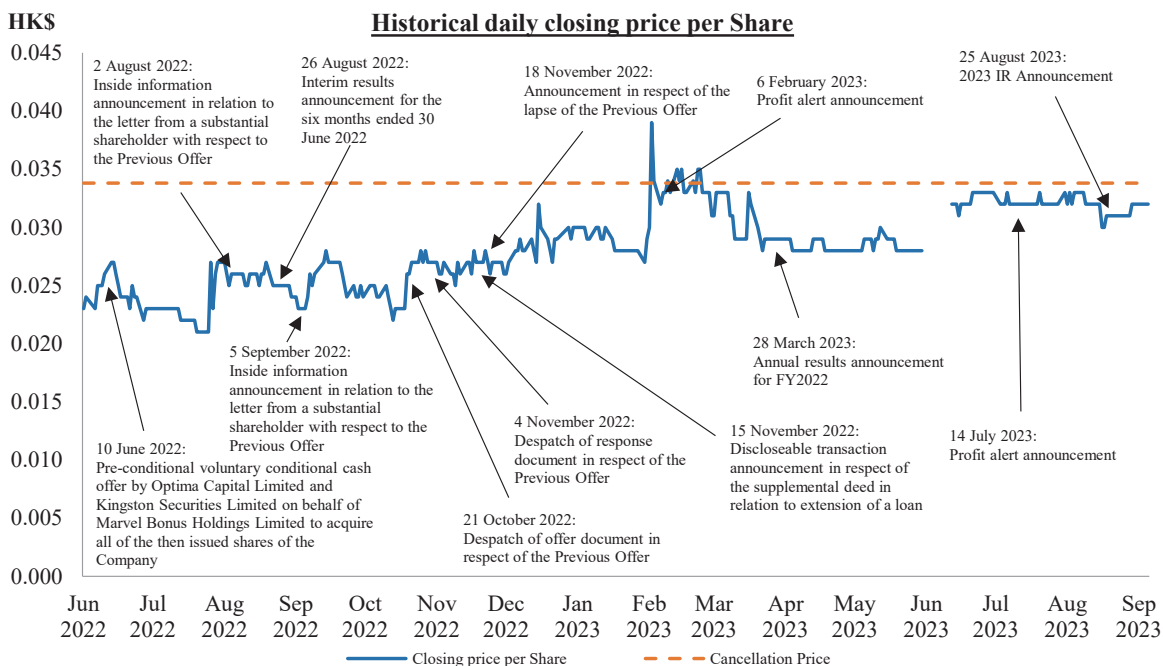
The Cancellation Price of HK\$0.0338 per Scheme Share represents:

- (i) a premium of approximately 5.62% over the closing price of HK\$0.032 per Share, as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 20.71% over the closing price of HK\$0.0280 per Share, as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 18.60% over the average closing price of approximately HK\$0.0285 per Share, based on the daily closing prices as quoted on the Stock Exchange over the 20 trading days up to and including the Last Trading Day;
- (iv) a premium of approximately 19.01% over the average closing price of approximately HK\$0.0284 per Share, based on the daily closing prices as quoted on the Stock Exchange over the 30 trading days up to and including the Last Trading Day;
- (v) a premium of approximately 16.15% over the average closing price of approximately HK\$0.0291 per Share, based on the daily closing prices as quoted on the Stock Exchange over the 60 trading days up to and including the Last Trading Day;
- (vi) a discount of approximately 60.79% to the audited consolidated net asset value attributable to Shareholders per Share of approximately HK\$0.0862 as at 31 December 2022; and
- (vii) a discount of approximately 60.09% to the unaudited consolidated net asset value attributable to Shareholders per Share of approximately HK\$0.0847 as at 30 June 2023 (the “NAV Discount”).

## LETTER FROM GRAM CAPITAL

### *Historical price performance of the Shares*

Set out below is a chart showing the movement of the closing price of the Shares during the Shares Review Period to illustrate the general trend and movement of the closing price of the Shares:



Source: the Stock Exchange's website

Note: Trading in the Shares was halted from 31 May 2023 to 9 June 2023.

During the Shares Review Period, the highest and lowest closing prices of the Shares as quoted on the Stock Exchange were HK\$0.039 per Share recorded on 2 February 2023 and HK\$0.021 per Share recorded from 20 July 2022 to 25 July 2022. The Cancellation Price is closer to the higher end of the closing price of the Shares during the entire Shares Review Period (representing a discount of approximately 13.33% to the highest closing price during the Shares Review Period). In addition, during the Shares Review Period, the Cancellation Price was above the daily closing prices of the Shares for 295 trading days out of the total 304 trading days.

From the beginning of the Shares Review Period and up to 1 February 2023, the closing price of the Shares fluctuated between HK\$0.021 and HK\$0.032 per Share. On 2 February 2023, the closing price of the Shares surged to HK\$0.039 per Share. Subsequently, the closing price of the Shares followed a general decreasing trend and reached HK\$0.028 per Share on the Last Trading Day.

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## LETTER FROM GRAM CAPITAL

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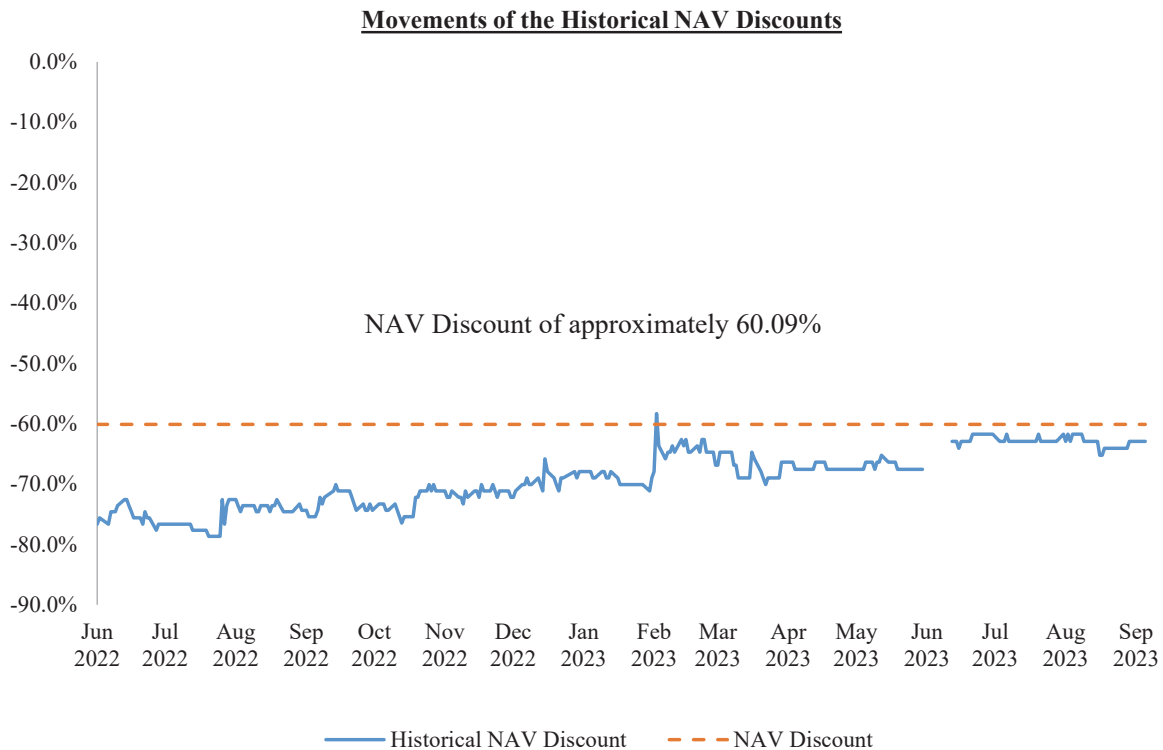
After resumption of trading in the Shares on 12 June 2023, the closing price of the Shares increased to HK\$0.032 per Share. From 13 June 2023 to the Latest Practicable Date, the closing price of the Shares fluctuated between HK\$0.030 and HK\$0.033.

We did not identify any specific reason which caused the aforesaid fluctuation of the closing price of the Shares.

Given the above trend of the Share closing price during the Shares Review Period, there is no guarantee that the Share price will remain at a level close to the Cancellation Price should the Scheme being not approved and the Proposal lapses.

### *Historical NAV Discount*

As abovementioned, the Cancellation Price represented a discount of approximately 60.09% to the unaudited consolidated net asset value attributable to Shareholders per Share as at 30 June 2023. Accordingly, we also reviewed the discounts of the closing prices of Shares to the then latest published consolidated net asset value attributable to Shareholders per Share (the “**Historical NAV Discounts**”) during the Shares Review Period as set out in the chart below:



As illustrated above, the closing prices of the Shares were at discounts to the Group's then latest published consolidated net asset value attributable to Shareholders per Share during the entire Shares Review Period and the Historical NAV Discounts ranged from approximately 58.30% to approximately 78.66% during the Shares Review Period. The NAV Discount of approximately 60.09% is within the range of Historical NAV Discounts during the Shares Review Period.



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## LETTER FROM GRAM CAPITAL

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### *Comparison with other comparable companies*

We noted that trading multiples analyses (including price-to-earnings ratio (“**PER**”), price-to-book value ratio (“**PBR**”) and price-to-sales ratio (“**PSR**”)) are commonly adopted methods for the purpose of assessing the fairness and reasonableness of the Cancellation Price. In this regard, we searched for Hong Kong Main Board listed companies which are principally engaged in similar line of business as the Group’s major business (being the provision of brokerage services and financing services in Hong Kong) and derived more than 50% of their revenue from such businesses in aggregate. We found 13 companies listed below which met the aforesaid criteria and they are exhaustive (the “**Comparable Companies**”). Given that the Group was loss-making for FY2022, we consider PER is not applicable for analysis purpose and therefore we adopted PBR and PSR for analysis purpose.

Set out below are the PBR and PSR of the Comparable Companies based on their closing prices as at the Announcement Date and their latest published financial information:

<b>Company name (Stock code)</b>	<b>Principal business</b>	<b>Market capitalisation of shares listed on the Stock Exchange as at the Announcement Date (HK\$ million)</b>	<b>PBR (Note 1)</b>	<b>PSR (Note 2)</b>
Get Nice Holdings Limited (64)	Principally engaged in (i) money lending; (ii) property development and holding and investment in financial instruments; (iii) real estate agency; and (iv) provision of financial services, including securities dealing and broking, futures and options broking, underwriting and placements, securities margin financing, asset management services and corporate finance services	1,430.1	0.25	3.38
Central Wealth Group Holdings Limited (139)	Principally engaged in securities and futures dealing business, trading of debts and equity investments and money lending business	536.2	0.49	1.93

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**LETTER FROM GRAM CAPITAL**

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<b>Company name (Stock code)</b>	<b>Principal business</b>	<b>Market capitalisation of shares listed on the Stock Exchange as at the Announcement Date (HK\$ million)</b>	<b>PBR (Note 1)</b>	<b>PSR (Note 2)</b>
Shenwan Hongyuan (H.K.) Limited (218)	Principally engaged in brokerage business; corporate finance business; asset management business; financing and loans business; and investment and other business	608.8	0.21	1.43
First Shanghai Investments Limited (227)	Principally engaged in securities investment, corporate finance, stockbroking, property development, property investment, hotel operations, medical and healthcare services, direct investment, investment holding and management	205.0	0.09	0.60
ARTA TechFin Corporation Limited (279)	Principally engaged in global markets business; asset management business; and insurance brokerage business	1,876.0	55.75 (Note 3)	146.66 (Note 3)
Emperor Capital Group Limited (717)	Principally engaged in (i) provision of margin financing and money lending services; (ii) provision of brokerage services; (iii) provision of placing and underwriting services; and (iv) provision of corporate finance advisory services	350.5	0.10	0.68
Pinestone Capital Limited (804)	Principally engaged in provision of securities brokerage services, securities-backed lending services, other lending services as well as placing and underwriting services	121.8	0.74	6.26
Value Convergence Holdings Limited (821)	Principally engaged in provision of (i) brokerage services; (ii) margin financing and money lending services; (iii) placing and underwriting services; (iv) corporate finance and other advisory services; and (v) asset management services	390.4	0.52	5.33

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Company name (Stock code)	Principal business	Market capitalisation of shares listed on the Stock Exchange as at the Announcement Date (HK\$ million)	PBR (Note 1)	PSR (Note 2)
Bright Smart Securities & Commodities Group Limited (1428)	Principally engaged in the provision of (i) securities broking services; (ii) margin and IPO financing services; (iii) commodities and futures broking services; and (iv) trading services in bullion contracts	2,749.6	1.59	3.12
Get Nice Financial Group Limited (1469)	Principally engaged in (i) the provision of financial services, including securities dealing and broking, futures and options broking, underwriting and placements, securities margin financing, corporate finance services and asset management services and (ii) investment in financial instruments	1,600.0	0.37	4.75
Fu Shek Financial Holdings Limited (2263)	Principally engaged in the provision of (i) brokerage services; (ii) financing services to margin and cash clients; (iii) underwriting, sub-underwriting and placing services; and (iv) investment management services	120.0	0.34	3.25
Innovax Holdings Limited (2680)	Principally engaged in provision of financial and securities services including corporate finance advisory services, placing and underwriting services, securities dealing and brokerage services, securities financing services, asset management services and money lending services	132.0	0.63	2.90

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<b>Company name (Stock code)</b>	<b>Principal business</b>	<b>Market capitalisation of shares listed on the Stock Exchange as at the Announcement Date (HK\$ million)</b>	<b>PBR (Note 1)</b>	<b>PSR (Note 2)</b>
China Industrial Securities International Financial Group Limited (6058)	Principally engaged in (i) the provision of brokerage services; (ii) the provision of margin financing services; (iii) the provision of corporate advisory, sponsor, placing and underwriting services; (iv) the provision of asset management and investment advisory services; and (v) proprietary trading and investments	696.0	0.23	2.70
	<b>Maximum (excluding outlier)</b>		1.59	6.26
	<b>Minimum (excluding outlier)</b>		0.09	0.60
	<b>Average (excluding outlier)</b>		0.46	3.03
	<b>Median (excluding outlier)</b>		0.35	3.01
<b>The Proposal</b>		<b>1,499.5</b> <i>(Note 4)</i>	<b>0.40</b> <i>(Note 5)</i>	<b>28.88</b> <i>(Note 6)</i>

*Source: the Stock Exchange's website*

*Notes:*

1. The PBRs of the Comparable Companies were calculated based on their respective then latest published net asset value attributable to the shareholders, their respective closing prices as quoted on the Stock Exchange and total issued shares as at the Announcement Date.
2. The PSRs of the Comparable Companies were calculated based their respective then latest published audited revenue (net of losses on financial assets and financial liabilities, if any), their respective closing prices as quoted on the Stock Exchange and total issued shares as at the Announcement Date.
3. The PBR and PSR of the relevant company were exceptionally high (more than three standard deviations away from the mean) and were considered as outliers (based on the mean and standard deviation outlier detection method).
4. The implied market capitalisation of the Company was calculated based on the Cancellation Price and the number of shares in issue as at the Latest Practicable Date.
5. The implied PBR of the Proposal was calculated based on the Cancellation Price, the net asset value attributable to shareholders of the Company as at 30 June 2023 and the total issued Shares as at the Latest Practicable Date.
6. The implied PSR of the Proposal was calculated based on the Cancellation Price, the Group's audited operating income (net of losses from sale of financial assets) for FY2022 and the total issued Shares as at the Latest Practicable Date.

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As depicted in the above table, the PBRs of the Comparable Companies (excluding outlier) ranged from approximately 0.09 times to 1.59 times; and the PSRs of the Comparable Companies (excluding outlier) ranged from approximately 0.60 times to 6.26 times. The implied PBR of the Proposal is within the PBR range of the Comparable Companies (excluding outlier) and the implied PSR of the Proposal is above the PSR range of the Comparable Companies (excluding outlier).

### *Comparison with other privatisation transactions*

As the Proposal is a privatisation by way of scheme of arrangement, to further assess the fairness and reasonableness of the Cancellation Price by making reference to the market practices of privatisation transactions by way of scheme of arrangement, we also searched for privatisation transactions by way of scheme of arrangement announced by companies listed on the Stock Exchange and approved by their disinterested shareholders, and offering cash consideration only without any restructuring of its existing businesses, during the one year period before the Announcement Date up to the Latest Practicable Date.

