
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Limited take no responsibility for the contents of this Composite Document and the accompanying Form(s) of Acceptance, 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 Composite Document and the accompanying Form(s) of Acceptance.

This Composite Document should be read in conjunction with the accompanying Form(s) of Acceptance, the contents of which form part of the terms and conditions of the Offers.

GOLDBOND GROUP HOLDINGS LIMITED

金榜集團控股有限公司
(Incorporated in Hong Kong with limited liability)



**CHINA RONGZHONG FINANCIAL
HOLDINGS COMPANY LIMITED**
中國融眾金融控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 3963)

**COMPOSITE DOCUMENT RELATING TO
MANDATORY UNCONDITIONAL CASH OFFERS BY
CHINA PA SECURITIES (HONG KONG) COMPANY LIMITED
FOR AND ON BEHALF OF
GOLDBOND GROUP HOLDINGS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
CHINA RONGZHONG FINANCIAL HOLDINGS COMPANY LIMITED
AND TO CANCEL ALL OUTSTANDING OPTIONS OF
CHINA RONGZHONG FINANCIAL HOLDINGS COMPANY LIMITED
(OTHER THAN THOSE ALREADY
OWNED AND/OR AGREED TO BE ACQUIRED
BY GOLDBOND GROUP HOLDINGS LIMITED AND
PARTIES ACTING IN CONCERT WITH IT)**

Financial adviser to the Offeror



Offer agent to the Offeror



Independent Financial Adviser to the Independent Board Committee



Unless the context otherwise requires, capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

A letter from PA Securities containing, among other things, details of the terms of the Offers, is set out on pages 14 to 28 of this Composite Document.

A letter from the Board is set out on pages 29 to 37 of this Composite Document. A letter from the Independent Board Committee is set out on pages 38 to 40 of this Composite Document. A letter from the Independent Financial Adviser, containing its advice to the Independent Board Committee, the Offer Shareholders and the Offer Optionholders, is set out on pages 41 to 81 of this Composite Document.

The procedures for acceptance and settlement of the Offers are set out in Appendix I to this Composite Document and in the accompanying Form(s) of Acceptance. Form(s) of Acceptance of the Offers must be received by the Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (in respect of the Share Offer) or the company secretary of the Company (in respect of the Option Offer) by no later than 4:00 p.m. on Thursday, 15 February 2024 (Hong Kong time), (or such later time and/or date as the Offeror may determine and the Offeror and the Company may jointly announce with the consent of the Executive in accordance with the Takeovers Code).

Any persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form(s) of Acceptance to any jurisdiction outside Hong Kong should read the section headed "IMPORTANT NOTICE" in this Composite Document before taking any action. It is the responsibility of the Overseas Shareholders and Overseas Optionholders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offers, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required or the compliance with other necessary formalities, or legal and regulatory requirements and the payment of any transfer or other taxes or other required payments due from such Overseas Shareholder or Overseas Optionholder in respect of such jurisdictions. Overseas Shareholders and Overseas Optionholders are advised to seek professional advice on deciding whether to accept the Offers.

This Composite Document will remain on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.chinarzfh.com as long as the Offers remain open.

25 January 2024

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EXPECTED TIMETABLE

The expected timetable set out below is indicative only and may be subject to changes. Further announcement(s) will be made in the event of any changes to the timetable as and when appropriate. Unless otherwise specified, all time and date references contained in this Composite Document the accompanying Form(s) of Acceptance refer to Hong Kong time and dates.

Event	Time & Date
Despatch date of this Composite Document and the accompanying Form(s) of Acceptance and commencement date of the Offers (<i>Note 1</i>)	Thursday, 25 January 2024
Offers open for acceptance (<i>Note 1</i>)	Thursday, 25 January 2024
Latest time and date for acceptance of the Offers (<i>Notes 2, 3 and 5</i>)	by 4:00 p.m. on Thursday, 15 February 2024
Closing Date (<i>Notes 3 and 5</i>)	Thursday, 15 February 2024
Announcement of the results of the Offers (or their extension or revision, if any) on the website of the Stock Exchange (<i>Notes 3 and 5</i>)	no later than 7:00 p.m. on Thursday, 15 February 2024
Latest date for posting of remittances in respect of valid acceptances received under the Offers (<i>Notes 4 and 5</i>) . . .	Monday, 26 February 2024

Notes:

1. The Offers, which are unconditional in all respects, are made on the date of posting of this Composite Document and are capable of acceptance on and from that date until 4:00 p.m. on the Closing Date, unless the Offeror decides to revise or extend the Offers in accordance with the Takeovers Code. Acceptances of the Offers shall be irrevocable and not capable of being withdrawn, except in the circumstances set out in the paragraph headed “8. Right of Withdrawal” in Appendix I to this Composite Document.
2. Beneficial owners of Shares who hold their Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements (as set out in Appendix I to this Composite Document) for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures.

EXPECTED TIMETABLE

3. In accordance with the Takeovers Code, the Offers must initially be open for acceptance for at least 21 days after the date of this Composite Document. The latest time and date for acceptance of the Offers is 4:00 p.m. on Thursday, 15 February 2024 unless the Offeror revises or extends the Offers in accordance with the Takeovers Code. An announcement will be issued jointly by the Offeror and the Company through the website of the Stock Exchange by no later than 7:00 p.m. on the Closing Date stating whether the Offers have been extended, revised or expired. In the event that the Offeror decides to revise or extend the Offers, all Offer Shareholders and Offer Optionholders, whether or not they have already accepted the Offers, will be entitled to accept the revised Offers under the revised terms. The revised Offers must be kept open for at least 14 calendar days after the date of the revised offer document(s) and shall not close earlier than the Closing Date.
4. Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty) payable for the Offer Shares and/or the Options tendered under the Offers will be despatched to the Offer Shareholders and/or the Offer Optionholders accepting the Offers by ordinary post at their own risk as soon as possible, but in any event no later than seven (7) Business Days after the date of receipt of all relevant documents required to render such acceptance complete and valid in accordance with the Takeovers Code.
5. If there is a tropical cyclone warning signal number 8 or above, or "extreme conditions" caused by super typhoons or a "black" rainstorm warning signal:
 - (a) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the Offers and the latest date for posting of remittances for the amounts due under the Offers in respect of valid acceptances, the latest time for acceptance of the Offers and the posting of remittances will remain at 4:00 p.m. on the same Business Day; or
 - (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offers and the latest date for posting of remittances for the amounts due under the Offers in respect of valid acceptances, the latest time for acceptance of the Offers will be rescheduled to 4:00 p.m. on the following Business Day and the date of posting of remittances will be rescheduled to the following Business Day which does not have either of those warnings or condition in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m. or such other day as the Executive may approve.

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

IMPORTANT NOTICE

NOTICE TO THE OVERSEAS SHAREHOLDERS AND OVERSEAS OPTIONHOLDERS

The making of the Offers to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or affected by the laws or regulations of the relevant jurisdictions. Overseas Shareholders and Overseas Optionholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should inform themselves about and observe any applicable legal and regulatory requirements and, where necessary, seek legal advice in respect of the Offers.

It is the responsibility of the Overseas Shareholders and the Overseas Optionholders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction in connection with the acceptance of the Offers, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required or the compliance with other necessary formalities, legal and/or regulatory requirements and the payment of any issue, transfer, cancellation or other taxes and duties due by such Overseas Shareholders and Overseas Optionholders in respect of the acceptance of the Offers in such jurisdictions.

The Offeror and the parties acting in concert with it, the Company, Ping An, PA Securities, CCIC, the Registrar, the company secretary of the Company or any of their respective ultimate beneficial owners, directors, officers, agents, advisers and associates and any other person involved in the Offers shall be entitled to be fully indemnified and held harmless by the Overseas Shareholders and Overseas Optionholders for any taxes or duties as such persons may be required to pay. Please see the paragraphs headed “Availability of the Offers” in the “Letter from PA Securities” and “9. Overseas Shareholders and Overseas Optionholders” in Appendix I to this Composite Document.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Composite Document contains forward-looking statements, which may be identified by words such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “seek”, “estimate”, “will”, “would” or words of similar meaning, that involve risks and uncertainties, as well as assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. The forward-looking statements included herein are made only as at the Latest Practicable Date. The Offeror and the Company assume no obligation to correct or update the forward-looking statements or opinions contained in this Composite Document, except as required pursuant to applicable laws or regulations, including but not limited to the Listing Rules and/or the Takeovers Code.