We did not include privatisation transactions by way of share buy-back, voluntary general offer and merger by absorption for comparison as their comparability may be affected by the facts that (a) the subject company buy back its shares under privatisation transactions by way of share buy-back instead of an offeror making an offer or initiating a scheme of arrangement; and (b) offeror may have different considerations on pricing under privatisation transactions by way of scheme of arrangement, voluntary general offer and merger by absorption, given that:

- (i) privatisation transactions by way of scheme of arrangement (“**Scheme Privatisation(s)**”) require at least 75% of the votes attaching to disinterested shares to vote for and not more than 10% of the votes attaching to all disinterested shares to vote against, by way of poll by disinterested shareholders either in person or by proxy at court meeting. Offeror has to consider attractiveness of the cancellation price to procure such “voting for” level and avoid such “voting against” level;
- (ii) privatisation transactions by way of voluntary general offer (“**VGO Privatisation(s)**”) require acceptance level of 90% disinterested shares. Unlike the offeror in a Scheme Privatisation, which require at least 75% of the votes attaching to disinterested shares to vote for and not more than 10% of the votes attaching to all disinterested shares to vote against, by way of poll either in person or by proxy at court meeting, the offeror in a VGO Privatisation needs to consider to attract the disinterested shareholders who “would not vote (either vote for or vote against) at court meeting” under a Scheme Privatisation to voluntarily accept the offer under the VGO Privatisation. The required percentage for acceptance (i.e. 90%) under a VGO Privatisation is also higher than the required percentage for “voting for” (i.e. 75%) under a Scheme Privatisation. Therefore, the offeror’s pricing consideration under a VGO Privatisation may be different from that under a Scheme Privatisation; and

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- (iii) under privatisation transactions by way of merger and absorption, (a) target company usually has more than one class of shares; (b) the transaction may be subject to pre-condition (e.g. governmental approval) which takes a long period to fulfil; and (c) usually, any dissenting shareholder may by written notice request the target companies and/or other shareholders who have approved the transaction to acquire its shares at a “fair price” (no guidance is in place on how the “fair price” will be determined) (the “**Dissenting Shareholder Rights**”). When considering the cancellation price, offeror has to consider attractiveness from perspective of different classes of shareholders, the uncertainty of the pre-condition and the time value of a longer transaction period. The Dissenting Shareholder Rights may also affect offeror’s consideration on pricing.

As we could only identify 6 cases which met the aforesaid criteria, we extended the selection period from 1 January 2022 up to the Latest Practicable Date (being two calendar years up to the Latest Practicable Date).

We found 8 privatisation cases which met the aforesaid criteria (the “**Privatisation Cases**”) for comparison and they are exhaustive. Although the business and operation of the Group are not the same as those of the subject companies of the Privatisation Cases, the Privatisation Cases can demonstrate the market practices of privatisation transactions by way of scheme of arrangement conducted by other Hong Kong listed companies.

Company name (Stock code)	Initial announcement date of the privatisation proposal (Note 1)	Premium of the cancellation price over closing price or average closing price per share				Premium/ (discount) of cancellation price over/to the respective then net asset value attributable to owners of the company per share (Note 4)
		On last full trading day (Note 2) Approximate %	For last 20 full trading days (Note 3) Approximate %	For last 30 full trading days (Note 3) Approximate %	For last 60 full trading days (Note 3) Approximate %	
AKM Industrial Company Limited (1639)	14 January 2022	15.19	31.88	25.52	28.17	88.95
China VAST Industrial Urban Development Company Limited (6166)	9 June 2022	30.43	31.87	31.15	37.14	(45.22)
Lifestyle International Holdings Limited (1212)	5 August 2022	62.34	79.86	70.07	58.73	287.54
China Binary New Fintech Group (8255)	31 August 2022	35.14	25.00	25.00	11.11	N/A (Note 5)

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Company name (Stock code)	Initial announcement date of the privatisation proposal (Note 1)	Premium of the cancellation price over closing price or average closing price per share				Premium/ (discount) of cancellation price over/to the respective then net asset value attributable to owners of the company per share (Note 4)
		On last full trading day (Note 2) Approximate %	For last 20 full trading days (Note 3) Approximate %	For last 30 full trading days (Note 3) Approximate %	For last 60 full trading days (Note 3) Approximate %	
Kingston Financial Group Limited (1031)	24 October 2022	47.78	42.86	36.36	30.43	(80.22)
AAG Energy Holdings Limited (2686)	17 February 2023	10.12	8.19	10.78	24.16	(21.28)
Jiangnan Group Limited (1366)	21 February 2023	83.49	110.53	110.53	100.00	(65.46)
Dali Foods Group Company Limited (3799)	27 June 2023	37.87	37.87	30.21	21.75	151.68
	<b>Maximum</b>	83.49	110.53	110.53	100.00	287.54
	<b>Minimum</b>	10.12	8.19	10.78	11.11	(80.22)
	<b>Average</b>	40.29	46.01	42.45	38.94	45.14
	<b>Median</b>	36.50	34.88	30.68	29.30	(21.28)
<b>The Proposal</b>		<b>20.71</b>	<b>18.60</b>	<b>19.01</b>	<b>16.15</b>	<b>(60.09)</b>

*Notes:*

1. The date of Takeovers Code Rule 3.5 announcement.
2. The premium of cancellation price over closing price per share on last full trading day prior to the publication of initial announcement in relation to the respective privatisation, as disclosed in the respective privatisation documents.
3. The premium of cancellation price over average closing price per share on the 20/30/60 consecutive full trading days prior to the publication of initial announcement in relation to the respective privatisation, as disclosed in the respective privatisation documents.
4. With reference to the relevant announcements and scheme documents and based on the respective then published net asset value attributable to shareholders of the subject companies.
5. The subject company recorded net liabilities with reference to its latest published financial information.

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As depicted in the above table, the premiums represented by the Cancellation Price over the Shares' closing price/average Shares' closing prices on Last Trading Day, 20/30/60 consecutive trading days are all within ranges of premiums of the Privatisation Cases. In addition, the discount represented by the Cancellation Price over the unaudited net asset value attributable to shareholders per Share as at 30 June 2023 is also within range of the premiums/discounts of the Privatisation Cases.

Despite that the Cancellation Price represented the NAV Discount of approximately 60.09%, having taken into account that:

- (i) the Cancellation Price is closer to the higher end of the closing price of the Shares during the entire Shares Review Period (representing a discount of approximately 13.33% to the highest closing price during the Shares Review Period);
- (ii) during the Shares Review Period, the Cancellation Price was above the daily closing prices of the Shares for 295 trading days out of the total 304 trading days;
- (iii) the closing prices of the Shares were at discounts to the Group's then latest published consolidated net asset value attributable to Shareholders per Share during the entire Shares Review Period while the NAV Discount of approximately 60.09% is within the range of the Historical NAV Discounts;
- (iv) the implied PBR of the Proposal is within the PBR range of the Comparable Companies (excluding outlier) and the implied PSR of the Proposal is above the PSR range of the Comparable Companies (excluding outlier);
- (v) the premiums represented by the Cancellation Price over share closing price/average share closing prices on Last Trading Day, 20/30/60 consecutive trading days are all within ranges of premiums of the Privatisation Cases;
- (vi) the trading liquidity of the Shares was low during the Shares Review Period and disposal of substantial volume of Shares by the Shareholders in the open market may have adverse impact on the price of Shares; and the Proposal provides the Scheme Shareholders with an opportunity to realise their investment in the Company for cash at a premium without having to suffer any illiquidity discount; and
- (vii) after considering the trend of the Share closing price during the Shares Review Period, there is no guarantee that the Share price will remain at a level close to the Cancellation Price should the Scheme being not approved and the Proposal lapses,

we consider the Cancellation Price to be fair and reasonable.



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## LETTER FROM GRAM CAPITAL

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### RECOMMENDATION

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

- I. the Proposal provides the Scheme Shareholders with an opportunity to realise their investments in the Company for cash at a premium without having to suffer any illiquidity discount, after taking into account:
  - (i) the trading liquidity of the Shares is low and disposal of a large number of Shares by Shareholders in the open market may have adverse impact on the price of Shares;
  - (ii) the Group's financial performance as demonstrated under the section headed "(2) Information on the Group" above, in particular:
    - significant decrease in the Group's operating income from FY2021 to FY2022;
    - the Group's turnaround from operating income for 1H2022 to operating loss for 1H2023; and
    - continuous loss attributable to equity holders of the Company for FY2021, FY2022 and 1H2023;
  - (iii) the uncertainty of the Hong Kong financial market and the Group's insurance brokerage business as illustrated under the sub-section headed "(2) Information on the Group – Outlook and industry overview" above;
- II. the Cancellation Price being fair and reasonable based on our analysis on the Cancellation Price as set out above,

we are of the opinion that the terms of the Proposal are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the relevant resolution(s) to be proposed at the Court Meeting and the General Meeting to approve the Proposal and the Scheme.

**As different Shareholders would have different investment criteria, objectives and/or circumstances, we would recommend any Shareholders who may require advice in relation to any aspect of the Scheme Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser.**

Yours faithfully,  
For and on behalf of  
**Gram Capital Limited**  
**Graham Lam**  
*Managing Director*

*Note:* Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 25 years of experience in investment banking industry.

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## EXPLANATORY STATEMENT

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*This Explanatory Statement constitutes the statement required under section 671 of the Companies Ordinance.*

### 1. INTRODUCTION

Reference is made to the Announcement.

On 11 June 2023, the Offeror and the Company jointly announced that on 30 May 2023, the Offeror requested the Board to put forward the Proposal to the holders of the Scheme Shares for the take-private of the Company by way of the Scheme, being a scheme of arrangement under section 673 of the Companies Ordinance. If the Proposal is approved and implemented, it involves the take-private of the Company by the Offeror through the Scheme and the withdrawal of the listing of the Shares on the Stock Exchange.

The purpose of this Explanatory Statement is to explain the terms and effects of the Proposal and to provide Scheme Shareholders with other relevant information in relation to the Proposal.

### 2. TERMS OF THE PROPOSAL

The Proposal is to be implemented by way of a scheme of arrangement under section 673 of the Companies Ordinance.

As at the Latest Practicable Date, (i) the issued share capital of the Company comprised 44,364,885,557 Shares, all of which will be regarded as Scheme Shares and subject to the Scheme; and (ii) there were no outstanding options, warrants, derivatives or securities convertible into Shares. Based on the Cancellation Price of HK\$0.0338, the Proposal values the issued share capital of the Company at approximately HK\$1,499.5 million.

If the Proposal is approved and implemented:

- (a) all the Scheme Shares held by the Scheme Shareholders will be cancelled and extinguished on the Effective Date in exchange for the payment by the Offeror to the Scheme Shareholders of the cancellation price of HK\$0.0338, less the Dividend Adjustment (if any), in cash for each Scheme Share;
- (b) upon the cancellation and extinguishment of the Scheme Shares, the issued share capital of the Company will be restored to its former number by the issuance to the Offeror, credited as fully paid, of the same number of new Shares as the number of Scheme Shares cancelled and extinguished. The reserve created in the Company's books of account as a result of any reduction in issued share capital will be applied to the paying up in full of the new Shares so issued, credited as fully paid, to the Offeror. The Company will accordingly become a direct wholly-owned subsidiary of the Offeror on the Effective Date; and
- (c) the listing of the Shares on the Stock Exchange will be withdrawn with effect after the Effective Date.

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## EXPLANATORY STATEMENT

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### **Cancellation Price**

Under the Scheme, the Cancellation Price will be in the amount of HK\$0.0338 per Scheme Share, which amount (less the Dividend Adjustment (if any)) will be payable by the Offeror to the Scheme Shareholders in the form of cash.

If, after the Latest Practicable Date, any dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of the Scheme Shares, the Offeror expressly reserves the right to reduce the Cancellation Price by the Dividend Adjustment, in which case any reference in this Scheme Document, the Announcement or any other announcement or document to the Cancellation Price will be deemed to be a reference to the Cancellation Price as so reduced.

As at the Latest Practicable Date, (i) the Company had not announced or declared any dividend, distribution or other return of capital which remains unpaid; and (ii) the Company did not intend to announce, declare and/or pay any dividend, distribution or other return of capital before the Effective Date, or the date on which the Scheme is not approved or the Proposal otherwise lapses (as the case may be).

### **Comparison of value**

The Cancellation Price of HK\$0.0338 in cash for every Scheme Share cancelled and extinguished under the Scheme represents:

- a premium of approximately 5.6% over the closing price of HK\$0.0320 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- a premium of approximately 20.7% over the closing price of HK\$0.0280 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 20.7% over the average closing price of HK\$0.0280 per Share based on the daily closing prices as quoted on the Stock Exchange for the 5 trading days up to and including the Last Trading Day;
- a premium of approximately 19.4% over the average closing price of HK\$0.0283 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- a premium of approximately 19.0% over the average closing price of approximately HK\$0.0284 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- a premium of approximately 12.7% over the average closing price of approximately HK\$0.0300 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;

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## EXPLANATORY STATEMENT

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- a premium of approximately 19.0% over the average closing price of approximately HK\$0.0284 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day;
- a discount of approximately 60.1% to the unaudited consolidated net asset value per Share attributable to the Shareholders of approximately HK\$0.0847 as at 30 June 2023 (calculated based on the unaudited consolidated net asset value of the Company attributable to Shareholders of approximately HK\$3,759,384,000 as at 30 June 2023 as extracted from the Company's interim results announcement dated 25 August 2023 for the six months ended 30 June 2023 and 44,364,885,557 Shares (being the number of Shares in issue as at 30 June 2023); and
- a discount of approximately 60.8% to the audited consolidated net asset value per Share attributable to the Shareholders of approximately HK\$0.0862 as at 31 December 2022 (calculated based on the audited consolidated net asset value of the Company attributable to Shareholders of approximately HK\$3,826,232,000 as at 31 December 2022 as extracted from the Company's 2022 annual report and 44,364,885,557 Shares (being the number of Shares in issue as at 31 December 2022)).

The Cancellation Price was determined on a commercial basis after taking into account, among other things, the historical financial performance and business prospects of the Group, the financial information of the Group, and the recent market prices and trading volume of the Shares traded on the Stock Exchange.

### **Highest and lowest prices**

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.039 each on 2 February 2023, and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.027 each on 14 December 2022, 21 December 2022 and 30 January 2023.

### **3. FINANCIAL RESOURCES**

Somerley has been appointed as the financial adviser to the Offeror in connection with the Proposal.

On the assumption that no further Shares are issued before the Scheme Record Date, the maximum amount of cash consideration required for the Offeror to effect the Proposal is approximately HK\$1,499.5 million.

The Offeror intends to finance the cash requirement for the Proposal through (a) its internal cash resources, indirectly funded through Red Emerald Capital Fund II from its limited partners; and (b) the drawdown of the Offeror Acquisition Financing, the Offeror's repayment obligation under which is (i) guaranteed by Red Emerald Capital Fund II and (ii) secured by the Share Charge.

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## EXPLANATORY STATEMENT

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Somerley, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the maximum amount of cash consideration required to effect the Proposal.

#### 4. REASONS FOR AND BENEFITS OF THE PROPOSAL

The purpose of Red Emerald Capital Fund II is to achieve long-term capital appreciation principally through, among others, the acquisition and holding of the interests in the Company. With the Company becoming a private company wholly-owned by the Offeror following the implementation of the Proposal, the Offeror will be in a better position to provide greater commercial and financial support to the Company in a more flexible manner, which the Offeror believes to be beneficial to the Group. The Offeror will also be able to focus on long-term development of the Group, free from the pressure of short-term share price fluctuations or stock market expectations which arise from the Company being a listed company. In addition, as stated in the paragraph headed “13. *The intention of the Offeror in relation to the Group*” of this “Explanatory Statement” section, the Offeror will conduct a strategic review of the financial position and operations of the Group. The take-private of the Company will permit the Offeror to make strategic decisions on, among others, business, investment or capital raising opportunities of the Group following the above strategic review. The Offeror will be able to execute any such strategic decisions in a more efficient and flexible manner if the Company is a private company wholly-owned by the Offeror.

The Offeror also believes the Proposal provides the Scheme Shareholders with an attractive opportunity to realise their investments and interests in the Company for cash at a premium over the historical market prices of the Shares. The Cancellation Price represents a premium of approximately (i) approximately 5.6% over the closing price on the Latest Practicable Date; (ii) 20.7% over the closing price of the Shares on the Last Trading Day; (iii) 20.7% over the average closing price of the Shares for the 5 trading days up to and including the Last Trading Day; (iv) 19.4% over the average closing price of the Shares for the 10 trading days up to and including the Last Trading Day; (v) 19.0% over the average closing price of the Shares for the 30 trading days up to and including the Last Trading Day; (vi) 12.7% over the average closing price of the Shares for the 90 trading days up to and including the Last Trading Day; and (vii) 19.0% over the average closing price of the Shares for the 180 trading days up to and including the Last Trading Day. While the Cancellation Price represents a discount of (i) approximately 60.1% to the unaudited consolidated net asset value per Share attributable to the Shareholders of approximately HK\$0.0847 as at 30 June 2023; and (ii) approximately 60.8% to the audited consolidated net asset value per Share attributable to the Shareholders of approximately HK\$0.0862 as at 31 December 2022, historical average closing prices of the Shares as disclosed above have been trading at discounts to the net asset value per Share.