DEFINITION

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

“Ace York Investment”	Ace York Investment Management Limited, a company incorporated in the British Virgin Islands with limited liability and the trustee of Ace York Management Trust, and is owned as to 50% by Ms. Michelle Wong and 50% by Ms. Jacqueline Wong
“Ace York Management Trust”	a discretionary trust founded by Ms. Jacqueline Wong, of which the trustee is Ace York Investment and the beneficiaries are Ms. Michelle Wong and Ms. Jacqueline Wong and their respective issue(s), and as at the Latest Practicable Date, the trust indirectly held an aggregate of 20,234,242 Shares (representing 3.43% of the issued share capital of the Company at the Latest Practicable Date) through Legend Crown and Plenty Boom
“Ace York Trust”	a discretionary trust founded by Ms. Michelle Wong and Ms. Jacqueline Wong, the beneficiaries of the trust are Ms. Michelle Wong and Ms. Jacqueline Wong and their respective issue(s), and the trustee of the trust was Mr. Wong Charles Yu Lung and Mrs. Wong Fang Pik Chun, and the trust indirectly held 26.06% of the issued share capital of the Offeror as at the Latest Practicable Date
"Acquisition Agreement"	the sale and purchase agreement dated 30 October 2023 between the Offeror (as vendor) and the Company (as purchaser) in relation to the sale and purchase of the Acquisition Shares
"Acquisition Completion"	the completion of the acquisition of the Acquisition Shares by the Company under the Acquisition Agreement on Completion Date
"Acquisition Shares"	a total of 49 issued ordinary shares, or 49% of the issued share capital, of the Target Company acquired by the Company in accordance with the Acquisition Agreement
“acting in concert”	has the meaning ascribed to it under the Takeovers Code

DEFINITION

“Allied Luck Trust”	a discretionary trust founded by Mr. Wong Charles Yu Lung and Mrs. Wong Fang Pik Chun who are also the trustees, and the beneficiaries of the trust are Ms. Michelle Wong and Ms. Jacqueline Wong and their respective issue(s), and as at the Latest Practicable Date, the trust indirectly held 30.99% of the issued share capital of the Offeror
“associate(s)”	has the meaning ascribed to it under the Takeovers Code
“Board”	the board of Directors
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Charged Shares”	38,503,380 Shares (representing 6.52% of the issued share capital of the Company at the Latest Practicable Date) held by Yong Hua International Limited and charged to Solomon Glory Limited (a wholly owned subsidiary of the Offeror) and which are subject to an order issued on 13 March 2019 by The High Court of Hong Kong
“Closing Date”	Thursday, 15 February 2024, being the closing date of the Offers, which is no less than 21 days after the date of this Composite Document, or if the Offers are extended, any subsequent closing date of the Offers as may be determined by the Offeror and jointly announced by the Offeror and the Company in accordance with the Takeovers Code
“Company”	China Rongzhong Financial Holdings Company Limited (中國融眾金融控股有限公司), a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on Main Board of the Stock Exchange (Stock Code: 3963)
“Completion Date”	18 January 2024, being the date on which the Acquisition Completion and Subscription Completion took place

DEFINITION

“Composite Document”	this composite offer and response document jointly issued by the Offeror and the Company to the Offer Shareholders and the Offer Optionholders in connection with the Offers in compliance with the Takeovers Code containing, among other things, details of the Offers (accompanied by the Form(s) of Acceptance) and the respective letters of advice from the Independent Board Committee and the Independent Financial Adviser
“Consideration Shares”	a total of 46,052,632 new Shares (representing 7.80% of the issued share capital of the Company as at the Latest Practicable Date) issued and allotted by the Company at HK\$0.38 per Share to satisfy the consideration for the purchase of the Acquisition Shares under the Acquisition Agreement
“controlling Shareholder”	has the meaning ascribed to it under the Listing Rules
“Convertible Bonds”	the convertible bonds in an aggregate principal amount of HK\$2,541,000 at a conversion price of HK\$0.154 per conversion share issued by the Company to the Offeror on 4 March 2022 which have remained outstanding, in which a maximum of 16,500,000 new Shares will be allotted and issued to the Offeror upon conversion of such convertible bonds
“Director(s)”	director(s) of the Company
“Encumbrances”	any mortgage, charge, pledge, lien, (otherwise than arising by statute or operation of law), hypothecation or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale-and-repurchase or sale-and-leaseback arrangement whatsoever over or in any property, assets or rights of whatsoever nature and includes any agreement for any of the same
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Form(s) of Acceptance”	the WHITE form of acceptance and transfer of the Offer Shares in respect of the Share Offer and/or the PINK form of acceptance and cancellation of all outstanding Offer Options in respect of the Option Offer

DEFINITION

“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Board (comprising a non-executive Director, namely Mr. Lau Hiu Fung, and all independent non-executive Directors, namely Mr. Lie Chi Wing, Mr. Ng Wing Chung Vincent and Mr. Ng Yuk Yeung Paul) which has been established to advise the Offer Shareholders and the Offer Optionholders in connection with the Offers and as to the acceptance of the Offers pursuant to Rule 2.1 of the Takeovers Code
“Independent Financial Adviser” or “CCIC”	Central China International Capital Limited, a corporation licensed by the SFC to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee, the Offer Shareholders and the Offer Optionholders in connection with the Offers
“Irrevocable Option Undertaking(s)”	(i) the irrevocable option undertaking(s) dated 30 October 2023 given by each of the OCP Optionholders in favour of the Offeror, pursuant to which each of the OCP Optionholders had undertaken that he/she would not accept the Option Offer in respect of the Vested Options then held by him/her and had undertaken that he/she would not exercise any Vested Options then held by him/her; and/or (ii) the irrevocable option undertaking(s) dated 5 December 2023 given by each of the grantees of the New Options in favour of the Offeror, pursuant to which each of the grantees of the New Options had undertaken that he/she would not accept the Option Offer in respect of the New Options held by him/her and had undertaken that he/she would not exercise any New Options held by him/her, as the case may be

DEFINITION

“Last Trading Day”	30 October 2023, being the last full trading day of the Shares on the Stock Exchange before the publication of the Rule 3.5 Announcement
“Latest Practicable Date”	22 January 2024, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein
“Legend Crown”	Legend Crown International Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Ace York Management Trust, interested in 10,127,176 Shares, representing approximately 1.72% of the issued share capital of the Company as at the Latest Practicable Date
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Capitalisation Amount”	comprising the total outstanding principal amount and all accrued and unpaid interests of the Loans up to and including the Completion Date i.e. HK\$46,926,557 on Completion Date
“Loans”	the loans advanced by the Offeror to the Company, including (1) an unsecured term loan facility made available by the Offeror to the Company with an aggregate principal amount of up to HK\$50,000,000 at an interest rate of 6% per annum and repayable on 20 October 2024 pursuant to a loan agreement dated 21 October 2021 made between the Offeror and the Company; and (2) an unsecured loan note issued by the Company to the Offeror in the principal amount of HK\$13,188,500 at an interest rate of 4.58% per annum with the maturity date falling on 3 March 2025 pursuant to a loan note instrument dated 4 March 2022 made between the Company and the Offeror
“Mr. David Wong”	Mr. Wong Ming Bun David, a non-executive Director and a director and the chief executive officer of the Offeror
“Ms. Jacqueline Wong”	Ms. Wong Jacqueline Yue Yee, a non-executive Director and a controlling shareholder of the Company