The liquidity of the Shares has been at a relatively low level over a prolonged period of time, with a median daily trading volume of approximately 2,800,000 Shares for the 24 months up to and including the Last Trading Day, representing less than 0.01% of the total issued Shares as at the Last Trading Day. Low trading liquidity of the Shares renders it difficult for Shareholders to execute substantial on-market disposals without adversely affecting the price of the Shares. Further, such low liquidity may also hinder ability of the Company to raise funds from the public equity market, which no longer serves as a viable source of funding for developing the business of the Group. Based on the above, the Proposal provides immediate opportunity for Scheme Shareholders to monetise their investments for cash and redeploy the proceeds from the Scheme into other investment opportunities.

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## EXPLANATORY STATEMENT

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### 5. CONDITIONS TO THE PROPOSAL

The implementation of the Proposal is, and the Scheme will become effective and binding on the Company and all the Scheme Shareholders, subject to the fulfilment or waiver (as applicable) of the following Conditions:

- (a) the approval of the Scheme at the Court Meeting (by way of a poll) by holders of the Scheme Shares representing at least 75% of the voting rights of such holders present and voting, in person or by proxy, at the Court Meeting, and the votes cast (by way of poll) against the Scheme at the Court Meeting not exceeding 10% of the total voting rights attached to all CO Disinterested Shares, provided that:
  - (i) the Scheme is approved (by way of poll) by at least 75% of the votes attaching to the Disinterested Shares held by the Independent Shareholders that are cast either in person or by proxy at the Court Meeting; and
  - (ii) the number of votes cast (by way of poll) against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all the Disinterested Shares held by the Independent Shareholders;
- (b) the passing of a special resolution by a majority of at least 75% of the votes cast by the Shareholders present and voting, in person or by proxy, at the General Meeting (and otherwise in accordance with the procedural requirements of section 564 of the Companies Ordinance) to approve and give effect to the Scheme, including the approval of the reduction of the issued share capital of the Company by cancelling and extinguishing the Scheme Shares and the issue to the Offeror of such number of new Shares as is equal to the number of the Scheme Shares cancelled and extinguished;
- (c) the sanction of the Scheme (with or without modifications) and the confirmation of the reduction of the issued share capital of the Company involved in the Scheme by the High Court and the registration of a copy of the order of the High Court by the Registrar of Companies under Part 2 of the Companies Ordinance;
- (d) the compliance with the procedural requirements of sections 230 and 231 and sections 673 and 674 of the Companies Ordinance in relation to the reduction of the issued share capital of the Company and the Scheme, respectively;
- (e) the SFC having granted approval for the Offeror, Red Emerald Capital Fund II, Red Emerald Capital II Ltd., Red Emerald Capital Limited, Olentangy River Capital Limited, Mr. Xia, and, if required by the SFC, any other persons, to become substantial shareholders of the Hong Kong Licensed Entities which are and will be carrying on regulated activity business under the SFO, as required by the SFC under the SFO, without imposing any condition or term that is unduly burdensome on the Offeror and/or its shareholder(s), and such approval remaining in full force and effect and not being withdrawn or revoked;

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## EXPLANATORY STATEMENT

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- (f) save for the Authorisation specified in Condition (e), all necessary Authorisations which are material in the context of the Group taken as a whole and other registrations, filings, rulings, consents, opinions, permissions and approvals in connection with the Proposal or its implementation in accordance with its terms having been obtained (or, as the case may be, completed) and remaining in full force and effect without modification;
- (g) no government, court, or governmental, quasi-governmental, statutory or regulatory body or agency in any jurisdiction having taken or instituted any action, proceeding or suit (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order) that would make the Proposal or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Proposal or its implementation in accordance with its terms), other than such actions, proceedings or suits as would not have a material adverse effect on the legal ability of the Offeror to proceed with the Proposal or the Scheme;
- (h) since the Accounts Date up to and including the time when the last of the Conditions set out in (a) to (g) is fulfilled or waived (as applicable) (“**Relevant Time**”), there having been no adverse change in the business, assets, financial or trading positions, profits or prospects of any member of the Group (to an extent which is material in the context of the Group taken as a whole or in the context of the Proposal) (“**Material Adverse Change**”);
- (i) up to and including the Relevant Time, the Company having in all material respects made public all information required to be made public by all applicable laws, rules and regulations including the Listing Rules and the SFO;
- (j) up to and including the Relevant Time, the information published by the Company under the Listing Rules and SFO, including the annual reports and interim reports published on the website of the Stock Exchange in the past three years (together, the “**Company Disclosure**”) remaining true, accurate, complete and not misleading in all material respects, and the Company Disclosure not otherwise having omitted any material information which is necessary to enable investors to make an informed assessment of the financial position of the Group;
- (k) since the Accounts Date up to and including the Relevant Time, no member of the Group having any liabilities (including contingent liabilities, including, but not limited to, liability for guarantees provided by any member of the Group to third parties outside of the ordinary course of business) other than (a) as disclosed in the annual report of the Company published on 26 April 2023 (“**Audited Accounts**”), or (b) as incurred in the ordinary and proper course of the business of the Group since the Accounts Date;



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- (l) since the Announcement Date up to and including the Relevant Time, there not having been (i) any litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Group is a party (whether as plaintiff, defendant or otherwise) and no such proceedings having been threatened in writing, announced, instituted or remaining outstanding by, against or in respect of any such member; (ii) any claim against or in respect of any member of the Group (including but not limited to Mason Privatbank Liechtenstein AG (“MPL”)), or any such claim having been threatened in writing, announced, instituted or remaining outstanding, or any event or circumstance having occurred or occurring that could give rise to such claim; (iii) any liability of any member of the Group (including but not limited to MPL) having been identified which has not been specifically and sufficiently disclosed in the Company Disclosure and the Audited Accounts prior to the Announcement Date, or any event or circumstance having occurred or occurring that could give rise to such liability; or (iv) any investigation by any government or quasi-governmental, supranational, regulatory or investigative body or court against or in respect of any member of the Group or the business carried on by any such member and no such investigation having been threatened in writing, announced, instituted or remaining outstanding against or in respect of any such member, in each case which is or will result in a Material Adverse Change; and
- (m) up to and including the Relevant Time, save as disclosed in the Company Disclosure, no member of the Group having been in breach of any laws, rules and regulations that has resulted in or will result in a Material Adverse Change.

In respect of Condition (e) above, as at the Latest Practicable Date, applications had been made for the SFC approval for the Offeror, Red Emerald Capital Fund II, Red Emerald Capital II Ltd., Red Emerald Capital Limited, Olentangy River Capital Limited and Mr. Xia, to become substantial shareholders of the relevant Hong Kong Licensed Entities, including, if required by the SFC, those Hong Kong Licensed Entities which have already ceased their regulated activity businesses. Further application(s) will be made for the SFC approval for other person(s) to become substantial shareholder(s) of such entities if required by the SFC.

As at the Latest Practicable Date, save for the Authorisations specified in Condition (e), the Offeror and the Company were not aware of any Authorisation or consent which is required in Conditions (e) and (f), and were not aware of any matter that would result in Conditions (g) to (m) not being capable of satisfaction.

Conditions (a) to (d) above are not waivable. The Offeror reserves the right to waive: (1) Condition (e) to the extent that any waiver thereof will not result in a breach of the SFO by the relevant Hong Kong Licensed Entity; and (2) any of the Conditions (f) to (m), either in whole or in respect of any particular matter. Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions as a basis for not proceeding with the Scheme if the circumstances which give rise to a right to invoke any such Condition are of material significance to the Offeror in the context of the Proposal. The Company has no right to waive any of the Conditions.

All of the Conditions will have to be satisfied or waived (as applicable), on or before the Long Stop Date, otherwise the Scheme will not become effective.



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As at the Latest Practicable Date, none of the Conditions had been satisfied or waived (where applicable).

If the Scheme becomes effective, it will be binding on all the Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the General Meeting.

**Shareholders and potential investors of the Company should be aware that the implementation of the Proposal and the Scheme are subject to the Conditions being fulfilled or waived, as applicable, and thus the Proposal may or may not be implemented, and the Scheme may or may not become effective. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult a licensed securities dealer or registered institution in securities, stockbroker, bank manager, solicitor, professional accountant or other professional advisers and obtain independent professional advice.**

### 6. IRREVOCABLE UNDERTAKINGS

On 27 March 2023, 28 March 2023 and 13 May 2023, the Offeror received the Irrevocable Undertakings from the Committed Shareholders, respectively, who held or had control over 6,192,360,618 Shares, 7,246,628,634 Shares and 7,656,916,000 Shares (representing approximately 13.96%, 16.33% and 17.26% of the total number of Shares in issue) as at the Latest Practicable Date, respectively, which aggregate to 21,095,905,252 Shares (representing approximately 47.55% of the total number of Shares in issue) as at the Latest Practicable Date.

Each of the Committed Shareholders is not, and is not presumed to be, acting in concert with (i) the Offeror and (ii) any Offeror Concert Party, except that Funderstone Securities, an Offeror Concert Party, held 629,962,748 Shares as custodian for Investment Talent Limited as at the Latest Practicable Date, and Funderstone Securities is therefore presumed to be acting in concert with Investment Talent Limited in respect of those 629,962,748 Shares under class (5) of the definition of “acting in concert” under the Takeovers Code. For the avoidance of doubt, Investment Talent Limited is not an Offeror Concert Party.

Pursuant to the Irrevocable Undertakings, each Committed Shareholder has irrevocably and unconditionally undertaken to the Offeror that, among others:

- (a) it shall exercise, and shall procure the exercise of, all voting rights attaching to all the Committed Shares in favour of any resolution to be proposed at any general meeting of the Company or at any meeting of holders of Shares convened by a court which is necessary to implement or otherwise relate to the Proposal (including any resolution that may impact on the fulfilment of any condition to the Proposal), and carry out all acts as are necessary for the implementation of the Proposal; and

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## EXPLANATORY STATEMENT

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- (b) it shall not, and shall procure that the relevant registered holder of the Committed Shares shall not:
- (i) except to give effect to the arrangements in the relevant Irrevocable Undertaking, (1) sell, transfer, charge, pledge or grant any option over or otherwise dispose of or create any encumbrances in any way in respect of any of the Committed Shares or any interest therein; or (2) enter into any agreement in respect of the voting rights or other rights attached to any of the Committed Shares;
  - (ii) except with the prior written consent of the Offeror, purchase, acquire, subscribe for or otherwise deal in any Shares or other securities of the Company or any interest therein;
  - (iii) accept, or give any undertaking to accept or otherwise agree to, any offer, scheme of arrangement, acquisition, merger or other business combination made or proposed to be made in respect of any of the Committed Shares by any person other than the Offeror, or otherwise take any action or express any opinion which is or may be prejudicial to the success of the Proposal; or
  - (iv) enter into any discussion, negotiation, agreement or arrangement or incur any obligation (or permit such circumstances to occur) in relation to (1) the Committed Shares; or (2) any of the acts referred to in sub-paragraphs (i), (ii) or (iii) above, or make available any information to any person (other than the Offeror and any other person authorised by the Offeror) in connection with the foregoing.

Each of the Irrevocable Undertakings shall terminate (1) if the Announcement is not published on or before the IU Long Stop Date, being 30 September 2023, at the end of the IU Long Stop Date; or (2) if the Announcement is published on or before the IU Long Stop Date, at the time of the Proposal becoming effective, lapsing or being withdrawn in circumstances permitted under the Takeovers Code.

### 7. SHAREHOLDING STRUCTURE

As at the Latest Practicable Date:

- (a) the issued share capital of the Company comprised 44,364,885,557 Shares, all of which will be regarded as Scheme Shares and subject to the Scheme;
- (b) no options were outstanding under the Share Option Scheme and the Share Option Scheme had lapsed on 21 May 2022;
- (c) the Company had no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) other than its issued share capital comprising 44,364,885,557 Shares;

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- (d) Funderstone Securities, an Offeror Concert Party, held 4,664,953,868 Shares, representing 10.51% of the issued Shares. As confirmed by Funderstone Securities, (i) of the 4,664,953,868 Shares held by it as at the Latest Practicable Date, 412 Shares were held by it beneficially, and the remaining 4,664,953,456 Shares were held by it as custodian for its clients in its ordinary and usual course of business; and (ii) it did not have any control over these 4,664,953,456 Shares (including the voting rights attaching thereto) held by it as custodian for its clients. As such, these 4,664,953,456 Shares held by Funderstone Securities as custodian for its clients as at the Latest Practicable Date were considered to be Disinterested Shares and CO Disinterested Shares;
- (e) save as disclosed in sub-paragraph (d) above, the Offeror and the Offeror Concert Parties did not hold or had control or direction over any other Shares or any options, warrants, derivatives or securities convertible into Shares or other derivatives in respect of securities in the Company and had not dealt in any Shares or any options, warrants, derivatives or securities convertible into Shares or other derivatives in respect of securities in the Company in the past six months prior to the Latest Practicable Date;
- (f) neither the Offeror nor the Offeror Concert Parties had entered into any outstanding derivative in respect of the securities in the Company;
- (g) neither the Offeror nor the Offeror Concert Parties had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company, save for any borrowed securities which had been either on-lent or sold; and
- (h) all Shareholders (other than Funderstone Securities in respect of the 412 Shares held by it beneficially as disclosed in sub-paragraph (d) above) were considered as Independent Shareholders for the purpose of the Takeovers Code and holders of CO Disinterested Shares for the purpose of the Companies Ordinance.

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On the assumption that there is no other change in the shareholding structure of the Company before completion of the Proposal, the table below sets out the shareholding structure of the Company as at the Latest Practicable Date and immediately upon completion of the Proposal:

Shareholders	As at		Immediately upon	
	the Latest Practicable Date		completion of the Proposal	
	<i>No. of Shares</i>	<i>Approximate % (Note 1)</i>	<i>No. of Shares (Note 2)</i>	<i>Approximate % (Note 1)</i>
<b>Offeror</b>	–	–	44,364,885,557	100.00
<b>Offeror Concert Parties</b>				
Funderstone Securities	412		–	–
	<i>(Note 3)</i>	0.00		
<b>Aggregate number of Shares held by the Offeror and Offeror Concert Parties</b>	412	0.00	44,364,885,557	100.00
<b>Independent Shareholders (including all Committed Shareholders)</b>				
Committed Shareholders				
Future Achiever Limited	7,656,916,000		–	–
	<i>(Note 4)</i>	17.26		
Investment Talent Limited	7,246,628,634		–	–
	<i>(Note 5)</i>	16.33		
Tsarina Investments Limited	6,192,360,618		–	–
	<i>(Note 6)</i>	13.96		
Sub-total	21,095,905,252	47.55	–	–
Substantial shareholders (within the meaning of the Takeovers Code) of the Company (other than the Committed Shareholders)				
True Dynasty Limited	7,179,192,165		–	–
	<i>(Note 7)</i>	16.18		
Other Independent Shareholders	16,089,787,728	36.27	–	–
<b>Aggregate number of Shares held by Independent Shareholders</b>	<b>44,364,885,145</b>	<b>100.00</b>	–	–
	<i>(Notes 8 and 9)</i>			
<b>Total number of Shares</b>	<b>44,364,885,557</b>	<b>100.00</b>	<b>44,364,885,557</b>	<b>100.00</b>
<b>Total number of Scheme Shares</b>	<b>44,364,885,557</b>	<b>100.00</b>	–	–

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*Notes:*

1. The shareholding percentages in the table are subject to rounding adjustment.
2. Under the Scheme, the share capital of the Company will, on the Effective Date, be reduced by cancelling and extinguishing the Scheme Shares, and forthwith upon such reduction, the share capital of the Company will be increased to its former amount by the issuance to the Offeror, credited as fully paid, of the same number of Shares as is equal to the number of Scheme Shares cancelled and extinguished.
3. These 412 Shares were held by Funderstone Securities beneficially.

Funderstone Securities is presumed to be acting in concert with the Offeror under class (9) of the definition of “acting in concert” under the Takeovers Code by virtue of its provision of the Offeror Acquisition Financing to the Offeror to finance part of the cash requirement for the Proposal.