DEFINITION

“Ms. Michelle Wong”	Ms. Wong Michelle Yatye, a non-executive Director, a controlling shareholder of the Company, and a director of the Offeror
“New Option(s)”	the Options granted by the Company to certain grantees on 5 December 2023 pursuant to the Share Option Scheme of which 25,000,000 Options were outstanding and not yet vested as at the Latest Practicable Date with the earliest vesting date being 31 December 2024, details of which are set out in the announcement dated 5 December 2023 jointly published by the Offeror and the Company
“OCP Optionholder”	Ms. Michelle Wong, Ms. Jacqueline Wong, Mr. David Wong and Ms. Wong Emilie Hoi Yan, each being a member of the Offeror Concert Group who holds Options
“Offer Option(s)”	Option(s) subject to the Option Offer
“Offer Optionholder(s)”	the Optionholders other than the Offeror Concert Group
“Offer Period”	has the meaning ascribed to it under the Takeovers Code, being the period commencing on 30 October 2023 (i.e. the date of the Rule 3.5 Announcement), and ending on the Closing Date, or such other time and/or date to which the Offeror may decide to extend or revise the Offers in accordance with the Takeovers Code
“Offer Share(s)”	all of the issued Share(s), other than those already owned and/or agreed to be acquired by the Offeror Concert Group
“Offer Shareholder(s)”	the Shareholder(s), other than the Offeror Concert Group
“Offeror”	Goldbond Group Holdings Limited (金榜集團控股有限公司), a company incorporated in Hong Kong with limited liability and a controlling shareholder of the Company
“Offeror Concert Group”	the Offeror and the parties acting in concert with it or presumed to be acting in concert with the Offeror under the definition of “acting in concert” under the Takeovers Code
“Offers”	collectively, the Share Offer and the Option Offer
“Option(s)”	share option(s) granted by the Company pursuant to the Share Option Scheme

DEFINITION

“Option Offer”	the mandatory unconditional cash offer made by PA Securities for and on behalf of the Offeror in compliance with Rule 13 of the Takeovers Code to cancel all outstanding Options (other than those already owned and/or agreed to be acquired by the Offeror Concert Group) in accordance with the terms and conditions set out in this Composite Document
“Option Offer Price”	the price of HK\$0.01 per Option at which the Option Offer is made in cash
“Optionholder(s)”	the holder(s) of the Options
“Overseas Optionholder(s)”	the Offer Optionholder(s) whose address(es), as shown on the register of Optionholders of the Company, is/are outside Hong Kong
“Overseas Shareholder(s)”	the Offer Shareholder(s) whose address(es), as shown on the register of members of the Company, is/are outside Hong Kong
“Perfect Honour”	Perfect Honour Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Offeror and a substantial shareholder of the Company which directly held 143,805,903 Shares, representing approximately 24.36% of the issued share capital of the Company as at the Latest Practicable Date
“Ping An”	Ping An of China Capital (Hong Kong) Company Limited, a corporation licensed by the SFC to carry out Type 6 (advising on corporate finance) regulated activities under the SFO, being the financial adviser to the Offeror in respect of the Offers
“PA Securities”	China PA Securities (Hong Kong) Company Limited, a corporation licensed by the SFC to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO, being the agent making the Offers for and on behalf of the Offeror
“ PINK Form of Option Offer Acceptance”	the PINK form of acceptance and cancellation of all outstanding Offer Options in respect of the Option Offer

DEFINITION

“Plenty Boom”	Plenty Boom Investments Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Ace York Management Trust, directly held 10,107,066 Shares, representing approximately 1.71% of the issued share capital of the Company as at the Latest Practicable Date
“PRC”	the People’s Republic of China, which, for the purpose of this Composite Document, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Registrar”	Tricor Investor Services Limited, being the Hong Kong branch share registrar of the Company and the receiving agent for receiving and processing the acceptance of the Offers, located at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
“Relevant Period”	the period from 30 April 2023, being the date falling six months preceding the commencement of the Offer Period, up to and including the Latest Practicable Date
“Rule 3.5 Announcement”	the announcement jointly published by the Offeror and the Company dated 30 October 2023 in relation to, among other things, the Offers pursuant to Rule 3.5 of the Takeovers Code
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Offer”	the mandatory unconditional cash offer made by PA Securities for and on behalf of the Offeror to acquire all the issued Shares (other than those already owned and/or agreed to be acquired by the Offeror Concert Group) pursuant to Rule 26.1 of the Takeovers Code
“Share Offer Price”	the price of HK\$0.38 per Offer Share at which the Share Offer is made in cash

DEFINITION

“Share Option Scheme”	the share option scheme adopted by the Company on 18 December 2015, as amended from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the subscription agreement dated 30 October 2023 entered into between the Offeror (as subscriber) and the Company (as issuer) in respect of the subscription of the Subscription Shares by the Offeror
“Subscription Completion”	completion of the subscription of the Subscription Shares by the Offeror in accordance with the Subscription Agreement
“Subscription Price”	HK\$0.38 per Subscription Share
“Subscription Shares”	123,490,939 new Shares (representing 20.92% of the issued share capital of the Company as at the Latest Practicable Date) subscribed for at the Subscription Price by the Offeror, the amount of which was calculated by dividing the Loan Capitalisation Amount by the Subscription Price
“subsidiaries”	has the meaning ascribed to it in the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Target Company”	Ultimate Harvest Global Limited (至豐環球有限公司), a company incorporated in the British Virgin Islands on 5 August 2021 with limited liability, in which its issued share capital was respectively owned as to 49% by the Offeror and 51% by the Company before Acquisition Completion and was wholly owned by the Company immediately after Acquisition Completion and as at the Latest Practicable Date
“Vested Option(s)”	the Options granted by the Company to certain grantees on 10 February 2020 pursuant to the Share Option Scheme of which 5,594,000 Options were outstanding and vested as at the Latest Practicable Date, details of which are set out in the announcement dated 10 February 2020 published by the Company

DEFINITION

“**WHITE** Form of Share Offer Acceptance” the **WHITE** form of acceptance and transfer in respect of the Share Offer

“%” per cent

LETTER FROM PA SECURITIES



China PA Securities (Hong Kong) Company Limited

To the Offer Shareholders and the Offer Optionholders

25 January 2024

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFERS BY
CHINA PA SECURITIES (HONG KONG) COMPANY LIMITED
FOR AND ON BEHALF OF
GOLDBOND GROUP HOLDINGS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
CHINA RONGZHONG FINANCIAL HOLDINGS COMPANY LIMITED
AND TO CANCEL ALL OUTSTANDING OPTIONS OF
CHINA RONGZHONG FINANCIAL HOLDINGS COMPANY LIMITED
(OTHER THAN THOSE ALREADY
OWNED AND/OR AGREED TO BE ACQUIRED
BY GOLDBOND GROUP HOLDINGS LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

References are made to the (i) Rule 3.5 Announcement jointly published by the Offeror and the Company dated 30 October 2023 in relation to, among other things, the Acquisition Agreement and the Subscription Agreement and the Offers, (ii) the announcement jointly published by the Offeror and the Company dated 20 November 2023 in relation to the delay in despatch of the circular of the Company in relation to the Acquisition Agreement and the Subscription Agreement and this Composite Document, (iii) the announcement jointly published by the Offeror and the Company dated 5 December 2023 in relation to the grant of Options, (iv) the circular issued by the Company dated 15 December 2023 in relation to the Acquisition Agreement and the Subscription Agreement, and (v) the announcement jointly published by the Offeror and the Company dated 18 January 2024 in relation to, among other things, the Acquisition Completion and the Subscription Completion.

On 30 October 2023 (after trading hours), the Offeror (as vendor) and the Company (as purchaser) entered into the Acquisition Agreement, pursuant to which the Company conditionally agreed to acquire, and the Offeror conditionally agreed to sell the Acquisition Shares, representing 49% of the issued share capital in the Target Company (a non wholly-owned subsidiary of the Company), at the consideration of HK\$17,500,000 which will be satisfied by the issue and allotment of the Consideration Shares to the Offeror. Upon Acquisition Completion, the Target Company became a wholly-owned subsidiary of the Company.

LETTER FROM PA SECURITIES

In addition, on 30 October 2023 (after trading hours), the Offeror (as subscriber) and the Company (as issuer) entered into the Subscription Agreement, pursuant to which the Offeror conditionally agreed to subscribe for, and the Company conditionally agreed to issue and allot the Subscription Shares at the Subscription Price of HK\$0.38 in which the aggregate consideration payable by the Offeror will be satisfied by way of setting off against the Loan Capitalisation Amount.

Acquisition Completion and Subscription Completion are inter-conditional upon each other and shall take place simultaneously. Accordingly, Acquisition Completion and Subscription Completion took place on 18 January 2024.

On 5 December 2023, the Company granted 25,000,000 Options to certain Directors, directors of certain subsidiaries of the Company and other employees of the Group, among which members of the Offeror Concert Group were granted an aggregate of 4,800,000 Options.

Immediately before the Acquisition Completion and Subscription Completion, the Offeror Concert Group held 172,290,145 Shares, or approximately 40.95% of the total voting rights of the Company and 10,000,000 Options, among which 8,250,000 Shares, or approximately 1.96% of the total voting rights of the Company, was held by the Offeror.

Immediately following Acquisition Completion and Subscription Completion and as at the Latest Practicable Date, the Offeror Concert Group held 341,833,716 Shares, or approximately 57.91% of the total voting rights of the Company, and 10,000,000 Options, among which 177,793,571 Shares, or approximately 30.12% of the total voting rights of the Company, was held by the Offeror.

As at the Latest Practicable Date, Solomon Glory Limited, a wholly-owned subsidiary of the Offeror, held a short position in 38,503,380 Charged Shares (representing approximately 6.52% of the issued share capital of the Company as at the Latest Practicable Date), which were held by Yong Hua International Limited (which had the voting right over the Charged Shares) and charged to Solomon Glory Limited. The Charged Shares were subject to an order issued on 13 March 2019 by The High Court of Hong Kong, details of which are set out in the announcement of the Company dated 4 July 2019. Pursuant to the court order, the Charged Shares shall be sold at a price not more than 10% discount to the average closing prices of the Shares as quoted on the Stock Exchange for the previous 10 consecutive trading days prior to the date of sale of such Charged Shares or any of them. As at the Latest Practicable Date, none of the Charged Shares had been sold by Yong Hua International Limited.

According to the information available based on the disclosure of interest forms, Yong Hua International Limited is wholly owned by Mr. Xie Xiaoqing, who is also interested in 12,704,220 Shares (representing approximately 2.15% of the issued share capital of the Company as at the Latest Practicable Date) in addition to 38,503,380 Charged Shares. As (i) the Charged Shares are held by Yong Hua International Limited; and (ii) Solomon Glory Limited does not have any control or voting right over the 38,503,380 Charged Shares, the Charged Shares are subject to the Share Offer. The Offeror has not reached any agreement or understanding with any party including Yong Hua International Limited and China Galaxy International Securities (Hong Kong) Co., Limited (as agent of Yong Hua International Limited) in respect of the acceptance of the Share Offer in relation to the Charged Shares.

LETTER FROM PA SECURITIES

Pursuant to Rule 26.1 of the Takeovers Code, upon Acquisition Completion and Subscription Completion, the Offeror is required to make a mandatory unconditional cash offer for the Offer Shares. In addition, the Offeror is also obliged to make an appropriate cash offer to the Offer Optionholders to cancel all the Offer Options under Rule 13 of the Takeovers Code. PA Securities is, on behalf of the Offeror, making the Offers in compliance with the Takeovers Code on the terms set out in this Composite Document.

As the Offeror is currently holding all outstanding Convertible Bonds, it is not necessary for the Offeror to make an offer for the outstanding Convertible Bonds. The Offeror does not intend to exercise the conversion rights attached to the outstanding Convertible Bonds or transfer such Convertible Bonds to any other persons before the close of the Offers.

This letter forms part of this Composite Document and sets out, among other things, details of the terms of the Offers, the information of the Offeror and the intention of the Offeror in relation to the Group. Further details of the terms and the procedures of acceptance of the Offers are set out in Appendix I to this Composite Document, and in the accompanying Form(s) of Acceptance.

The Offer Shareholders and the Offer Optionholders are strongly advised to consider carefully the information contained in the “Letter from the Board”, the “Letter from the Independent Board Committee” and the “Letter from the Independent Financial Adviser”, accompanying Form(s) of Acceptance and the appendices which form part of this Composite Document and to consult their professional advisers if in doubt before reaching a decision as to whether or not to accept the Offers.

THE OFFERS

The Share Offer

PA Securities, for and on behalf of the Offeror and in compliance with the Takeovers Code, is making the Share Offer on the following basis:

For each Offer Share HK\$0.38 in cash

The Share Offer Price of HK\$0.38 per Offer Share is equivalent to the price per Consideration Share under the Acquisition Agreement and to the Subscription Price under the Subscription Agreement.

The Share Offer is extended to all Shareholders other than the Offeror Concert Group in accordance with the Takeovers Code.

LETTER FROM PA SECURITIES

The Offer Shares to be acquired under the Share Offer shall be fully paid and free from all Encumbrances together with all rights and interests attaching thereto, including all rights to any dividend or other distribution declared, made or paid on or after the date on which the Share Offer is made, being the date of despatch of this Composite Document. The Company confirms that as at the Latest Practicable Date, (i) the Company had not declared any dividend which remains unpaid; and (ii) it did not have any intention to make, declare or pay any future dividend/ make other distributions on or before the close of the Offers.

The Share Offer is unconditional in all respects when made.

The Option Offer

PA Securities, for and on behalf of the Offeror, is making the Option Offer to the Offer Optionholders in accordance with Rule 13 of the Takeovers Code to cancel all outstanding Offer Options in exchange for cash on the following basis:

For cancellation of each Offer Option HK\$0.01 in cash

Pursuant to Rule 13 of the Takeovers Code and Practice Note 6 published by the SFC, the Option Offer Price would normally represent the “see-through” price, which is the difference between the Share Offer Price and the exercise price for each outstanding Option. As the outstanding Options have an exercise price of HK\$0.40 each, which is above the Share Offer Price of HK\$0.38, such Options are therefore out-of-the-money. Therefore, the Option Offer Price for the cancellation of each Offer Option will be a nominal cash amount of HK\$0.01.

The Option Offer is extended to all Optionholders other than the Offeror Concert Group in accordance with the Takeovers Code.

The Option Offer is unconditional in all respects when made.

By validly accepting the Option Offer, the Offer Options tendered by the Offer Optionholders will be cancelled and cease to be exercisable.

As at the Latest Practicable Date, there were 30,594,000 outstanding Options all with an exercise price of HK\$0.40, consisting of (i) 5,594,000 Vested Options exercisable up to 9 February 2030 and (ii) 25,000,000 New Options which had an earliest vesting date of 31 December 2024 and exercisable up to 4 December 2033.

LETTER FROM PA SECURITIES

Pursuant to the rules of the Share Option Scheme (the “**Scheme Rules**”), if a general offer (other than by way of scheme of arrangement) is made to all holders of Shares (or all such holders other than the offeror, any person controlled by the offeror and any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of the relevant Option, the Optionholders shall be entitled to exercise such Options in full, unless the Company, in its discretion, give notice to the relevant Optionholders that such Options shall be exercised within such period of time as specified by the Company.

In this regard, given the Offers are unconditional at the outset, (a) in respect of the Vested Options, the Board has pursuant to the Scheme Rules given notices to the relevant Optionholders that the Vested Options could remain exercisable within the original exercise period (i.e. up to 9 February 2030) and, if not exercised, will only lapse thereafter; and (b) in respect of the New Options, the Board has resolved that the Company would exercise its discretion under the Scheme Rules to notify each of the grantees of the New Options that the New Options could only be exercised within the original exercise period (i.e. from the respective original vesting date(s) up to 4 December 2033 (both days inclusive)) and will only lapse thereafter. In other words, the vesting of the New Options granted will not be accelerated due to the making of the Offers, and will only take place on the original vesting date(s) falling between 31 December 2024 and 31 December 2026.

Irrevocable Option Undertakings

On 30 October 2023, each of the OCP Optionholders gave Irrevocable Option Undertaking in favour of the Offeror, pursuant to which, each of the OCP Optionholders has undertaken that he/she will not accept the Option Offer in respect of the Vested Options then held by him/her and has undertaken that he/she will not exercise any Vested Options then held by him/her. The Irrevocable Option Undertaking shall terminate immediately if the Offers are not made in accordance with the requirements under the Takeovers Code or after the close of the Offers.