4. According to the latest disclosures of interests in the Company, these 7,656,916,000 Shares were held by Future Achiever Limited, a company wholly-owned by Mr. Hui Wing Mau. Future Achiever Limited is a Committed Shareholder and a substantial shareholder (within the meaning of the Takeovers Code) of the Company.
5. According to the latest disclosures of interests in the Company, these 7,246,628,634 Shares were held by Investment Talent Limited, a company wholly-owned by Mr. Chen Sung-Tse. 629,962,748 of these Shares were held through Funderstone Securities as custodian for Investment Talent Limited. Investment Talent Limited is a Committed Shareholder and a substantial shareholder (within the meaning of the Takeovers Code) of the Company.
6. According to the latest disclosures of interests in the Company, these 6,192,360,618 Shares were held by Tsarina Investments Limited, a company wholly-owned by Ms. Lin Yi-Wei. Tsarina Investments Limited is a Committed Shareholder and a substantial shareholder (within the meaning of the Takeovers Code) of the Company.
7. According to the latest disclosures of interests in the Company, these 7,179,192,165 Shares were held by True Dynasty Limited, a company wholly-owned by Ms. Hsu Yu-Yu.
8. These 44,364,885,145 Shares include the 4,664,953,456 Shares held by Funderstone Securities as custodian for its clients as stated below.

As confirmed by Funderstone Securities, (i) as at the Latest Practicable Date, 4,664,953,456 Shares were held by it as custodian for its clients (including 629,962,748 Shares held by it as custodian for Investment Talent Limited, which is a Committed Shareholder) in its ordinary and usual course of business; and (ii) it did not have any control over these 4,664,953,456 Shares (including the voting rights attaching thereto) held by it as custodian for its clients. As such, these 4,664,953,456 Shares held by Funderstone Securities as custodian for its clients were considered to be Disinterested Shares and CO Disinterested Shares.

9. These 44,364,885,145 Shares also include the 1,844,125,000 Shares in respect of which Mason Resources Finance Limited (an indirect wholly-owned subsidiary of the Company, “**Mason Resources**”) is currently entitled to exercise voting rights, as stated below.

In connection with a loan provided by Mason Resources to a borrower in June 2017, and by virtue of a deed of security executed in favour of Mason Resources in January 2020 as continuing security for such loan, 1,175,925,000 Shares were charged in favour of Mason Resources.

In connection with a term loan facility provided by Mason Resources to another borrower in September 2017, and by virtue of a deed of security executed in favour of Mason Resources in January 2020 as continuing security for such loan, 668,200,000 Shares were charged in favour of Mason Resources.

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According to the terms of each of the above deeds of security and based on the status of the respective loans, Mason Resources is currently entitled to exercise voting rights over an aggregate of 1,844,125,000 Shares (representing approximately 4.16% of all Shares in issue as at the Latest Practicable Date).

None of the borrowers of the above loans and Mason Resources is an Offeror Concert Party.

10. As at the Latest Practicable Date, none of the Directors were interested (within the meaning of Part XV of the SFO) in the Shares.

Following the Effective Date, the Company will become a direct wholly-owned subsidiary of the Offeror.

### **8. SCHEME OF ARRANGEMENT UNDER SECTION 673 OF THE COMPANIES ORDINANCE**

Under section 670 of the Companies Ordinance, where an arrangement is proposed to be entered into by a company with the members, or any class of the members, of the company, the High Court may, on an application made by the company, any of the members or any member of that class, order a meeting of those members or of that class of members, as the case may be, to be summoned in any manner that the High Court directs.

Under section 673 of the Companies Ordinance, if the members or the class of members with whom the arrangement is proposed to be entered into agree or agrees to the arrangement, the High Court may, on application by the company, any of the members or any member of that class, as the case may be, sanction the arrangement. An arrangement sanctioned by the High Court as aforesaid is binding on the members or the class of members with whom the arrangement is proposed to be entered into.

The Scheme is a takeover offer under section 674 of the Companies Ordinance. Under section 674 of the Companies Ordinance, where the arrangement involves a takeover offer, the members or the class of members agree or agrees to the arrangement if, at a meeting summoned as directed by the High Court as aforesaid, members representing at least 75% of the voting rights of the members or the class of members, as the case may be, present and voting, in person or by proxy, agree to the arrangement and the votes cast against the arrangement at the meeting do not exceed 10% of the total voting rights attached to all CO Disinterested Shares in the company or of the class in the company, as the case may be.

As at the Latest Practicable Date, the issued share capital of the Company comprised 44,364,885,557 Shares, all of which will be regarded as Scheme Shares and subject to the Scheme. Save for the 412 Shares (representing approximately 0.00% of the issued share capital of the Company) held by Funderstone Securities, an Offeror Concert Party, beneficially as at the Latest Practicable Date, all the remaining 44,364,885,145 Scheme Shares (representing approximately 100.00% of the issued share capital of the Company) were considered to be CO Disinterested Shares within the meaning of section 674(3)(a) of the Companies Ordinance.

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Ms. Hui Mei Mei, Carol, a non-executive Director, is also (i) a director of Future Achiever Limited, which is a substantial shareholder of the Company holding 17.26% of the Shares in issue as at the Latest Practicable Date and (ii) the daughter of Mr. Hui Wing Mau, the sole beneficial owner of Future Achiever Limited. In addition, Ms. Hui Mei Mei, Carol is nominated to the Board by Future Achiever Limited. Future Achiever Limited has given the Irrevocable Undertaking to the Offeror. Notwithstanding the Directors' interests disclosed above, none of the Directors is materially interested in the Scheme or is required to abstain from voting on the board resolution(s) of the Company approving the Proposal under the relevant requirements of the articles of association of the Company. Ms. Hui Mei Mei, Carol has voluntarily abstained from voting at the relevant meetings of the Board to avoid any potential conflict of interests.

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

In addition to satisfying any requirements under the Companies Ordinance as summarised above, under Rule 2.10 of the Takeovers Code, except with the consent of the Executive, the Scheme may only be implemented if:

- (a) the Scheme is approved (by way of poll) by at least 75% of the votes attaching to the Disinterested Shares held by the Independent Shareholders that are cast either in person or by proxy at the Court Meeting; and
- (b) the number of votes cast (by way of poll) against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all the Disinterested Shares held by the Independent Shareholders.

For the purpose of counting the votes for (a) and (b) above, Independent Shareholders comprise all Shareholders as at the Meeting Record Date other than the Offeror and the Offeror Concert Parties.

As at the Latest Practicable Date, the Independent Shareholders held in aggregate 44,364,885,145 Scheme Shares (representing approximately 100.00% of the issued share capital of the Company). On that basis, 10% of the votes attached to all the Disinterested Shares referred to in (b) above represent approximately 4,436,488,514 Shares (representing approximately 10.00% of the issued share capital of the Company) as at the Latest Practicable Date.

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

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

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### 11. INFORMATION ON THE OFFEROR AND THE OFFEROR CONCERT PARTIES

#### (a) Offeror

The Offeror is a company incorporated in the British Virgin Islands with limited liability. As at the Latest Practicable Date, it was wholly-owned by Red Emerald Capital Fund II.

#### (b) Red Emerald Capital Fund II

Red Emerald Capital Fund II is a Cayman Islands exempted limited partnership. A key strategy of the Red Emerald Capital Fund II is to invest and hold interests in businesses with potential, in terms of overall asset appreciation and/or revenue generation.

The general partner of Red Emerald Capital Fund II is Red Emerald Capital II Ltd., a company incorporated in the Cayman Islands with limited liability, which is wholly-owned by Red Emerald Capital Limited, a company incorporated in the British Virgin Islands with limited liability, which is in turn wholly-owned by Mr. Xia, the founder of Red Emerald Capital Limited. The principal businesses of Red Emerald Capital II Ltd. and Red Emerald Capital Limited are investment management and investment holding, respectively.

The limited partners of Red Emerald Capital Fund II are:

- (i) Olentangy River Capital Limited, a company incorporated in the British Virgin Islands with limited liability, which is wholly-owned by Mr. Xia, and whose percentage interest in Red Emerald Capital Fund II as contemplated under the partnership agreement of Red Emerald Capital Fund II (as amended and restated from time to time) will, upon completion of the Proposal, be approximately 42.86%;
- (ii) Empire Gain International Limited, a company incorporated in the British Virgin Islands with limited liability, which is wholly-owned by Ms. Huang An-Chi, and whose percentage interest in Red Emerald Capital Fund II as contemplated under the partnership agreement of Red Emerald Capital Fund II (as amended and restated from time to time) will, upon completion of the Proposal, be approximately 28.57%; and
- (iii) Islandwide Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, which is wholly-owned by Ms. Yu Hsuan-Jung, and whose percentage interest in Red Emerald Capital Fund II as contemplated under the partnership agreement of Red Emerald Capital Fund II (as amended and restated from time to time) will, upon completion of the Proposal, be approximately 28.57%.



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**(c) Olentangy River Capital Limited and Mr. Xia**

Olentangy River Capital Limited is an investment holding company. Olentangy River Capital Limited is wholly owned and controlled by Mr. Xia.

Mr. Xia has over 25 years of experience in investment banking, asset management, and insurance across the US and Asia. He is the Chairman of Red Emerald Capital. Prior to that, he spent nearly a decade with J.P. Morgan in the US and Asia. He was a senior investment banker, Head of China Insurance Global Investment Banking at J.P. Morgan. He led many large capital transactions including equity financing through initial public listings, cross-border mergers and acquisitions and debt financing. Prior to the appointment, Mr. Xia was a senior banker and client portfolio manager, Head of China Financial Institution Strategy with J.P. Morgan Asset Management. Prior to J.P. Morgan, he was a senior executive with one of the largest financial insurance groups in the US, based in Chicago. He also worked at Deloitte Los Angeles office earlier in his career. Mr. Xia was previously licensed to carry out **Type 1** (dealing in securities) regulated activities from July 2013 to July 2021, **Type 4** (advising on securities) regulated activities from July 2013 to July 2021, **Type 6** (advising on corporate finance) regulated activities from June 2015 to July 2021 and **Type 9** (asset management) regulated activities from July 2013 to May 2015 under the SFO in Hong Kong. Mr. Xia was admitted as a Fellow of Casualty Actuarial Society (FCAS) in November 2013, as a Fellow of Society of Actuaries (FSA) in October 2013 and as a Member of the American Academy of Actuaries (MAAA) in February 2012 in North America.

**(d) Empire Gain International Limited and Ms. Huang An-Chi**

Empire Gain International Limited is an investment company that invests in various sectors, including but not limited to media, telecom, healthcare, real estate and financial institutions. Empire Gain International Limited is wholly owned and controlled by Ms. Huang An-Chi.

**(e) Islandwide Holdings Limited and Ms. Yu Hsuan-Jung**

Islandwide Holdings Limited is principally engaged in investments in consumer, retail and technology, media and telecommunications industries including a recent investment in a Hong Kong listed natural resources investment and commodities business company. Islandwide Holdings Limited is wholly owned and controlled by Ms. Yu Hsuan-Jung.

## 12. INFORMATION ON THE GROUP

The Group is principally engaged in (i) provision of wealth and asset management, financial brokerage and related services; (ii) trading of securities investments; (iii) provision of financing services; and (iv) manufacture of infant formula and nutritional products.

Please see “Appendix I – Financial Information relating to the Group” and “Appendix II – General Information” to this Scheme Document for further information on the Group.

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### **13. THE INTENTION OF THE OFFEROR IN RELATION TO THE GROUP**

As at the Latest Practicable Date, the Offeror had no intention, upon the Scheme becoming effective, to make any material changes to the business and/or disposal or redeployment of assets of the Group, or to make any significant changes to the management of the Company or employment of employees of the Group as a result of the implementation of the Proposal. If and after the Scheme becomes effective, the Offeror will conduct a strategic review of the financial position and operations of the Group in order to formulate a long-term strategy for the Group. Subject to the results of the above strategic review, the Offeror may prioritise its support to business(es) and/or investment(s) with appealing prospects, and may explore restructuring, downsizing or disposal of business(es) and/or investment(s) that, in view of its/their present form, may not create value to the Group in the foreseeable future. Save as aforesaid, the Offeror has identified potential in the Group's financial services business in Hong Kong, and it is the intention of the Offeror to continue such business in substantially the same manner in which it is presently conducted.

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

Upon the Scheme becoming effective, all the Scheme Shares will be cancelled and extinguished and the share certificates for the Scheme Shares will thereafter cease to have effect as evidence of title.

The Company will make an application for the listing of the Shares to be withdrawn from the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules, with effect after the Effective Date.

The Shareholders will be notified by way of an announcement of the dates of the last day for dealing in the Shares and the day on which the Scheme and the withdrawal of the listing of the Shares on the Stock Exchange will become effective. An indicative expected timetable in relation to the Proposal is included in the "Expected Timetable" section of this Scheme Document.

### **15. IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES**

Subject to the requirements of the Takeovers Code, the Scheme will lapse if any of the Conditions has not been fulfilled or waived, as applicable, on or before the Long Stop Date. The listing of the Shares on the Stock Exchange will not be withdrawn if the Scheme does not become effective or the Proposal otherwise lapses.

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under Rule 31.1 of the Takeovers Code on the Offeror making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may, within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses, announce an offer or possible offer for the Company, except with the consent of the Executive.

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### 16. COSTS OF THE SCHEME

All costs, charges and expenses incurred by the Company and/or its advisers and counsels, including the Independent Financial Adviser, in respect of the Scheme and the Proposal will be borne by the Company, whereas all costs, charges and expenses incurred by the Offeror and/or its advisers and counsels in respect of the Scheme and the Proposal will be borne by the Offeror, and other costs, charges and expenses of the Scheme and the Proposal will be shared between the Offeror and the Company equally.

### 17. REGISTRATION AND PAYMENT

#### **Entitlements of the Scheme Shareholders to receive the Cancellation Price**

Assuming that the Scheme Record Date falls on Tuesday, 7 November 2023, it is proposed that the Register will be closed from Wednesday, 1 November 2023 onwards (or such other date as the Shareholders may be notified by announcement) in order to determine the entitlements of the Scheme Shareholders to receive the Cancellation Price. During such period, no transfer of Shares will be effected.

In order to qualify for such entitlements to receive the Cancellation Price under the Proposal, all transfers accompanied by the relevant share certificates must be lodged at the office of the Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong before 4:30 p.m. on Tuesday, 31 October 2023 (or such other date as the Shareholders may be notified by announcement).

#### **Payment of Cancellation Price to the Scheme Shareholders**

In the event that the Scheme becomes effective, payment of the Cancellation Price will be made to the Scheme Shareholders whose names appear on the Register as at the Scheme Record Date in accordance with the terms of the Scheme. Cheques for payment of the Cancellation Price to the Scheme Shareholders will be despatched as soon as practicable but in any event within 7 Business Days following the Effective Date. Assuming that the Scheme becomes effective on Friday, 10 November 2023, cheques for payment of the Cancellation Price to the Scheme Shareholders will be despatched on or before Tuesday, 21 November 2023.

Cheques for the payment of the Cancellation Price will be sent by ordinary post in postage pre-paid envelopes addressed to the persons entitled thereto at their respective registered addresses or, in the case of joint holders, to the registered address of that joint holder whose name then stands first in the Register in respect of the joint holding. For Beneficial Owners that hold Scheme Shares through a nominee (other than HKSCC Nominees), cheques issued in the name of the nominee will be sent by post in pre-paid envelopes addressed to the nominee. All such cheques will be posted at the risk of the persons entitled thereto and none of the Offeror, the Company, Somerley, Gram Capital and the Share Registrar and their respective directors, employees, officers, agents, advisers, associates and affiliates and any other persons involved in the Proposal will be responsible for any loss or delay in transmission.

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## EXPLANATORY STATEMENT

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For Beneficial Owners whose Scheme Shares are deposited in CCASS and registered under the name of HKSCC Nominees, cheque(s) will be in envelope(s) addressed to and made available for collection by HKSCC Nominees. Upon receipt of the cheque(s), HKSCC Nominees will cause such cash payment to be credited to the designated bank accounts of the relevant CCASS Participants in accordance with the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

As provided in the Scheme:

- (a) on or after the day being six calendar months after the date of posting the cheques for the payment of the Cancellation Price, the Offeror shall have the right to cancel or countermand payment of any such cheque which has not been cashed or which has been returned uncashed, and shall place all monies represented thereby in a deposit account in the name of the Offeror (or its nominee) with a licensed bank in Hong Kong selected by the Offeror (or its nominee);
- (b) the Offeror (or its nominee) shall hold monies represented by such uncashed cheques until the expiry of six years from the Effective Date and shall, prior to such date, make payments therefrom of the sums payable pursuant to the Scheme to persons who satisfy the Offeror (or its nominee) that they are respectively entitled thereto and the cheques of which they are payees have not been cashed. On the expiry of six years from the Effective Date, the Offeror (and, if applicable, its nominee) shall be released from any further obligation to make any payments under the Scheme and the Offeror shall be absolutely entitled to the balance (if any) of the sums then standing to the credit of the abovementioned deposit account, including accrued interest subject to any deduction required by law and expenses incurred; and
- (c) the Offeror shall exercise its absolute discretion in determining whether or not it is satisfied that any person is so entitled, and a certificate of the Offeror to the effect that any particular person is so entitled or not so entitled, as the case may be, shall be conclusive and binding upon all persons claiming an interest in the relevant monies.

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

Assuming that the Scheme becomes effective, the Register will be updated accordingly to reflect the cancellation of all the Scheme Shares and the share certificates for the Scheme Shares will thereafter cease to have effect as evidence of title as from the Effective Date.

Shareholders are recommended to consult their professional advisers if they are in doubt as to the above procedures.

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## EXPLANATORY STATEMENT

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### 18. OVERSEAS SHAREHOLDERS

The making of the Proposal to certain Scheme Shareholders may be subject to the laws of jurisdictions other than Hong Kong. Scheme Shareholders and Beneficial Owners residing in jurisdictions other than Hong Kong should inform themselves about and observe all legal and regulatory requirements applicable to them. It is the responsibility of the Scheme Shareholders and Beneficial Owners to satisfy themselves as to the full observance of the laws of the relevant jurisdictions applicable to them in connection with the Proposal, as the case may be, including obtaining any governmental, exchange control or other consents which may be required, and compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdictions.

Any action taken by such Scheme Shareholders or Beneficial Owners in respect of the Proposal and the Scheme will be deemed to constitute a representation and warranty from such persons to the Company and the Offeror that those local laws and requirements have been complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees is subject to any of the representations and warranties above.

Scheme Shareholders and Beneficial Owners residing in jurisdictions other than Hong Kong should consult their professional advisers if they are in any doubt as to the potential applicability of, or consequence under, any provision of law or regulation or judicial or regulatory decisions or interpretations in any jurisdictions, territory or locality therein or thereof and, in particular, whether there will be any restriction or prohibition on the acquisition, retention, disposal or otherwise with respect to the Scheme Shares, as the case may be. It is emphasised that none of the Offeror, the Company, Somerley, Gram Capital and any of their respective directors, officers, employees, agents, affiliates or advisers or any other person involved in the Proposal accepts any responsibility in relation to the above.

As at the Latest Practicable Date, there were three Shareholders whose addresses as shown in the Register were outside Hong Kong, and such overseas Shareholders held in aggregate 387 Shares (representing approximately 0.00% of the total number of Shares in issue). Those three Shareholders had registered addresses in the People's Republic of China and the Macao Special Administrative Region of the People's Republic of China. The Directors had been advised by the local counsel in the aforementioned jurisdictions that there is no restriction under the laws or regulations of the respective jurisdictions against extending the Scheme automatically or despatching this Scheme Document to the relevant overseas Shareholders. The Scheme will apply to and this Scheme Document will be despatched to the overseas Shareholders.

### 19. TAXATION

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

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of the Proposal.

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## EXPLANATORY STATEMENT

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**It is emphasised that none of the Offeror, the Company, Somerley and Gram Capital and any of their respective directors, officers or associates and any other person involved in the Proposal accepts responsibility or has any liability for any taxation effects on, or liabilities of, any persons as a result of their approval or disapproval of the Proposal. All Scheme Shareholders and/or Beneficial Owners shall be solely responsible for their liabilities (including tax liabilities) in relation to the Proposal.**

### 20. COURT MEETING AND GENERAL MEETING

#### **Court Meeting**

The High Court has directed that the Court Meeting be convened for the purpose of considering and, if thought fit, approving the Scheme (with or without modification). The Scheme will be subject to the approval by holders of Scheme Shares, whose names appear on the Register as at the Meeting Record Date, at the Court Meeting in accordance with the requirements imposed by section 673 of the Companies Ordinance and Rule 2.10 of the Takeovers Code, and in the manner referred to in the paragraphs headed “5. *Conditions to the Proposal*” of this Explanatory Statement.

Only Shareholders whose names appear on the Register as at the Meeting Record Date will be eligible to vote at the Court Meeting. Further, only Shares held by such Shareholders who are holders of CO Disinterested Shares will be taken into account for the purpose of ascertaining whether the voting requirement under section 674(2)(a)(ii) of the Companies Ordinance for approving the Scheme has been satisfied, and only Shares held by Independent Shareholders will be taken into account for the purpose of ascertaining whether the voting requirements under Rule 2.10 of the Takeovers Code for approving the Scheme have been satisfied.

As at the Latest Practicable Date, save for the 412 Shares (representing approximately 0.00% of the issued share capital of the Company) held by Funderstone Securities, an Offeror Concert Party, beneficially (please see the paragraph headed “7. *Shareholding Structure*” of this “Explanatory Statement” section for details), all the remaining 44,364,885,145 Scheme Shares (representing approximately 100.00% of the issued share capital of the Company) were considered to be CO Disinterested Shares within the meaning of section 674(3)(a) of the Companies Ordinance. Funderstone Securities has undertaken to the High Court (a) that it will not vote at the Court Meeting in respect of the 412 Shares held by it beneficially; (b) it will not exercise any voting rights in respect of the 4,664,953,456 Shares held by it as custodian for its clients at the Court Meeting without receiving instructions from such clients; and (c) to be bound by the Scheme in any event.

As at the Latest Practicable Date, none of the Directors had any shareholding or any interest (within the meaning of Part XV of the SFO) in the Company.

As at the Latest Practicable Date, save for the Irrevocable Undertakings, none of the Offeror and the Offeror Concert Parties had received an irrevocable commitment to vote for or against the Scheme at the Court Meeting.

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## EXPLANATORY STATEMENT

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Notice of the Court Meeting is set out in Appendix IV to this Scheme Document. The Court Meeting will be held at 10:00 a.m. on Tuesday, 3 October 2023 in Shop 4, G/F, Causeway Centre, 28 Harbour Road, Wanchai, Hong Kong.

### **General Meeting**

The General Meeting will be held immediately after the Court Meeting for the purpose of considering and, if thought fit, passing the special resolution to give effect to the Scheme, including the reduction of the share capital of the Company.

All Shareholders whose names appear on the Register of as at the Meeting Record Date will be entitled to attend and vote at the General Meeting.

As at the Latest Practicable Date, save for the Irrevocable Undertakings, none of the Offeror and the Offeror Concert Parties had received an irrevocable commitment to vote for or against the special resolution to be proposed at the General Meeting.

Notice of the General Meeting is set out in Appendix V to this Scheme Document. The General Meeting will be held at 10:15 a.m. (or if later, immediately after the conclusion or adjournment of the Court Meeting) on Tuesday, 3 October 2023 in Shop 4, G/F, Causeway Centre, 28 Harbour Road, Wanchai, Hong Kong.

### **Results of the Court Meeting and the General Meeting**

A joint announcement will be made by the Company and the Offeror on the results of the Court Meeting and the General Meeting no later than 7:00 p.m. on Tuesday, 3 October 2023.

If the resolution to be proposed at the Court Meeting and the special resolution to be proposed at the General Meeting are passed in fulfilment of the Conditions set out in paragraphs (a) to (b) in the paragraph headed “5. *Conditions to the Proposal*” in this “Explanatory Statement” section, the expected latest day for trading of the Shares on the Stock Exchange is 4:10 p.m. on Wednesday, 4 October 2023 (or such other date and time as Shareholders may be notified by way of announcement), and trading in the Shares on the Stock Exchange will cease from then onwards, unless the Scheme is withdrawn or lapses in accordance with its terms and the Takeovers Code subsequently, in which event trading in the Shares on the Stock Exchange will resume after the date on which the Scheme is so withdrawn or lapses and further announcement(s) will be made to notify Shareholders and investors of the Company of the exact date and time by which trading of the Shares on the Stock Exchange will resume.

If the resolution to be proposed at the Court Meeting or if any of the resolutions to be proposed at the General Meeting is not passed in accordance with the Conditions set out in paragraphs (a) to (b) in the paragraph headed “5. *Conditions to the Proposal*” in this “Explanatory Statement” section, the Scheme and the Proposal will lapse and trading in the Shares on the Stock Exchange will not cease from 4:10 p.m. on Wednesday, 4 October 2023 onwards. Further announcement(s) will be made in this event.



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## EXPLANATORY STATEMENT

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### 21. ACTIONS TO BE TAKEN

#### (a) Action to be taken by Shareholders

##### *Entitlements of the holders of the Scheme Shares and the Shareholders to attend and vote at the Court Meeting and the General Meeting*

Holders of the Scheme Shares who are entitled to attend and vote at the Court Meeting and Shareholders who are entitled to attend and vote at the General Meeting are those whose names appear on the Register as at the close of business on the Meeting Record Date, being Tuesday, 3 October 2023.

For the purpose of determining the entitlements of the holders of the Scheme Shares to attend and vote at the Court Meeting and the entitlements of the Shareholders to attend and vote at the General Meeting, the Register will be closed from Tuesday, 26 September 2023 to Tuesday, 3 October 2023 (both days inclusive) (or such other dates as the Shareholders may be notified by announcement). During such period, no transfer of Shares will be effected.

In order to qualify to vote at the Court Meeting and/or the General Meeting, all transfers accompanied by the relevant share certificates must be lodged at the office of the Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong before 4:30 p.m. on Monday, 25 September 2023 (or such other date as the Shareholders may be notified by announcement).

##### *Forms of proxy*

A **pink** form of proxy for use at the Court Meeting and a **white** form of proxy for use at the General Meeting are enclosed with each copy of this Scheme Document despatched to the Registered Owners on Friday, 8 September 2023.

Any subsequent transferees of the Shares will need to obtain the relevant form(s) of proxy from the transferors. Alternatively, copies of the forms of proxy can be: (i) obtained from the Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong; or (ii) downloaded from the website of either the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) or the Company at <http://www.masonhk.com/>.

Whether or not you are able to attend the Court Meeting and/or the General Meeting or any adjournment thereof in person:

- (i) if you are a holder of the Scheme Shares, you are strongly urged to complete and sign the enclosed **pink** form of proxy in respect of the Court Meeting; and



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## EXPLANATORY STATEMENT

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- (ii) if you are a Shareholder, you are strongly urged to complete and sign the enclosed **white** form of proxy in respect of the General Meeting,

in accordance with the instructions printed on them, and to lodge them at the office of the Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

***In order to be valid:***

- (i) the **pink** form of proxy for use at the Court Meeting should be lodged no later than 10:00 a.m. on Thursday, 28 September 2023 (or such other date as the holders of the Scheme Shares may be notified by announcement); and
- (ii) the **white** form of proxy for use at the General Meeting should be lodged no later than 10:15 a.m. on Thursday, 28 September 2023 (or such other date as the Shareholders may be notified by announcement).

The completion and return of the relevant form(s) of proxy for the Court Meeting and/or the General Meeting will not preclude you from attending and voting in person at the relevant meeting or any adjournment thereof should you so wish. In the event that you attend and vote at the relevant meeting or any adjournment thereof after having lodged your form of proxy, the returned form of proxy will be deemed to have been revoked.

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

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

***Announcement of the results of the Court Meeting and the General Meeting***

The Company and the Offeror will make an announcement in relation to the results of the Court Meeting and the General Meeting and, if the resolutions are passed at those meetings, further announcements will be made in relation to, among other things, the results of the Court Hearing and (if the Scheme is sanctioned) the Effective Date and the date of withdrawal of the listing of the Shares from the Stock Exchange, in accordance with the requirements of the Takeovers Code and the Listing Rules.

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## EXPLANATORY STATEMENT

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*Shareholders who have sold/transferred Shares should hand this Scheme Document and accompanying forms of proxy to the purchaser/transferee*

If you have sold or transferred all of your Shares, you should at once hand this Scheme Document and the accompanying forms of proxy to the purchaser or the transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

**(b) Actions to be taken by Beneficial Owners whose Shares are held by a Registered Owner other than HKSCC Nominees**

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

A Beneficial Owner whose Shares are registered in the name of a Registered Owner should contact such Registered Owner to give instructions to and/or to make arrangements with such Registered Owner as to the manner in which the Shares beneficially owned by the Beneficial Owner should be voted at the Court Meeting and/or the General Meeting.

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

- (i) contact the Registered Owner directly to make the appropriate arrangements with the Registered Owner to enable the Beneficial Owner to attend and vote at the Court Meeting and/or the General Meeting and for such purpose the Registered Owner may appoint the Beneficial Owner as its proxy; or
- (ii) arrange for some or all of the Shares registered in the name of the Registered Owner to be transferred and registered in the name of the Beneficial Owner prior to the Meeting Record Date.

The appointment of a proxy by the Registered Owner at the Court Meeting and/or the General Meeting shall be in accordance with all relevant provisions in the articles of association of the Company. In the case of the appointment of a proxy by the Registered Owner, the relevant forms of proxy shall be completed and signed by the Registered Owner and shall be lodged in the manner and no later than the latest time for lodging the relevant forms of proxy as more particularly set out in this Scheme Document.

Completion and return of a form of proxy for the Court Meeting and/or the General Meeting will not preclude the Registered Owner from attending and voting in person at the relevant meeting or any adjournment thereof should he/she/it so wish, and, in such event, the relevant form of proxy will be deemed to have been revoked.

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## EXPLANATORY STATEMENT

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

**(c) Actions to be taken by Beneficial Owners whose Shares are deposited in CCASS**

HKSCC Nominees may vote for and against the Scheme in accordance with instructions received from CCASS Participants.

Any Beneficial Owner whose Shares are deposited in CCASS and registered under the name of HKSCC Nominees must:

- (i) unless such Beneficial Owner is a person admitted to participate in CCASS as an Investor Participant, contact his/her/its broker, custodian, nominee or other relevant person who is, or has in turn deposited such Shares with, the Other CCASS Participant regarding voting instructions to be given to such persons if he/she/it wishes to vote in respect of the Scheme.

The procedure for voting in respect of the Scheme by the Investor Participants and the Other CCASS Participants with respect to Shares registered under the name of HKSCC Nominees shall be in accordance with the “Operating Guide For Investor Participants”, “General Rules of CCASS” and “CCASS Operational Procedures” in effect from time to time; or

- (ii) if the Beneficial Owner wishes to vote (in person or by proxy) at the Court Meeting and/or the General Meeting, arrange for some or all of such Shares to be withdrawn from CCASS and transferred and registered in the name of the Beneficial Owner prior to the Meeting Record Date.

For withdrawal of Shares from CCASS and registration thereof, the relevant Beneficial Owner will be required to pay to CCASS a withdrawal fee per board lot withdrawn, a registration fee for each share certificate issued, stamp duty on each transfer instrument and, if his/her/its Shares are held through a financial intermediary, any other relevant fees charged by his/her/its financial intermediary. Such Beneficial Owner should contact his/her/its broker, custodian, nominee or other relevant person in advance of the latest time for lodging transfers of the Shares into his/her/its name so as to qualify to attend and vote at the Court Meeting and/or the General Meeting, in order to provide such broker, custodian, nominee or other relevant person with sufficient time to withdraw the Shares from CCASS and register them in his/her/its name.

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## EXPLANATORY STATEMENT

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### 22. EXERCISE YOUR RIGHT TO VOTE

If you are a Shareholder or a Beneficial Owner, the Offeror and the Company strongly encourage you to exercise your right to vote or give instructions to the relevant Registered Owner to vote in person or by proxy at the Court Meeting and at the General Meeting. If you keep any Shares in a share lending programme, the Offeror and the Company urge you to recall any outstanding Shares on loan to avoid market participants using borrowed stock to vote.

If you are a Beneficial Owner whose Shares are deposited in CCASS, the Offeror and the Company encourage you to provide HKSCC Nominees with instructions or make arrangements with HKSCC Nominees in relation to the manner in which those Shares should be voted at the Court Meeting and at the General Meeting without delay and/or arrange for some or all of such Shares to be withdrawn from CCASS and transferred and registered in your name (as detailed in the paragraph headed “21. *Actions to be taken – (c) Actions to be taken by Beneficial Owners whose Shares are deposited in CCASS*” in this “Explanatory Statement” section).

If you are a Registered Owner holding Shares on behalf of Beneficial Owners, the Offeror and the Company would be grateful if you would inform the relevant Beneficial Owners about the importance of arranging for such Shares to be voted.

If you are in doubt as to the contents of this Scheme Document, any aspect of the Proposal or any action to be taken, you are encouraged to consult a licensed securities dealer or registered institution in securities, stockbroker, bank manager, solicitor, professional accountant or other professional adviser and obtain independent professional advice.

### 23. COURT HEARING

It is currently expected that, if the resolution to be proposed at the Court Meeting and the special resolution to be proposed at the General Meeting are passed in fulfilment of the Conditions set out in paragraphs (a) to (b) in the paragraph headed “5. *Conditions to the Proposal*” in this “Explanatory Statement” section, the Court Hearing will take place on Tuesday, 7 November 2023.