On 5 December 2023, each of the grantees who were granted an aggregate of 25,000,000 New Options on the same date (including those OCP Optionholders who were granted an aggregate of 4,800,000 New Options) also gave Irrevocable Option Undertaking in favour of the Offeror, pursuant to which each of the grantees of the New Options has undertaken that he/she will not accept the Option Offer in respect of the New Options held by him/her and has undertaken that he/she will not exercise any New Options held by him/her. The Irrevocable Option Undertaking shall terminate immediately if the Offers are not made in accordance with the requirements under the Takeovers Code or after the close of the Offers.

LETTER FROM PA SECURITIES

Set out below is a breakdown of the outstanding Options:

	Number of outstanding Options held	Vesting status	Subject to Irrevocable Option Undertaking
OCP Optionholders			
-Ms. Wong Emilie Hoi Yan	400,000	Vested and exercisable until 9 February 2030	Yes
	4,000,000	Not yet vested, earliest vesting date 31 December 2024	Yes
-Ms. Michelle Wong	400,000	Vested and exercisable until 9 February 2030	Yes
	400,000	Not yet vested, earliest vesting date 31 December 2024	Yes
-Ms. Jacqueline Wong	400,000	Vested and exercisable until 9 February 2030	Yes
	400,000	Not yet vested, earliest vesting date 31 December 2024	Yes
-Mr. David Wong	4,000,000	Vested and exercisable until 9 February 2030	Yes
Non-OCP Optionholders			
	394,000	Vested and exercisable until 9 February 2030	No
	20,200,000	Not yet vested, earliest vesting date 31 December 2024	Yes
	<hr/>		
Total	<u>30,594,000</u>		

The Offeror confirms that the Share Offer Price and the Option Offer Price are final and will not be increased.

Immediately following Acquisition Completion and Subscription Completion and as at the Latest Practicable Date, the Company had:

- (i) 590,302,571 Shares in issue, of which 341,833,716 Shares (representing approximately 57.91% of the total issued share capital of the Company) were held by the Offeror Concert Group;
- (ii) a total of 30,594,000 outstanding Options under the Share Option Scheme with an exercise price of HK\$0.40 each, of which 30,200,000 Options were subject to Irrevocable Option Undertakings (including the 10,000,000 Options held by OCP Optionholders); and

LETTER FROM PA SECURITIES

- (iii) outstanding Convertible Bonds in the principal amount of HK\$2,541,000 (convertible into 16,500,000 Shares at HK\$0.154 per Share) held by the Offeror.

Save as disclosed above, as at the Latest Practicable Date, there were no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company in issue.

The Company confirms that as at the Latest Practicable Date, (i) the Company had not declared any dividend which remained unpaid; and (ii) it did not have any intention to make, declare or pay any future dividend/make other distributions on or before the close of the Offers.

Further details of the terms of the Offers and the procedures for acceptance of the Offers are set out in Appendix I to this Composite Document and the accompanying Form(s) of Acceptance.

Comparison of value of the Share Offer Price

The Share Offer Price of HK\$0.38 per Offer Share represents:

- (i) a discount of approximately 35.59% to the closing price of HK\$0.590 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 9.52% to the closing price of HK\$0.420 per Share as quoted on the Stock Exchange on 30 October 2023, being the Last Trading Day;
- (iii) a discount of approximately 9.52% to the closing price of HK\$0.420 per Share as quoted on the Stock Exchange on 27 October 2023, being the last Business Day before the Last Trading Day;
- (iv) a discount of approximately 9.09% to the average closing price of approximately HK\$0.418 per Share based on the daily closing prices as quoted on the Stock Exchange for five (5) consecutive trading days immediately prior to and including the Last Trading Day;
- (v) a discount of approximately 8.87% to the average closing price of approximately HK\$0.417 per Share based on the daily closing prices as quoted on the Stock Exchange for ten (10) consecutive trading days immediately prior to and including the Last Trading Day;
- (vi) a discount of approximately 7.54% to the average closing price of approximately HK\$0.411 per Share based on the daily closing prices as quoted on the Stock Exchange for thirty (30) consecutive trading days immediately prior to and including the Last Trading Day;

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- (vii) a premium of approximately HK\$0.44 per Share over the audited consolidated net liabilities value attributable to the Shareholders of approximately HK\$0.06 per Share as at 31 March 2023, calculated by dividing the Group's audited consolidated net liabilities attributable to the Shareholders of approximately HK\$25,000,000 as at 31 March 2023 by 420,759,000 Shares in issue as at the date of the Rule 3.5 Announcement;
- (viii) a premium of approximately HK\$0.43 per Share over the unaudited consolidated net liabilities value attributable to the Shareholders of approximately HK\$0.05 per Share as at 30 September 2023, calculated by dividing the Group's unaudited consolidated net liabilities attributable to the Shareholders of approximately HK\$20,525,000 as at 30 September 2023 by 420,759,000 Shares in issue as at the date of the Rule 3.5 Announcement; and
- (ix) a premium of approximately HK\$0.41 per Share over the unaudited consolidated net liabilities value attributable to the Shareholders of approximately HK\$0.03 per Share as at 30 September 2023, calculated by dividing the Group's unaudited consolidated net liabilities attributable to the Shareholders of approximately HK\$20,525,000 as at 30 September 2023 by 590,302,571 Shares in issue as at the Latest Practicable Date.

Highest and lowest Share prices

During the Relevant Period, the highest closing price of the Shares quoted on the Stock Exchange was HK\$0.60 per Share on 7 December 2023 and the lowest closing price of the Shares quoted on the Stock Exchange was HK\$0.18 per Share on 13 July 2023.

Value of the Offers

As at the Latest Practicable Date, the Company had 590,302,571 Shares in issue and 30,594,000 outstanding Options under the Share Option Scheme with an exercise price of HK\$0.40 each (consisting of (i) 5,594,000 Vested Options exercisable up to 9 February 2030 and (ii) 25,000,000 New Options which had an earliest vesting date of 31 December 2024 and exercisable up to 4 December 2033).

Assuming that (i) none of the Options are exercised prior to the Closing Date and there will be 20,594,000 outstanding Options that could be subject to the Option Offer (having excluded the 10,000,000 Options held by OCP Optionholders); and (ii) there is no change in the issued share capital of the Company up to the Closing Date and accordingly a total of 248,468,855 Shares (having excluded the 341,833,716 Shares held by the Offeror Concert Group) could be subject to the Share Offer, the total consideration payable by the Offeror under the Offers would be approximately HK\$94,624,104.9 (inclusive of HK\$94,418,164.9 for the Share Offer and HK\$205,940 for the Option Offer).

LETTER FROM PA SECURITIES

Assuming that (i) 394,000 outstanding Vested Options (having excluded the 10,000,000 Options held by OCP Optionholders and the 20,200,000 New Options held by non-OCP Optionholders which are not yet vested and the earliest vesting date is 31 December 2024) are exercised in full prior to the Closing Date and there will be no outstanding Options remaining for acceptance of the Option Offer; and (ii) there is no other change in the issued share capital of the Company up to the Closing Date and accordingly a total of 248,862,855 Shares (having excluded the 341,833,716 Shares held by the Offeror Concert Group and included the 394,000 new Shares to be issued pursuant to the Vested Options that are not held by OCP Optionholders being exercised in full) will be subject to the Share Offer, the total consideration payable by the Offeror under the Share Offer would amount to approximately HK\$94,567,884.9.

Confirmation of financial resources available for the Offers

The Offeror intends to finance the maximum value of the Offers of HK\$94,624,104.9 as calculated in above through a borrowing from Mr. Wong Charles Yu Long to the Offeror.

The Offeror confirms that the payment of interest on, repayment of or security for any liability (contingent or otherwise) in relation to the borrowing will not depend to any significant extent on the business of the Company.

Ping An is satisfied that sufficient financial resources are, and will remain, available to the Offeror to satisfy the maximum value of the Offers.

Effect of accepting the Offers

Acceptance of the Share Offer by any Offer Shareholder will constitute a warranty by such person that all Offer Shares sold by such person under the Share Offer are fully paid and free from and clear of all Encumbrances together with all rights and interests attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date on which the Share Offer is made, being the date of the despatch of this Composite Document.

The Company confirms that as at the Latest Practicable Date, (i) it had not declared any dividend which was not yet paid; and (ii) it did not have any intention to declare or pay any future dividend or make other distributions prior to and including the Closing Date.

By validly accepting the Option Offer, the Offer Options tendered by the Offer Optionholders will be cancelled and cease to be exercisable.

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The Offers are unconditional in all respects when made and will not be conditional upon acceptances being received in respect of a minimum number of Offer Shares and in respect of a minimum number of Options to be cancelled. Acceptances of the Offers shall be irrevocable and not capable of being withdrawn, except as otherwise permitted under the Takeovers Code, details of which are set out in the paragraph headed “8. Right of Withdrawal” in Appendix I to this Composite Document.

Taxation advice

Offer Shareholders and Offer Optionholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offers. None of the Offeror and the parties acting in concert with it, the Company, Ping An, PA Securities, CCIC, and (as the case may be) their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offers accepts any responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

Hong Kong Stamp duty

In Hong Kong, seller’s ad valorem stamp duty arising in connection with acceptance of the Share Offer will be payable by the relevant Offer Shareholders at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptance of the Share Offer, whichever is higher, and will be deducted from the cash amount payable by the Offeror to the Offer Shareholders who accept the Share Offer.

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

No stamp duty is payable in connection with the Option Offer.

Payment

Payment in cash in respect of acceptance of the Share Offer and the Option Offer will be made as soon as possible but in any event no later than seven (7) Business Days after the date on which the duly completed acceptance of the Share Offer and/or the Option Offer (as the case may be) are/is received. Relevant documents evidencing title in respect of such acceptance must be received by or on behalf of the Offeror (or its agent) to render each such acceptance of the Share Offer and/or the Option Offer (as the case may be) complete and valid in accordance with Rule 20.1 and Note 1 to Rule 30.2 of the Takeovers Code.

No fractions of a Hong Kong cent will be payable and the amount of the consideration payable to an Offer Shareholder who accepts the Share Offer and an Offer Optionholder who accepts the Option Offer will be rounded up to the nearest whole Hong Kong cent.

LETTER FROM PA SECURITIES

Availability of the Offers

The Offeror intends to make the Share Offer and the Option Offer available to all the Offer Shareholders and the Offer Optionholders, respectively. As the Share Offer and the Option Offer to persons with a registered address in a jurisdiction outside Hong Kong may be affected by the laws of the relevant overseas jurisdictions, Offer Shareholders and Offer Optionholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice. Persons who are residents, citizens or nationals outside Hong Kong should inform themselves about and observe, at their own responsibility, any applicable laws, regulations, requirements and restrictions in their own jurisdictions in connection with the acceptance of the Offers, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with the other necessary formalities and the payment of any issue, transfer or other taxes due from the Offer Shareholders and/or the Offer Optionholders in respect of such jurisdiction. Any acceptance by the Overseas Shareholders or Overseas Optionholders will be deemed to constitute a representation and warranty from such Overseas Shareholders or Overseas Optionholders to the Offeror that the local laws and requirements have been complied with and such acceptance shall be valid and binding in accordance with all applicable laws.

As at the Latest Practicable Date, (1) there were three Overseas Shareholders whose addresses, as shown on the register of members of the Company, are in the British Virgin Islands; and (2) there were one and one Overseas Optionholders whose addresses, as shown on the register of Optionholders of the Company, are in Canada and the PRC, respectively.

INFORMATION OF THE GROUP

The Company was incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange. The Group is principally engaged in the provision of (i) leasing services in the PRC; and (ii) value added services including due diligence, credit investigation and debt collection services in Hong Kong, the PRC and Singapore.

Further information on the Group is set out in the paragraph headed “Information of the Group” in the “Letter from the Board” as contained in this Composite Document. Financial Information on the Group is set out in Appendix II to this Composite Document.

INFORMATION OF THE OFFEROR

The Offeror is an investment holding company and a public company incorporated in Hong Kong with limited liability. The listing of the shares of the Offeror on the Stock Exchange has been withdrawn with effect from 2 August 2021.

LETTER FROM PA SECURITIES

The principal activities of the Offeror and its subsidiaries are (i) provision of property technology services in the PRC; and (ii) the provision of financial services business including financing and finance lease services, factoring services and automobile leasing services in the PRC.

As at the Latest Practicable Date, two discretionary trusts namely Allied Luck Trust and Aceyork Trust held 855,808,725 shares and 719,656,792 shares of the Offeror, representing approximately 30.99% and 26.06% of the issued share capital of the Offeror, respectively. Mr. Wong Charles Yu Lung and Mrs. Wong Fang Pik Chun are (i) trustees of Allied Luck Trust and Aceyork Trust and (ii) settlors of Allied Luck Trust. Ms. Michelle Wong and Ms. Jacqueline Wong are settlors of Aceyork Trust. The beneficiaries of these trusts were Ms. Michelle Wong and Ms. Jacqueline Wong and their children. As at the Latest Practicable Date, (i) other than the Offeror Concert Group, there were approximately 200 registered shareholders of the Offeror, including HKSCC Nominees Limited, which were those who held the shares of the Offeror immediately before the withdrawal of the listing of the shares of the Offeror in 2021; and (ii) none of the remaining shareholders of the Offeror held more than 5% shareholding in the issued share capital of the Offeror.

Mr. Wong Charles Yu Lung, Ms. Michelle Wong and Mr. David Wong are the directors of the Offeror. Mr. David Wong also acts as the chief executive officer of the Offeror.

Ms. Michelle Wong and Ms. Jacqueline Wong are daughters of Mr. Wong Charles Yu Lung and Mrs. Wong Fang Pik Chun, each of the aforesaid persons being a controlling shareholder of the Company. Ms. Michelle Wong, Ms. Jacqueline Wong and Mr. David Wong are non-executive Directors.

Immediately before and after Acquisition Completion and Subscription Completion and as at the Latest Practicable Date, the Offeror was a controlling shareholder of the Company. For further information of the shareholding of the Offeror, please refer to the paragraph headed “Shareholding Structure of the Company” in the “Letter from the Board” in this Composite Document.

THE OFFEROR’S INTENTION ON THE GROUP

Following the close of the Offers, it is the intention of the Offeror that the Group will continue with its existing principal business. The Offeror does not intend to introduce any major changes to the existing operations and business of the Group immediately after close of the Offers and will neither redeploy nor dispose of any of the assets (including fixed assets) of the Group other than in the ordinary course of business. As at the Latest Practicable Date, the Offeror did not have any intention, understanding, negotiation, arrangement, and agreements (formal or informal, express or implied) to downsize or dispose of any existing business or assets of the Group.

LETTER FROM PA SECURITIES

Nevertheless, following the close of the Offers, the Offeror will conduct a detailed review on the existing principal operations and business, and the financial position of the Group for the purpose of formulating business plans and strategies for the Group's long-term business development and will explore other business opportunities for the Group. Subject to the results of the review, and should suitable investment or business opportunities arise, the Offeror may consider whether any assets and/or business acquisitions or disposals by the Group will be appropriate in order to enhance its growth. Any acquisition or disposal of the assets or business of the Group, if any, will be in compliance with the Listing Rules and the Takeovers Code.

As at the Latest Practicable Date, no investment or business opportunity had been identified nor had the Offeror entered into any agreement, arrangement, understanding or negotiation in relation to (a) the injection of any assets or business into the Group; or (b) the disposal of any assets or business of the Group.

As at the Latest Practicable Date, the Offeror had no plan to terminate the employment of any other employees or other personnel of the Group. However, the Offeror reserves the right to make any changes that they deem necessary or appropriate to the benefit of the Group.

PROPOSED CHANGE TO THE BOARD COMPOSITION OF THE COMPANY

As at the Latest Practicable Date, the Offeror did not intend to make any changes to the board composition of the Company.

PUBLIC FLOAT AND MAINTENANCE OF THE LISTING STATUS OF THE COMPANY

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

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

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

The Offeror intends the Company to remain listed on the Stock Exchange. The directors of the Offeror will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares after the close of the Offers.

LETTER FROM PA SECURITIES

The Company will make an application to the Stock Exchange for a temporary waiver pursuant to Rule 8.08(1)(c) of the Listing Rules from strict compliance with Rule 8.08(1)(a) of the Listing Rules in case less than 25% of the issued share capital of the Company will be held by the public upon the close of the Offers. Appropriate steps will be taken to ensure public float will be restored as soon as possible after the close of the Offers. The steps that the Offeror may take include but not limited to (i) placing down or selling sufficient number of accepted Shares it acquired from the Share Offer to selected independent third parties or in the market; and/or (ii) issue of additional Shares by the Company for this purpose.