Further announcements will be made by the Offeror and the Company in relation to, among other things, the results of the Court Hearing, the Effective Date and the date of withdrawal of the listing of the Shares from the Stock Exchange in accordance with the requirements of the Takeovers Code and the Listing Rules.

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## EXPLANATORY STATEMENT

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### 24. RECOMMENDATION

Your attention is drawn to the following:

- (a) the paragraph headed “*Recommendation*” in the “Letter from the Board” section of this Scheme Document;
- (b) the letter from the Independent Board Committee set out in the “Letter from the Independent Board Committee” section of this Scheme Document; and
- (c) the letter from Gram Capital set out in the “Letter from Gram Capital” section of this Scheme Document.

### 25. FURTHER INFORMATION

Further information is set out in the appendices to, and elsewhere in, this Scheme Document, all of which form part of this Explanatory Statement.

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

### 26. PREVAILING TEXT

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

In case of any inconsistency between this “Explanatory Statement” section and the Scheme set out in Appendix III to this Scheme Document, the latter shall prevail.

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## APPENDIX I      FINANCIAL INFORMATION RELATING TO THE GROUP

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### 1. FINANCIAL SUMMARY

Set out below is a summary of the consolidated financial information of the Group for each of the three (3) years ended 31 December 2020, 2021 and 2022 and the six months ended 30 June 2022 and 2023. The figures for the years ended 31 December 2020, 2021 and 2022 and figures for the six months ended 30 June 2022 and 2023 are extracted from the annual reports of the Company for the years ended 31 December 2020, 2021 and 2022 and interim results announcement of the Company for the six months ended 30 June 2022 and interim report of the Company for the six months ended 30 June 2022.

The auditor's reports issued by the auditor of the Company, BDO Limited, in respect of the audited consolidated financial statements of the Group for each of the three years ended 31 December 2020, 31 December 2021 and 31 December 2022 did not contain any modified opinion, emphasis of matter or material uncertainty related to going concern.

#### Summary of Consolidated Statement of Profit or Loss and Other Comprehensive Income

Set out below is a summary of Consolidated Statement of Profit or Loss and Other Comprehensive Income as extracted from the consolidated financial statements of the Company as set forth in the annual reports of the Company for each of the three years ended 31 December 2020, 2021 and 2022 and interim results announcement of the Company for the six months ended 30 June 2023 and interim report of the Company for the six months ended 30 June 2022.

Save as disclosed below, there was no item of any income or expense which was material in respect of the consolidated financial statements of the Group for each of the three years ended 31 December 2020, 2021 and 2022 and for the six months ended June 30 2023.

	For the six months ended 30 June		For the financial year ended 31 December		
	2023	2022	2022	2021	2020
	<i>HK\$'000</i> <i>(unaudited)</i>	<i>HK\$'000</i> <i>(unaudited)</i>	<i>HK\$'000</i> <i>(audited)</i>	<i>HK\$'000</i> <i>(audited)</i>	<i>HK\$'000</i> <i>(audited)</i>
<b>Turnover</b>	1,539,643	609,708	4,444,101	4,012,509	1,274,364
<b>Operating income</b>	(8,189)	77,994	51,925	604,426	528,955
Other income	37,611	8,784	39,122	10,984	124,390
Exchange gain/(loss), net	4,186	1,449	(537)	3,720	(3,385)
Cost of inventories recognised as expenses (Consumables used and merchandise sold)	(22,303)	(40,881)	(63,379)	(172,056)	(138,509)
Commission and brokerage expenses	(21,234)	(64,197)	(99,884)	(194,818)	(154,038)
Employee benefits expenses	(19,649)	(31,749)	(59,460)	(72,740)	(145,793)
Amortisation of intangible assets	(1,180)	(3,875)	(7,586)	(10,460)	(19,602)
Depreciation of property, plant and equipment	(1,848)	(2,230)	(4,878)	(11,212)	(17,792)

## APPENDIX I

## FINANCIAL INFORMATION RELATING TO THE GROUP

	For the six months ended 30 June		For the financial year ended 31 December		
	2023	2022	2022	2021	2020
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (audited)	HK\$'000 (audited)	HK\$'000 (audited)
Depreciation of right-of-use assets	(2,376)	(7,490)	(12,872)	(14,562)	(18,467)
Loss on disposal of property, plant and equipment	–	–	(13)	(10,022)	(11,305)
Impairment loss on property, plant and equipment	–	–	(19,885)	(77,520)	–
Impairment loss on right-of-use assets	–	–	–	–	–
Reversal/(provision) of impairment loss on financial assets for expected credit loss	865	7,041	–	–	–
Loss on disposal of interest in a subsidiary	–	–	–	(4,644)	–
Impairment loss on financial assets for expected credit loss	–	–	19,612	(205,524)	(67,165)
Gain on deemed disposal of interests in subsidiaries	–	–	–	–	–
Net fair value (loss)/gain on financial instruments	(11,620)	(56,811)	(54,670)	(210,435)	107,345
Impairment loss on goodwill	–	–	(38,454)	–	(22,807)
Impairment loss on interests in associates	–	–	(152,094)	(194,508)	(191,346)
Impairment loss on intangible assets	–	–	(15,474)	(7,820)	(76,796)
Other operating expenses	(21,446)	(27,717)	(46,582)	(118,771)	(116,423)
Finance costs	(2,359)	(660)	(1,363)	(5,811)	(17,881)
Share of results of associates	8,548	16,269	12,056	(44,621)	53,497
<b>Loss before taxation</b>	<b>(60,994)</b>	<b>(124,073)</b>	<b>(736,394)</b>	<b>(736,394)</b>	<b>(187,122)</b>
Income tax credit/(expenses)	1,091	959	(2)	(2)	(2,735)
<b>Loss for the period/year</b>	<b>(59,903)</b>	<b>(123,114)</b>	<b>(455,825)</b>	<b>(736,396)</b>	<b>(189,857)</b>
<b>Other comprehensive income:</b>					
<i>Items that will be reclassified subsequently to profit or loss</i>					
Exchange differences on translation of foreign subsidiaries	1,424	(10,902)	(9,484)	(9,347)	36,921
Share of other comprehensive income of an associate	(1,911)	(9,020)	(17,884)	1,672	12,088

	For the six months ended 30 June		For the financial year ended 31 December		
	2023	2022	2022	2021	2020
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (audited)	HK\$'000 (audited)	HK\$'000 (audited)
<i>Items that will not be reclassified to profit or loss</i>					
Changes in fair value of defined benefit scheme at fair value through other comprehensive income	(1,946)	—	4,382	2,286	2,514
Changes in fair value of equity instruments at fair value through other comprehensive income	(5,389)	(74,651)	(100,967)	(83,908)	277,582
<b>Other comprehensive income for the period</b>	(7,822)	(94,573)	(123,953)	(89,297)	329,105
<b>Total comprehensive income for the period</b>	(67,725)	(217,687)	(544,567)	(825,693)	139,248
<b>Loss attributable to:</b>					
Equity holders of the Company	(59,047)	(121,303)	(414,972)	(733,623)	(140,711)
Non-controlling interests	(856)	(1,811)	(5,642)	(2,773)	(49,146)
Loss for the period	(59,903)	(123,114)	(420,614)	(736,396)	(189,857)
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company	(66,848)	(215,595)	(538,555)	(822,373)	187,875
Non-controlling interests	(877)	(2,092)	(6,012)	(3,320)	(48,627)
<b>Total comprehensive income for the period</b>	(67,725)	(217,687)	(544,567)	(825,693)	139,248
<b>Loss per share</b>					
Basic and diluted	HK(0.13) cents	HK(0.27) cents	HK(0.94) cent	HK(1.65) cent	HK(0.32) cent
Dividends per share	Nil	Nil	Nil	Nil	Nil



**2. CONSOLIDATED FINANCIAL STATEMENTS**

The Company is required to set out or refer to in this Scheme Document the consolidated statements of profit or loss, the consolidated statements of financial position, the consolidated statements of cash flows, and any other primary statements as shown in the (i) audited consolidated financial statements of the Group for the year ended 31 December 2020, together with significant accounting policies and any points from the notes to the relevant published accounts which are of major relevance to an appreciation of the above financial information (the “**2020 Financial Statements**”); (ii) audited consolidated financial statements of the Group for the year ended 31 December 2021, together with significant accounting policies and any points from the notes to the relevant published accounts which are of major relevance to an appreciation of the above financial information (the “**2021 Financial Statements**”); (iii) audited consolidated financial statements of the Group for the year ended 31 December 2022, together with significant accounting policies and any points from the notes to the relevant published accounts which are of major relevance to an appreciation of the above financial information (the “**2022 Financial Statements**”); and (iv) unaudited consolidated financial statements of the Group for the six months ended 30 June 2023 (the “**2023 Interim Financial Statements**”), together with significant accounting policies and any points from the notes to the relevant published accounts which are of major relevance to an appreciation of the above financial information. The 2020 Financial Statements, 2021 Financial Statements, 2022 Financial Statements and 2023 Interim Financial Statements are available on the websites below:

- (a) The 2020 Financial Statements are set out on pages 112 to 295 of the annual report of the Company for the year ended 31 December 2020 (the “**2020 Annual Report**”), which was published on 28 April 2021. The 2020 Annual Report is posted on the websites of the Stock Exchange and the Company. Please also see below a direct link:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0428/2021042801475.pdf>

- (b) The 2021 Financial Statements are set out on pages 110 to 279 of the annual report of the Company for the year ended 31 December 2021 (the “**2021 Annual Report**”), which was published on 27 April 2022. The 2021 Annual Report is posted on the websites of the Stock Exchange and the Company. Please also see below a direct link:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0427/2022042702044.pdf>

- (c) The 2022 Financial Statements are set out on pages 114 to 275 in the annual report of the Company for the year ended 31 December 2020 (the “**2022 Annual Report**”), which was published on 26 April 2023. The 2022 Annual Report is posted on the websites of the Stock Exchange and the Company. Please also see below a direct link:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0426/2023042602371.pdf>

- (d) The 2023 Interim Financial Statements are set out on pages 1 to 25 of the interim results announcement of the Company for the six months ended 30 June 2023 (the “**2023 Interim Results Announcement**”), which was published on 25 August 2023. The 2023 Interim Results Announcement is posted on the websites of the Stock Exchange and the Company. Please also see below a direct link:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0825/2023082500962.pdf>

The 2020 Financial Statements, the 2021 Financial Statements the 2022 Financial Statements and 2023 Interim Financial Statements (but not any other part of the 2020 Annual Report, the 2021 Annual Report, 2022 Annual Report and 2023 Interim Results Announcement in which they respectively appear) are incorporated by reference into this Scheme Document and form part of this Scheme Document.

### **3. STATEMENT OF INDEBTEDNESS**

As at the close of business on 30 June 2023, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Scheme Document, the bank borrowings, pledges and lease liabilities of the Group were shown as below:

	<i>HK\$ million</i>
<b>Bank borrowings</b>	
Secured and guaranteed bank loans	78.4
Unsecured and guaranteed bank loans	Nil
Unsecured and unguaranteed bank loans	Nil
<b>Pledges</b>	
Land use rights	Nil
Ownership interest in leasehold land and buildings held for own use	174.3
Bank deposit	Nil
<b>Lease liabilities</b>	11.7

Save as aforesaid and apart from intra-group liabilities, intra-group guarantees, and normal trade payables in the normal course of business, at close of business on 30 June 2023, the Group did not have any material outstanding (i) debt securities, whether issued and outstanding, authorised or otherwise created but unissued, or term loans, whether guaranteed, unguaranteed, secured (whether the security is provided by the Group or by third parties) or unsecured; (ii) other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments, whether guaranteed, unguaranteed, secured or unsecured; (iii) mortgage or charges; or (iv) guarantees or other material contingent liabilities.

**4.        MATERIAL CHANGE**

The Directors confirm that, save as and except for the following matters, there has been no material change in the financial or trading position or outlook of the Group since 31 December 2022 (being the date to which the latest published audited consolidated financial statements of the Group were made up), and up to and including the Latest Practicable Date:

- (i)     the Group's turnover for the six months ended 30 June 2023 increased substantially as compared to that for the six months ended 30 June 2022;
- (ii)    there was a turnaround from the Group's operating income for the six months ended 30 June 2022 to operating loss for the six months ended 30 June 2023;
- (iii)   the Group's loss attributable to equity holders of the Company for the six months ended 30 June 2023 decreased substantially as compared to that for the six months ended 30 June 2022. Such decrease was mainly attributable to the combined effect of (a) the turnaround from operating income to operating loss; (b) the increase in other income; and (c) the decrease in cost of inventories recognised as expenses, commission and brokerage expenses, employee benefits expenses, net fair value loss on financial instruments; and
- (iv)    the Group's (a) trade and other receivables; and (b) trade and other payables, as at 30 June 2023 decreased substantially as compared to those as at 31 December 2022.

The matters set out in paragraphs (i) to (iv) above were disclosed in the announcement of the Company dated 25 August 2023 in relation to the interim results of the Group for the six months ended 30 June 2023.

**1. RESPONSIBILITY STATEMENT**

This Scheme Document includes particulars given in compliance with the Takeovers Code for the purpose of providing information with regard to the Proposal, the Scheme, the Offeror and the Group.

The issue of this Scheme Document has been approved by the directors of the Offeror. The directors of the Offeror, Red Emerald Capital II Ltd. and Red Emerald Capital Limited jointly and severally accept full responsibility for the accuracy of the information contained in this Scheme Document (other than any information relating to the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Scheme Document (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Scheme Document the omission of which would make any statements in this Scheme Document misleading.

The issue of this Scheme Document has been approved by the Directors, who jointly and severally accept full responsibility for the accuracy of the information contained in this Scheme Document (other than any information relating to the Offeror and the Offeror Concert Parties) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Scheme Document (other than those expressed by the directors of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this Scheme Document the omission of which would make any statements in this Scheme Document misleading.

**2. SHARE CAPITAL OF THE COMPANY**

As at the Latest Practicable Date,

- (a) the Company had 44,364,885,557 Shares in issue;
- (b) all of the Shares currently in issue ranked *pari passu* in all respects including as to capital, dividends and voting;
- (c) no new Shares had been issued by the Company since 31 December 2022 (being the end of the last financial year of the Company); and
- (d) there were no outstanding options, warrants or conversion rights affecting the Shares.

### 3. MARKET PRICES

The table below shows the closing market prices of the Shares as quoted on the Stock Exchange (i) on the Latest Practicable Date; (ii) on the Last Trading Day and (iii) on the last Business Day of each of the calendar months during the Relevant Period:

<b>Date</b>	<b>Closing price per Share HK\$</b>
(i) 5 September 2023, being the Latest Practicable Date	0.0320
(ii) 30 May 2023, being the Last Trading Day	0.0280
(iii) on the last Business Day of each of the calendar months during the Relevant Period:	
(A) 30 December 2022	0.0300
(B) 31 January 2023	0.0290
(C) 28 February 2023	0.0310
(D) 31 March 2023	0.0290
(E) 28 April 2023	0.0280
(F) 31 May 2023	0.0280
(G) 30 June 2023	0.0330
(H) 31 July 2023	0.0330
(I) 31 August 2023	0.0320

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.039 each on 2 February 2023, and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.027 each on 14 December 2022, 21 December 2022 and 30 January 2023.

The Cancellation Price of HK\$0.0338 per Scheme Share represents a premium of approximately 20.7% over the closing price of HK\$0.0280 per Share as quoted on the Stock Exchange on the Last Trading Day.

### 4. DISCLOSURE OF INTERESTS IN THE SHARES

As at the Latest Practicable Date:

- (a) none of the Directors were interested within the meaning of Part XV of the SFO in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.
- (b) no subsidiary of the Company, no pension fund of the Company or of a subsidiary of the Company and no person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares;

- (c) there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code which existed between the Company, or any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) or (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code, and any other person;
- (d) no fund manager connected with the Company managed any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares on a discretionary basis;
- (e) neither the Company nor any Directors had borrowed or lent any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares;
- (f) none of the Offeror Directors was interested within the meaning of Part XV of the SFO in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares;
- (g) Funderstone Securities, an Offeror Concert Party, held 4,664,953,868 Shares, representing 10.51% of the issued Shares. As confirmed by Funderstone Securities, (i) of the 4,664,953,868 Shares held by it as at the Latest Practicable Date, 412 Shares were held by it beneficially, and the remaining 4,664,953,456 Shares were held by it as custodian for its clients in its ordinary and usual course of business; and (ii) it did not have any control over these 4,664,953,456 Shares (including the voting rights attaching thereto) held by it as custodian for its clients. As such, these 4,664,953,456 Shares held by Funderstone Securities as custodian for its clients as at the Latest Practicable Date were considered to be Disinterested Shares and CO Disinterested Shares;
- (h) save as disclosed in paragraph (g) above, none of the Offeror and the Offeror Concert Parties owned or had control or direction over any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares;
- (i) save for (i) the 6,192,360,618 Shares, 7,246,628,634 Shares and 7,656,916,000 Shares (representing approximately 13.96%, 16.33% and 17.26% of the total number of Shares in issue) respectively held by Tsarina Investments Limited, Investment Talent Limited and Future Achiever Limited (each of which is a Committed Shareholder), no Committed Shareholders owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.
- (j) no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code existed between the Offeror or any of the Offeror Concert Parties, and any person; and
- (k) none of the Offeror and the Offeror Concert Parties had borrowed or lent any Shares or any convertible securities, warrants, options or derivatives in respect of Shares, save for any borrowed shares which had been either on-lent or sold.