Further announcement(s) regarding the restoration of public float will be made by the Company as and when appropriate.

ACCEPTANCE AND SETTLEMENT

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

COMPULSORY ACQUISITION

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

GENERAL

This Composite Document has been prepared for the purposes of complying with the laws of Hong Kong, the Takeovers Code and the Listing Rules and the information disclosed may not be the same as which would have been disclosed if this Composite Document had been prepared in accordance with the laws of jurisdictions outside Hong Kong.

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

LETTER FROM PA SECURITIES

Attention of the Overseas Shareholders and Overseas Optionholders is drawn to the paragraph headed “9. Overseas Shareholders and Overseas Optionholders” in Appendix I to this Composite Document. All communications, notices, Form(s) of Acceptance, share certificate(s), transfer receipt(s), other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offers to be delivered by or sent to or from the Offer Shareholders and/or Offer Optionholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk. None of the Offeror and the parties acting in concert with it, the Company, Ping An, PA Securities, CCIC, the Registrar or their respective ultimate beneficial owners, directors, officers, agents and associates or any other person involved in the Offers will be responsible for any loss or delay in postage or any other liabilities that may arise as a result thereof or in connection therewith. Further details have been set out in Appendix I to this Composite Document and in the accompanying Form(s) of Acceptance.

ADDITIONAL INFORMATION

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

In considering what action to take in connection with the Offers, you should consult your own tax or financial professional advisers.

Yours faithfully
For and on behalf of
China PA Securities (Hong Kong) Company Limited
Michael Ngai
Managing Director

LETTER FROM THE BOARD



CHINA RONGZHONG FINANCIAL HOLDINGS COMPANY LIMITED
中國融眾金融控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 03963)

Executive Director:

Ms. Wong Emilie Hoi Yan

Non-executive Directors:

Mr. Lau Hiu Fung

Ms. Wong Jacqueline Yue Yee

Ms. Wong Michelle Yatyee

Mr. Wong Ming Bun David

Independent non-executive Directors:

Mr. Lie Chi Wing

Mr. Ng Wing Chung Vincent

Mr. Ng Yuk Yeung Paul

Registered office:

Tricor Services (Cayman Islands) Limited

Third Floor, Century Yard

Cricket Square, P.O. Box 902

Grand Cayman, KY1-1103

Cayman Islands

Principal place of business in Hong Kong:

Unit 3901, 39/F

Tower One, Lippo Centre

89 Queensway

Hong Kong

25 January 2024

To the Offer Shareholders and the Offer Optionholders

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFERS BY
CHINA PA SECURITIES (HONG KONG) COMPANY LIMITED
FOR AND ON BEHALF OF
GOLDBOND GROUP HOLDINGS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
CHINA RONGZHONG FINANCIAL HOLDINGS COMPANY LIMITED
AND TO CANCEL ALL OUTSTANDING OPTIONS OF CHINA
RONGZHONG FINANCIAL HOLDINGS COMPANY LIMITED
(OTHER THAN THOSE ALREADY
OWNED AND/OR AGREED TO BE ACQUIRED
BY GOLDBOND GROUP HOLDINGS LIMITED AND
PARTIES ACTING IN CONCERT WITH IT)**

LETTER FROM THE BOARD

INTRODUCTION

References are made to the (i) Rule 3.5 Announcement jointly published by the Offeror and the Company dated 30 October 2023 in relation to, among other things, the Acquisition Agreement and the Subscription Agreement and the Offers, (ii) the announcement jointly published by the Offeror and the Company dated 20 November 2023 in relation to the delay in despatch of the circular of the Company in relation to the Acquisition Agreement and the Subscription Agreement and this Composite Document, (iii) the announcement jointly published by the Offeror and the Company dated 5 December 2023 in relation to the grant of Options, (iv) the circular issued by the Company dated 15 December 2023 in relation to the Acquisition Agreement and the Subscription Agreement, and (v) the announcement jointly published by the Offeror and the Company dated 18 January 2024 in relation to, among other things, the Acquisition Completion and the Subscription Completion.

On 30 October 2023 (after trading hours), the Offeror (as vendor) and the Company (as purchaser) entered into the Acquisition Agreement, pursuant to which the Company conditionally agreed to acquire, and the Offeror conditionally agreed to sell the Acquisition Shares, representing 49% of the issued share capital in the Target Company (a non wholly-owned subsidiary of the Company), at the consideration of HK\$17,500,000 which will be satisfied by the issue and allotment of the Consideration Shares to the Offeror. Upon Acquisition Completion, the Target Company became a wholly-owned subsidiary of the Company.

In addition, on 30 October 2023 (after trading hours), the Offeror (as subscriber) and the Company (as issuer) entered into the Subscription Agreement, pursuant to which the Offeror conditionally agreed to subscribe for, and the Company conditionally agreed to issue and allot the Subscription Shares at the Subscription Price of HK\$0.38 in which the aggregate consideration payable by the Offeror will be satisfied by way of setting off against the Loan Capitalisation Amount.

Acquisition Completion and Subscription Completion are inter-conditional upon each other and shall take place simultaneously. Accordingly, Acquisition Completion and Subscription Completion took place on 18 January 2024.

On 5 December 2023, the Company granted 25,000,000 Options to certain Directors, directors of certain subsidiaries of the Company and other employees of the Group, among which members of the Offeror Concert Group were granted an aggregate of 4,800,000 Options.

Immediately before the Acquisition Completion and Subscription Completion, the Offeror Concert Group held 172,290,145 Shares, or approximately 40.95% of the total voting rights of the Company and 10,000,000 Options, among which 8,250,000 Shares, or approximately 1.96% of the total voting rights of the Company, was held by the Offeror.

LETTER FROM THE BOARD

Immediately following Acquisition Completion and Subscription Completion and as at the Latest Practicable Date, the Offeror Concert Group held 341,833,716 Shares, or approximately 57.91% of the total voting rights of the Company, and 10,000,000 Options, among which 177,793,571 Shares, or approximately 30.12% of the total voting rights of the Company, was held by the Offeror.

Immediately following Acquisition Completion and Subscription Completion and as at the Latest Practicable Date, the Company had:

- (i) 590,302,571 Shares in issue, of which 341,833,716 Shares were held by the Offeror Concert Group (representing approximately 57.91% of the total issued share capital of the Company);
- (ii) a total of 30,594,000 outstanding Options under the Share Option Scheme with an exercise price of HK\$0.40 each, of which 30,200,000 Options were subject to Irrevocable Option Undertakings (including the 10,000,000 Options held by OCP Optionholders); and
- (iii) outstanding Convertible Bonds in the principal amount of HK\$2,541,000 (convertible into 16,500,000 Shares at HK\$0.154 per Share) held by the Offeror.

Save as disclosed above, as at the Latest Practicable Date, the Company had no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in issue.

Pursuant to Rule 26.1 of the Takeovers Code, upon Acquisition Completion and Subscription Completion, the Offeror is required to make a mandatory unconditional cash offer for the Offer Shares. In addition, the Offeror is also obliged to make an appropriate cash offer to the Offer Optionholders to cancel all the Offer Options under Rule 13 of the Takeovers Code. PA Securities is, on behalf of the Offeror, making the Offers in compliance with the Takeovers Code on the terms set out in this Composite Document.

As the Offeror is currently holding all outstanding Convertible Bonds, it is not necessary for the Offeror to make an offer for the outstanding Convertible Bonds. The Offeror does not intend to exercise the conversion rights attached to the outstanding Convertible Bonds or transfer such Convertible Bonds to any other persons before the close of the Offers.

The purpose of this Composite Document (of which this letter form(s) part) is to provide you with, among other things, (i) information relating to the Group and the Offeror; (ii) further details of the Offers; (iii) a letter from the Independent Board Committee containing the Independent Board Committee's recommendation to the Offer Shareholders and the Offer Optionholders in respect of the terms of the Offers and as to acceptance; (iv) the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee, the Offer Shareholders and the Offer Optionholders in relation to the Offers; and (v) procedures for acceptance of the Offers.