**5. DEALINGS IN THE SHARES**

During the Relevant Period,

- (a) no Director had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of Shares; and
- (b) none of the Offeror, the Offeror Directors, the Offeror Concert Parties and the Committed Shareholders had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.

During the period commencing on 11 June 2023 (being the Announcement Date) and ending on the Latest Practicable Date,

- (a) no subsidiary of the Company, no pension fund of the Company or of a subsidiary of the Company and no person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares;
- (b) no person who had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company, or any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares; and
- (c) no fund manager (other than exempt fund managers) connected with the Company who managed any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares on a discretionary basis had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.

**6. DISCLOSURE OF INTERESTS IN THE OFFEROR’S SHARES**

As at the Latest Practicable Date, none of the Company and the Directors owned or had control or direction over any shares of the Offeror or any convertible securities, warrants, options or derivatives in respect of any shares of the Offeror.

**7. DEALINGS IN OFFEROR'S SHARES**

During the Relevant Period, neither the Company nor any Directors had dealt for value in any shares of the Offeror or any convertible securities, warrants, options or derivatives in respect of any shares of the Offeror.

**8. ARRANGEMENTS IN CONNECTION WITH THE PROPOSAL**

As at the Latest Practicable Date:

- (a) save for the Offeror Acquisition Financing and the Share Charge as disclosed in the paragraph headed “3. *Financial Resources*” in the “Explanatory Statement” section of this Scheme Document, (i) there was no agreement, arrangement or understanding between the Offeror and any other person in relation to the transfer, charge or pledge of the Shares to be acquired pursuant to the Proposal and (ii) the Offeror had no intention to transfer, charge or pledge any Shares acquired pursuant to the Proposal to any other person;
- (b) save for the Proposal, there was no agreement, arrangement or understanding (including any compensation arrangement) existing between the Offeror or any of the Offeror Concert Parties and any Director, recent Director, Shareholder or recent Shareholder having any connection with or being dependent upon the Proposal;
- (c) there was no agreement or arrangement to which the Offeror or any of the Offeror Concert Parties was a party which relates to circumstances in which the Offeror may or may not invoke or seek to invoke a Condition;
- (d) save for the Irrevocable Undertakings, none of the Offeror and the Offeror Concert Parties had received an irrevocable commitment to vote for or against (i) the Scheme at the Court Meeting; or (ii) the special resolution to be proposed at the General Meeting;
- (e) other than the Cancellation Price, the Offeror or the Offeror Concert Parties had not paid and will not pay any other consideration, compensation or benefit in whatever form to the Scheme Shareholders or persons acting in concert with them in relation to the Scheme Shares;
- (f) save for the Irrevocable Undertakings, there is no agreement, arrangement or understanding between (i) any Shareholder and (ii)(a) the Offeror and the Offeror Concert Parties or (b) the Company, its subsidiaries or associated companies; and
- (g) there is no special deal (as defined in Rule 25 of the Takeovers Code) between (i) any Shareholder and (ii)(a) the Offeror and the Offeror Concert Parties or (b) the Company, its subsidiaries or associated companies.



## 9. ARRANGEMENTS AFFECTING THE DIRECTORS

As at the Latest Practicable Date:

- (a) no benefit (other than statutory compensation required under applicable laws) would be given to any Director as compensation for loss of office or otherwise in connection with the Proposal;
- (b) there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Proposal or otherwise connected with the Proposal; and
- (c) there was no material contract entered into by the Offeror in which any Director has a material personal interest.

## 10. DIRECTORS' SERVICE CONTRACTS

Save for the appointment letters disclosed below, as at the Latest Practicable Date, none of the Directors had entered into any service contract with the Company or any of its subsidiaries or associated companies which are in force and which (i) (including both continuous and fixed-term contracts) had been entered into or amended within 6 months before the commencement of the offer period (i.e. 11 June 2023); (ii) was a continuous contract with a notice period of 12 months or more; or (iii) was a fixed term contract with more than 12 months to run irrespective of the notice period.

<b>Name of the Director under appointment letter</b>	<b>Term and expiry date of appointment letter</b>	<b>Amount of fixed remuneration payable, excluding arrangements for pension payments</b>	<b>Amount of any variable remuneration payable under the appointment letter</b>
Mr. Wu Xu'an	(3) three years from 12 March 2023 to 11 March 2026	HK\$180,000 per year	Nil
Mr. Ng Yu Yuet	(3) three years from 16 April 2023 to 15 April 2026	HK\$180,000 per year	Nil

## 11. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in or may become a party to any litigation or arbitration or claim of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

## 12. MATERIAL CONTRACT

The following contract (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries) had been entered into by the members of the Group within the two years immediately preceding the date of commencement of the offer period (i.e. 11 June 2023) and up to the Latest Practicable Date:

- (i) On 15 November 2022 (after trading hours), (1) Mason Resources Finance Limited, an indirect wholly-owned subsidiary of the Company, as lender; (2) Lyton Maison Limited, as borrower; (3) Ms. Shi Qi as the guarantor; (4) Mr. Shi Peijia; (5) Mr. Teng Wei; (6) Ms. Ma Xiuqin; (7) Ms. Yan Yanqin; (8) Zhongxi Weiye (Beijing) Investment Co., Ltd.\* (中禧偉業(北京)投資有限公司); (9) Beijing Seven Ocean Investment Co., Ltd.\* (北京七海投資有限公司); (10) Immo BA GmbH and (11) Miracle Enterprise LLC into the supplemental deed-6 in relation to a facility agreement dated 4 November 2016 for a the loan facility in the principal amount of up to HK\$280,000,000 (the “**Facility**”) which governs, amongst others, the further extension of the loan made under the Facility or the principal amount outstanding for the time being of that loan.

## 13. PROFESSIONAL ADVISERS AND CONSENTS

The following are the qualifications of the experts which have given advice which is contained in this Scheme Document:

Name	Qualification
Gram Capital	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
Somerley	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

Each of the experts mentioned above has given and has not withdrawn its written consent to the issue of this Scheme Document with the inclusion therein of its opinion and/or letter (as the case may be) and/or the references to its name and/or its opinion and/or letter in the form and context in which they respectively appear.

As at the Latest Practicable Date, none of Gram Capital and Somerley had any shareholding, directly or indirectly, in any member of the Group or any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

**14. MISCELLANEOUS**

- (a) The registered office of the Offeror is at Craigmuir Chambers, Road Town, Tortola, VG 1110, British Virgin Islands.
- (b) The Offeror Directors are Mr. Xia and Ms. Chen Juan.
- (c) As at the Latest Practicable Date, the Offeror was wholly-owned by Red Emerald Capital Fund II, the general partner of which is Red Emerald Capital II Ltd., which was wholly-owned by Red Emerald Capital Limited, which was in turn wholly-owned by Mr. Xia. As at the Latest Practicable Date, the directors of Red Emerald Capital II Ltd. were Mr. Xia and Ms. Chen Juan and the directors of Red Emerald Capital Limited were Mr. Xia and Ms. Chen Juan.
- (d) The registered and principal office of the Company is situated at Room 2101, 21/F, Office Tower, Convention Plaza, No. 1 Harbour Road, Wanchai, Hong Kong.
- (e) The share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong.
- (f) The registered office of Somerley is at 20/F, China Building, 29 Queen’s Road Central, Hong Kong.
- (g) The registered office of Gram Capital, is at Room 1209, 12/F., Nan Fung Tower, 173 Des Voeux Road Central, Central, Hong Kong.
- (h) The auditors of the Company, BDO Limited, is located at 25th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong.
- (i) The English language text of this Scheme Document shall prevail over the Chinese language text.

**15. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection from the date of this Scheme Document until the Effective Date or the date on which the Scheme lapses or is withdrawn, whichever is the earlier (1) at the principal place of business of the Company at Room 2101, 21/F, Office Tower, Convention Plaza, No. 1 Harbour Road, Wanchai, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m. (except Saturdays, Sundays and public holidays in Hong Kong) (Hong Kong time), (2) on the website of the Company (<https://www.masonhk.com/>), and (3) on the website of the SFC at <https://www.sfc.hk>:

- (a) the articles of association of the Offeror;
- (b) the articles of association of the Company;

- (c) the annual reports of the Company for each of the years ended 31 December 2020, 31 December 2021 and 31 December 2022;
- (d) the interim results announcement of the Company for the six months ended 30 June 2023;
- (e) the letter from the Board, the text of which is set out on pages 17 to 30 of this Scheme Document;
- (f) the letter from the Independent Board Committee, the text of which is set out on pages 31 to 32 of this Scheme Document;
- (g) the letter from Gram Capital, the text of which is set out on pages 33 to 60 of this Scheme Document;
- (h) the Irrevocable Undertakings;
- (i) the appointment letters referred to in the section headed “10. *Directors’ Service Contracts*” in Appendix II – General Information;
- (j) the written consents referred to in the section headed “13. *Professional Advisers and Consents*” in Appendix II – General Information;
- (k) the material contract as referred to in the section headed “12. *Material Contract*” in this Appendix II – General Information; and
- (l) this Scheme Document.

HCMP No. 1243 of 2023

**IN THE HIGH COURT OF THE  
HONG KONG SPECIAL ADMINISTRATIVE REGION  
COURT OF FIRST INSTANCE  
MISCELLANEOUS PROCEEDINGS NO. 1243 OF 2023**

**IN THE MATTER OF  
MASON GROUP HOLDINGS LIMITED  
茂宸集團控股有限公司**

**AND**

**IN THE MATTER OF  
THE COMPANIES ORDINANCE,  
CHAPTER 622 OF THE LAWS OF THE HONG KONG  
SPECIAL ADMINISTRATIVE REGION**

**SCHEME OF ARRANGEMENT  
Under Section 673 of the Companies Ordinance  
Chapter 622 of the Laws of the Hong Kong Special Administrative Region**

**PRELIMINARY**

(A) In this Scheme, unless inconsistent with the subject or context, the following expressions shall bear the following meanings:

“acting in concert”	has the same meaning ascribed to it under the Takeovers Code, and “parties acting in concert” shall be construed accordingly
“Cancellation Price”	the cancellation price of HK\$0.0338 for every Scheme Share cancelled and extinguished pursuant to the Scheme, which amount (less the Dividend Adjustment (if any)) will be payable by the Offeror to the Scheme Shareholders in the form of cash. Unless otherwise stated, reference to the Cancellation Price in the Scheme Document is to the amount of HK\$0.0338 per Share, without taking into account any Dividend Adjustment
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Company”	Mason Group Holdings Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 273)

“Condition(s)”	the condition(s) of the Proposal as set out in the paragraph headed “5. <i>Conditions to the Proposal</i> ” of the “Explanatory Statement” section of the Scheme Document
“Director(s)”	the director(s) of the Company
“Dividend Adjustment”	an amount being all or any part of the per Share amount or value of any dividend, distribution and/or return of capital which may be announced, declared or paid in respect of the Scheme Shares after the Latest Practicable Date (provided that the record date to be announced by the Board for determining the entitlements to such dividend, distribution and/or return of capital falls on a day which is on or before the Effective Date), which the Offeror has reserved the right to reduce the Cancellation Price by subject to consultation with the Executive
“Effective Date”	the date on which the Scheme becomes effective in accordance with the Companies Ordinance
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Explanatory Statement”	the explanatory statement in relation to the Proposal, the text of which is set out in the “Explanatory Statement” section on pages 61 to 88 of the Scheme Document, which constitutes the statement required under section 671 of the Companies Ordinance
“High Court”	the High Court of Hong Kong
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee of the Company Board formed to advise the Independent Shareholders in connection with the Proposal and the Scheme, and comprising all the independent non-executive Directors, namely Mr. Tian Ren Can, Mr. Wang Cong, Mr. Wu Xu’an and Mr. Ng Yu Yuet
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee in relation to the Proposal and the Scheme

“Independent Shareholders”	all Shareholders, other than the Offeror and the Offeror Concert Parties
“Latest Practicable Date”	5 September 2023, being the latest practicable date prior to the date of the Scheme Document for the purpose of ascertaining certain information contained in the Scheme Document
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	15 February 2024 (or such later date as the Offeror and the Company may agree or, to the extent applicable, as the High Court on application of the Company may allow and in all cases, as permitted by the Executive)
“Offeror”	Liberty High Capital Limited, a company incorporated under the laws of the British Virgin Islands with limited liability. Further information on the Offeror is set out in the paragraph headed “ <i>11. Information on the Offeror and the Offeror Concert Parties</i> ” of the “Explanatory Statement” section of the Scheme Document
“Offeror Concert Parties”	parties acting in concert or presumed to be acting in concert with the Offeror, including Funderstone Securities
“Proposal”	the proposal to take-private the Company by the Offeror by way of the Scheme, and the withdrawal of listing of the Shares from the Stock Exchange, on the terms and subject to the Conditions set out in the Scheme Document
“Red Emerald Capital Fund II”	Red Emerald Capital Fund II LP, a Cayman Islands exempted limited partnership. Further information on Red Emerald Capital Fund II is set out in the paragraph headed “ <i>11. Information on the Offeror and the Offeror Concert Parties</i> ” of the “Explanatory Statement” section of the Scheme Document
“Register”	the register of members of the Company
“Registrar of Companies”	the Registrar of Companies appointed under the Companies Ordinance
“Scheme”	this scheme of arrangement proposed under section 673 of the Companies Ordinance in its present form for the implementation of the Proposal, with or subject to any modification thereof or addition thereof or condition approved or imposed by the High Court

“Scheme Document”	the composite scheme document dated 8 September 2023 issued jointly by the Company and the Offeror, which includes this Scheme
“Scheme Record Date”	Tuesday, 7 November 2023, or such other date as shall be announced to the Shareholders, being the record date for the purpose of determining the entitlements of the Scheme Shareholders to the Cancellation Price under the Scheme
“Scheme Share(s)”	Share(s) in issue on the Scheme Record Date other than those held by the Offeror. As at the Latest Practicable Date, the Offeror did not legally and beneficially own, control or have direction over any Shares. Accordingly, all of the 44,364,885,557 Shares in issue as at the Latest Practicable Date will be regarded as Scheme Shares and subject to the Scheme
“Scheme Shareholders”	registered holders of the Scheme Shares at the Scheme Record Date
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of the Company
“Shareholder(s)”	the registered holder(s) of the Shares
“Share Option Scheme”	the share option scheme adopted by the Company on 22 May 2012, which had lapsed upon the expiry of its term on 21 May 2022
“Sommerley”	Sommerley Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, and the financial adviser to the Offeror in relation to the Proposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers (as revised from time to time)
“%”	per cent.



- (B) As at the Latest Practicable Date, the Company had 44,364,885,557 Shares in issue.
- (C) No options are outstanding under the Share Option Scheme and the Share Option Scheme had lapsed on 21 May 2022.
- (D) As at the Latest Practicable Date, the Offeror did not directly held any Shares, and the Offeror Concert Parties beneficially owned, controlled or had direction over 412 Shares in aggregate.
- (E) The Offeror is a company incorporated in the British Virgin Islands with limited liability. As at the Latest Practicable Date, it is wholly-owned by Red Emerald Capital Fund II. Red Emerald Capital Fund II is a Cayman Islands exempted limited partnership. A key strategy of the Red Emerald Capital Fund II is to invest and hold interests in businesses with potential, in terms of overall asset appreciation and/or revenue generation.
- (F) The primary purpose of this Scheme is to take-private the Company by cancelling and extinguishing all of the Scheme Shares in consideration of the Cancellation Price so that the Company shall thereafter become owned as to 100.00% by the Offeror. Immediately after the cancellation and extinguishment of the Scheme Shares, the share capital of the Company will be increased to its former amount by the issue to the Offeror credited as fully paid of such number of the Shares as is equal to the number of Scheme Shares cancelled and extinguished.
- (G) The Offeror has agreed to undertake to the High Court to be bound thereby and to execute and do and procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed and done by it for the purpose of giving effect to this Scheme.

## **PART I**

### **CANCELLATION AND EXTINGUISHMENT OF THE SCHEME SHARES**

1. On the Effective Date:
  - (a) the share capital of the Company shall be reduced by cancelling and extinguishing the Scheme Shares;
  - (b) subject to and forthwith upon such reduction of capital referred to in paragraph (a) above taking effect, the share capital of the Company shall be increased to its former amount by the creation of such number of the Shares as is equal to the number of Scheme Shares cancelled and extinguished; and
  - (c) the Company shall apply the credit arising in its books of account as a result of the reduction of capital referred to in paragraph (a) above in paying up in full the Shares created pursuant to paragraph (b) above, which shall be allotted and issued, credited as fully paid, to the Offeror.

**PART II****CONSIDERATION FOR CANCELLATION AND EXTINGUISHMENT OF  
THE SCHEME SHARES**

2. Subject to the Scheme becoming binding and effective in accordance with its terms, in consideration of the cancellation and extinguishment of the Scheme Shares, the Offeror shall pay or cause to be paid to each Scheme Shareholder as appearing in the Register on the Scheme Record Date the Cancellation Price for each Scheme Share cancelled and extinguished.

**PART III****GENERAL**

3. (a) As soon as possible and but in any event within seven (7) Business Days (as defined in the Takeovers Code) following the Effective Date, the Offeror shall post or cause to be posted to the Scheme Shareholders cheques in respect of the sums payable to such Scheme Shareholders pursuant to paragraph 2 of this Scheme.
- (b) All such cheques shall be sent by ordinary post in postage pre-paid envelopes addressed to such Scheme Shareholders at their respective registered addresses as appearing in the Register as on the Scheme Record Date, or in the case of joint holders, at the address appearing in the Register as at the Scheme Record Date of the joint holder whose name then stands first in the Register in respect of the relevant joint holding.
- (c) All cheques shall be made payable to the order of the person or persons to whom, in accordance with the provisions of paragraph 3(b) of this Scheme, the envelope containing the same is addressed and the encashment of any such cheque shall be a good discharge to the Offeror for the moneys represented thereby.
- (d) All cheques shall be posted at the risk of the addressees and none of the Offeror, the Company, Gram Capital and the share registrar of the Company and their respective directors, employees, officers, agents, advisers, associates and affiliates and any other persons involved in the Proposal shall be liable for any loss or delay in transmission.
- (e) On or after the day being six (6) calendar months after the date of posting of the cheques pursuant to paragraph 3(b) of this Scheme, the Offeror shall have the right to cancel or countermand payment of any such cheque which has not been cashed or which has been returned uncashed and shall place all monies represented thereby in a deposit account in the name of the Offeror (or its nominee) with a licensed bank in Hong Kong selected by the Offeror (or its nominee). The Offeror (or its nominee) shall hold monies represented by such uncashed cheques until the expiry of six (6) years from the Effective Date and shall, prior to such date, make payments therefrom of the sums payable pursuant to paragraph 2 of this Scheme to persons who satisfy the Offeror (or its nominee) that they are respectively entitled thereto and the cheques referred to in paragraph 3(b) of this Scheme of which they are payees have not been cashed. Any payments made by the Offeror shall not include any

interest accrued on the sums to which the respective persons are entitled pursuant to this Scheme. The Offeror shall exercise its absolute discretion in determining whether or not it is satisfied that any person is so entitled, and a certificate of the Offeror to the effect that any particular person is so entitled or not so entitled, as the case may be, shall be conclusive and binding upon all persons claiming an interest in the relevant monies.

- (f) On the expiry of six (6) years from the Effective Date, the Offeror (and, if applicable, its nominee) shall be released from any further obligation to make any payments under this Scheme and the Offeror shall be absolutely entitled to the balance (if any) of the sums then standing to the credit of the deposit account referred to in paragraph 3(e) of this Scheme, including accrued interest subject to any deduction required by law and expenses incurred.
  - (g) The preceding sub-paragraphs of this paragraph 3 shall take effect subject to any prohibition or condition imposed by law.
4. As from and including the Effective Date:
- (a) all share certificates for the Scheme Shares shall cease to have effect as documents or evidence of title for such Scheme Shares and every holder thereof shall be bound, at the request of the Company, to deliver up such certificates to the Company or to any person appointed by the Company to receive the same for cancellation;
  - (b) all instruments of transfer validly subsisting as at the Scheme Record Date in respect of the transfer of any number of the Scheme Shares shall cease to be valid for all purposes as instruments of transfer; and
  - (c) all mandates or other instructions to the Company in force as at the Scheme Record Date in relation to any of the Scheme Shares shall cease to be valid as effective mandates or instructions.
5. Subject to the Conditions having been fulfilled or waived, as applicable, this Scheme shall become effective as soon as an office copy of the order of the High Court sanctioning this Scheme and confirming, under section 229 of the Companies Ordinance, the reduction of capital provided for by the Scheme, together with a minute and a return relating to the reduction of capital of the Company containing the particulars required by section 230 of the Companies Ordinance, shall have been registered by the Registrar of Companies under Part 2 of the Companies Ordinance.
6. Unless this Scheme shall have become effective on or before the Long Stop Date, this Scheme shall lapse.

7. The Company and the Offeror may jointly consent for and on behalf of all parties concerned to any modification of or addition to this Scheme or to any condition which the High Court may see fit to approve or impose.
  
8. All costs, charges and expenses incurred by the Company and/or its advisers and counsels, including the Independent Financial Adviser, in respect of the Scheme and the Proposal will be borne by the Company, whereas all costs, charges and expenses incurred by the Offeror and/or its advisers and counsels in respect of the Scheme and the Proposal will be borne by the Offeror, and other costs, charges and expenses of the Scheme and the Proposal will be shared between the Offeror and the Company equally.

8 September 2023

HCMP No.1243 of 2023

IN THE HIGH COURT OF THE  
HONG KONG SPECIAL ADMINISTRATIVE REGION  
COURT OF FIRST INSTANCE  
MISCELLANEOUS PROCEEDINGS NO. 1243 of 2023  
IN THE MATTER OF  
MASON GROUP HOLDINGS LIMITED  
茂宸集團控股有限公司

AND

IN THE MATTER OF  
THE COMPANIES ORDINANCE,  
CHAPTER 622 OF THE LAWS OF  
THE HONG KONG SPECIAL ADMINISTRATIVE REGION

SCHEME OF ARRANGEMENT  
Under Section 673 of the Companies Ordinance  
Chapter 622 of the Laws of the Hong Kong Special Administrative Region

## NOTICE OF COURT MEETING

NOTICE IS HEREBY GIVEN that, by an order dated 31 August 2023 (the “**Order**”) made in the above matters, the High Court of the Hong Kong Special Administrative Region (the “**High Court**”) has directed a meeting (the “**Meeting**”) to be convened of the registered holders (the “**Shareholders**”) of the shares (the “**Shares**”) of Mason Group Holdings 茂宸集團控股有限公司 (the “**Company**”) for the purposes of considering and, if thought fit, approving, with or without modification, a scheme of arrangement (the “**Scheme**”) proposed to be made between the Company and the registered holders of the Scheme Shares (the “**Scheme Shareholders**”), and that the Meeting will be held at 10:00 a.m. on Tuesday, 3 October 2023 at Shop 4, G/F, Causeway Centre, 28 Harbour Road, Wanchai, Hong Kong at which place and time all Scheme Shareholders are requested to attend.

A copy of the Scheme and a copy of an explanatory statement (the “**Explanatory Statement**”) explaining the effect of the Scheme, required to be furnished pursuant to Section 671 of the Companies Ordinance, are incorporated in the composite scheme document dated 8 September 2023 (the “**Scheme Document**”) and sent to the shareholders of the Company, of which this notice forms part. A copy of the Scheme Document can also be obtained by any person entitled to attend the Meeting during usual business hours on any day prior to the day appointed for the Meeting (other than a Saturday, a Sunday or a public holiday in Hong Kong) from the share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong. The Scheme Document is also available at <http://www.masonhk.com/>.

In compliance with the Hong Kong Code on Takeovers and Mergers (the “**Takeovers Code**”), Shares held by the Offeror and parties acting in concert (as defined in the Takeovers Code) with it may not be voted at the Meeting. Only Shares held by other Scheme Shareholders are eligible for voting thereat.

The abovementioned Scheme Shareholders may vote in person at the Meeting, or they may appoint another person, whether a member of the Company or not, as their proxy to attend and vote in their stead. A pink form of proxy for use at the Meeting is enclosed with the scheme document despatched to the Shareholders on Friday, 8 September 2023. If more than one proxy is appointed, the number of Shares in respect of which each such proxy is so appointed must be specified in the relevant form of proxy.

In the case of joint holders of a Share, the vote of the senior who tenders a vote, whether in person or by proxy or by representative, shall be accepted to the exclusion of the vote(s) of the other joint holder(s). If more than one of such joint holders be present at any Meeting personally or by proxy, for this purpose seniority shall be determined by the order in which the names stand first on the register in respect of such share shall alone be entitled to vote in respect thereof. Executors or administrators of a deceased member in whose name any share stands shall be deemed as joint holders.

It is requested that forms appointing proxies, together with power of attorney under which they are signed (if any) or a notarially certified copy thereof (in the case of a corporation either under its seal or under the hand of an officer or attorney duly authorised) if any, be lodged at the Company's share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 48 hours (exclusive of any part of a day that is a public holiday) before the time appointed for holding the Meeting, or in any case of any adjournment thereof, not less than 48 hours (exclusive of any part of a day that is a public holiday) before the time appointed for the holding of such adjourned meeting.

Completion and return of the form of proxy will not preclude a Scheme Shareholder from attending the Meeting or any adjournment thereof and voting in person. In such event, his/her/its form of proxy shall be deemed to be revoked.

For the purpose of determining the entitlement to attend and vote at the Meeting, the register of members of the Company will be closed from Tuesday, 26 September 2023 to Tuesday, 3 October 2023, both days inclusive, and during such period, no transfer of Shares will be effected. In order to qualify to vote at the Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712 – 1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong before 4:30 p.m. (Hong Kong time) on Monday, 25 September 2023 (or such other date as the Shareholders may be notified by announcement).

By the Order, the High Court has appointed Mr. Zhang Zhenyi or, failing him, any other available director of the Company, be appointed chairman of the Meeting to report the outcome thereof to the High Court.

The Scheme will be subject to the subsequent sanction of the High Court as set out in the Explanatory Statement contained in the scheme document despatched to the Shareholders on Friday, 8 September 2023.

Dated this 8th day of September 2023

**DLA Piper Hong Kong**

25th Floor, Three Exchange Square

8 Connaught Place, Central

Hong Kong

*Solicitors to Mason Group Holdings Limited*

*Note:*

- (i) If a tropical cyclone warning signal No. 8 or above is hoisted or a black rainstorm warning signal is in force at any time after 7:00 a.m. on the date of the Court Meeting, the Court Meeting will be postponed. The Company will post an announcement on the respective websites of the Stock Exchange and the Company to notify the holder of Scheme Shares and the Shareholders of the date, time and venue of the rescheduled meetings.

*As at the date of this notice, the board of directors of the Company comprises*

*Executive Directors:*

Ms. Han Ruixia

Mr. Zhang Zhenyi

*Non-executive Director:*

Ms. Hui Mei Mei, Carol

*Independent Non-executive Directors:*

Mr. Tian Ren Can

Mr. Wang Cong

Mr. Wu Xu'an

Mr. Ng Yu Yuet

**MASON GROUP HOLDINGS LIMITED****茂宸集團控股有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock code: 273)**

**NOTICE OF GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that a general meeting (the “**General Meeting**”) of Mason Group Holdings Limited (the “**Company**”) will be held at Shop 4, G/F, Causeway Centre, 28 Harbour Road, Wanchai on Tuesday, 3 October 2023 at 10:15 a.m. (Hong Kong time) (or if later, immediately after the conclusion or adjournment of the meeting of the holders of Scheme Shares (as defined in the Scheme as referred to below) convened at the direction of the High Court of the Hong Kong Special Administrative Region (the “**High Court**”) for the same day and place (the “**Court Meeting**”) for the purpose of considering and, if thought fit, passing, the following as special resolution:

**SPECIAL RESOLUTION**

“**THAT:**

- (a) subject to the approval of the scheme of arrangement dated 8 September 2023 (the “**Scheme**”) between the Company and the Scheme Shareholders (as defined in the Scheme) in the form of the print contained in the scheme document dated 8 September 2023 which has been produced to this General Meeting and for the purpose of identification signed by the chairman of this General Meeting, with any modification of or addition to it, or any condition, as may be approved or imposed by the High Court, for the purpose of giving effect to the Scheme, on the date on which the Scheme becomes effective in accordance with the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the “**Effective Date**”):
- (i) the share capital of the Company be reduced by cancelling and extinguishing the Scheme Shares (as defined in the Scheme);
- (ii) subject to and forthwith upon such reduction of capital taking effect, the share capital of the Company be increased to its former amount by the creation of such number of new shares of the Company (the “**Shares**”) as is equal to the number of Scheme Shares cancelled and extinguished; and
- (iii) the Company shall apply the credit arising in its books of account as a result of the said reduction of capital in paying up in full the Shares to be created as aforesaid, which new Shares shall be allotted and issued, credited as fully paid, to the Offeror (as defined in the Scheme) and the directors of the Company be and are hereby unconditionally authorised to allot and issue the same accordingly;



- (b) the listing of the Shares on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) be withdrawn, subject to the Scheme taking effect; and
- (c) the directors of the Company be and are hereby unconditionally authorised to do all acts and things considered by them to be necessary or desirable in connection with the implementation of the Scheme, including (without limitation) (i) the making of an application to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange, subject to the Scheme taking effect; (ii) the reduction of capital, (iii) the allotment and issue of the Shares referred to in paragraph (a)(iii) above; and (iv) the giving, on behalf of the Company, of consent to any modification of, or addition to, the Scheme, which the High Court may see fit to impose and to do all other acts and things considered by them to be necessary or desirable in connection with the implementation of the Scheme and the Proposal (as defined in the Scheme).”

By order of the Board  
**Mason Group Holdings Limited**  
**Han Ruixia**

*Executive Director and Deputy Chief Executive Officer*

Hong Kong, 8 September 2023

*As at the date of this notice, the board of directors of the Company comprise:*

*Executive Directors:*

Ms. Han Ruixia  
Mr. Zhang Zhenyi

*Non-executive Director:*

Ms. Hui Mei Mei, Carol

*Independent Non-executive Directors:*

Mr. Tian Ren Can  
Mr. Wang Cong  
Mr. Wu Xu’an  
Mr. Ng Yu Yuet

*Notes:*

- (i) Unless otherwise defined in this notice or the context otherwise requires, terms defined in the Scheme shall have the same meanings when used in this notice.
- (ii) At the General Meeting, the chairman of the General Meeting will put forward the above resolution to be voted on by way of poll.
- (iii) A white form of proxy for use at the General Meeting is enclosed with the Scheme Document.
- (iv) A member entitled to attend and vote at the General Meeting shall be entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a member of the Company. A member who is the holder of two or more shares may appoint more than one proxy to attend on the same occasion.
- (v) In order to be valid, the white form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be lodged with the Company’s share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, 48 hours (exclusive of any part of a day that is a public holiday) before the time appointed for holding the General Meeting or any adjournment thereof. Completion and return of the white form of proxy will not preclude a member from attending and voting in person at the General Meeting or any adjournment thereof. In the event that a member attends and votes at the General Meeting after having lodged his/her/its form of proxy, his/her/its form of proxy shall be deemed to be revoked.

- (vi) If a tropical cyclone warning signal No. 8 or above is hoisted or a black rainstorm warning signal is in force at any time after 7:00 a.m. on the date of the General Meeting, the General Meeting will be postponed. The Company will post an announcement on the respective websites of the Stock Exchange and the Company to notify the holder of Scheme Shares and the Shareholders of the date, time and venue of the rescheduled meetings.
- (vii) In the case of joint holders of a Share, if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present whose name stands first on the Register in respect of such Share shall alone be entitled to vote in respect thereof.
- (viii) For the purpose of determining the entitlement to attend and vote at the General Meeting, the register of members of the Company will be closed from Tuesday, 26 September 2023 to Tuesday, 3 October 2023, both days inclusive, and during such period, no transfer of the Shares will be effected. In order to qualify to attend and vote at the General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712 – 1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 4:30 p.m. (Hong Kong time) on Monday, 25 September 2023.
- (ix) In case of any inconsistency, the English version of this notice shall prevail.