LETTER FROM THE BOARD

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising a non-executive Director Mr. Lau Hiu Fung and all of the three independent non-executive Directors, namely Mr. Lie Chi Wing, Mr. Ng Wing Chung Vincent and Mr. Ng Yuk Yeung Paul, has been established pursuant to Rule 2.1 of the Takeovers Code to advise the Offer Shareholders as to whether the Share Offer is, or is not, fair and reasonable and give a recommendation as to acceptance of the Share Offer, and to advise the Offer Optionholders as to whether the Option Offer is, or is not, fair and reasonable and give a recommendation as to acceptance of the Option Offer.

Ms. Jacqueline Wong, Ms. Michelle Wong and Mr. David Wong, being non-executive Directors, were not included in the Independent Board Committee as they had interest in the Offers. Ms. Jacqueline Wong and Ms. Michelle Wong are (i) beneficiaries of Allied Luck Trust and Aceyork Trust and (ii) settlor of Aceyork Trust. As at the Latest Practicable Date, Allied Luck Trust and Aceyork Trust were together interested in approximately 57.05% of the issued share capital of the Offeror. Mr. David Wong, a non-executive Director, was a director and the chief executive officer of the Offeror.

CCIC has been appointed as the independent financial adviser to advise the Independent Board Committee, the Offer Shareholders and the Offer Optionholders in connection with the Offers and in particular as to whether the Offers are, or are not, fair and reasonable and as to their acceptance.

The full text of the letter from the Independent Board Committee and the letter from the Independent Financial Adviser are set out in this Composite Document. You are urged to read these letters and the additional information contained in the appendices to this Composite Document carefully before taking any action in respect of the Offers.

PRINCIPAL TERMS OF THE OFFERS

The Share Offer

PA Securities, for and on behalf of the Offeror and in compliance with the Takeovers Code, is making the Share Offer on the following basis:

For each Offer Share HK\$0.38 in cash

The Share Offer Price of HK\$0.38 per Offer Share is equivalent to the price per Consideration Share under the Acquisition Agreement and to the Subscription Price under the Subscription Agreement.

The Share Offer is extended to all Shareholders other than the Offeror Concert Group in accordance with the Takeovers Code.

LETTER FROM THE BOARD

The Offer Shares to be acquired under the Share Offer shall be fully paid and free from all Encumbrances together with all rights and interests attaching thereto, including all rights to any dividend or other distribution declared, made or paid on or after the date on which the Share Offer is made, being the date of despatch of this Composite Document. The Company confirms that as at the Latest Practicable Date, (i) the Company had not declared any dividend which remains unpaid; and (ii) it did not have any intention to make, declare or pay any future dividend/ make other distributions on or before the close of the Offers.

The Share Offer is unconditional in all respects when made.

The Option Offer

PA Securities, for and on behalf of the Offeror, is making the Option Offer to the Offer Optionholders in accordance with Rule 13 of the Takeovers Code to cancel all outstanding Offer Options in exchange for cash on the following basis:

For cancellation of each Offer Option HK\$0.01 in cash

The Option Offer is unconditional in all respects when made. Following acceptance of the Option Offer, the relevant Offer Options together with all rights attaching thereto will be entirely cancelled and renounced.

As at the Latest Practicable Date, there were 30,594,000 outstanding Options all with an exercise price of HK\$0.40, consisting of (i) 5,594,000 Vested Options exercisable up to 9 February 2030 and (ii) 25,000,000 New Options which had an earliest vesting date of 31 December 2024 and exercisable up to 4 December 2033.

Pursuant to the rules of the Share Option Scheme (the “**Scheme Rules**”), if a general offer (other than by way of scheme of arrangement) is made to all holders of Shares (or all such holders other than the offeror, any person controlled by the offeror and any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of the relevant Option, the Optionholders shall be entitled to exercise such Options in full, unless the Company, in its discretion, give notice to the relevant Optionholders that such Options shall be exercised within such period of time as specified by the Company.

In this regard, given the Offers are unconditional at the outset, (a) in respect of the Vested Options, the Board has pursuant to the Scheme Rules given notices to the relevant Optionholders that the Vested Options could remain exercisable within the original exercise period (i.e. up to 9 February 2030) and, if not exercised, will only lapse thereafter; and (b) in respect of the New Options, the Board has resolved that the Company would exercise its discretion under the Scheme Rules to notify each of the grantees of the New Options that the New Options could only be exercised within the original exercise period (i.e. from the respective original vesting date up to 4 December 2033 (both days inclusive)) and will only lapse thereafter. In other words, the vesting of the New Options granted will not be accelerated due to the making of the Offers, and will only take place on the original vesting date(s) falling between 31 December 2024 and 31 December 2026.

LETTER FROM THE BOARD

As at the Latest Practicable Date, (i) 5,200,000 out of 5,594,000 Vested Options were subject to the Irrevocable Option Undertakings and these 5,200,000 Vested Options were all held by OCP Optionholders; and (ii) all of the 25,000,000 New Options were subject to the Irrevocable Option Undertakings, among which 4,800,000 New Options were held by OCP Optionholders and 20,200,000 New Options were held by non-OCP Optionholders. For further details of the Irrevocable Option Undertakings, please refer to the paragraph headed “Irrevocable Option Undertakings” in the section headed “Letter from PA Securities” in this Composite Document.

Further details of the Offers including, among other things, its extension to the Overseas Shareholders and Overseas Optionholders, information on taxation, the terms and conditions and the procedures for acceptance and settlement and acceptance period are set out in the sections headed “Letter from PA Securities” in this Composite Document, Appendix I to this Composite Document and the accompanying Form(s) of Acceptance.

INFORMATION OF THE GROUP

The Company was incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange. The Group is principally engaged in the provision of (i) leasing services in the PRC; and (ii) value added services including due diligence, credit investigation and debt collection services in Hong Kong, the PRC and Singapore.

Your attention is drawn to Appendix II and Appendix III to this Composite Document which contain financial and general information of the Group, respectively, as required under the Takeovers Code.

In deciding whether or not to accept the Offers, the Offer Shareholders and the Offer Optionholders should consider the material uncertainty related to going concern as reported by the independent auditors on the consolidated financial statements of the Group for the year ended 31 March 2021, the disclaimer of opinion of the independent auditors on the consolidated financial statements of the Group for the years ended 31 March 2022 and 2023 and the material uncertainty related to going concern disclosed in the unaudited consolidated financial statements of the Group for the six months ended 30 September 2023. Please refer to Appendix II to this Composite Document for further details.

Pursuant to Note 3 to Rule 2 of the Takeovers Code, the Board would like to draw the attention of the Offer Shareholders and Offer Optionholders that (i) for the year ended 31 March 2021, the auditors of the Company reported that there was material uncertainty that may cast significant doubt on the Group’s ability to continue as a going concern, (ii) for each of the years ended 31 March 2022 and 2023, the auditors had disclaimer of opinion and (iii) for the six months ended 30 September 2023, it was stated in the unaudited consolidated financial statements that there was material uncertainty that may cast significant doubt on the Group’s ability to continue as a going concern. For further details, please refer to the paragraph headed “1. Financial summary of the Group” in Appendix II to this Composite Document. The Offer Shareholders are advised to take into account the foregoing and consider carefully the terms of the Offers. If the Offer Shareholders decide not to accept the Offers, they should be aware of the potential risks associated with the material uncertainties relating to going concern and disclaimer of opinion.

LETTER FROM THE BOARD

SHAREHOLDING STRUCTURE OF THE COMPANY

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

Shareholders	Immediately before Acquisition Completion and Subscription Completion		Immediately after Acquisition Completion and Subscription Completion and as at the Latest Practicable Date	
	<i>Number of Shares held</i>	<i>% of Shares in issue</i>	<i>Number of Shares held</i>	<i>% of Shares in issue</i>
Offeror Concert Group				
– Offeror (<i>Note 1</i>)	8,250,000	1.96	177,793,571	30.12
– Parties acting in concert with the Offeror:				
a. Perfect Honour (<i>Note 2</i>)	143,805,903	34.18	143,805,903	24.36
b. Legend Crown (<i>Note 3</i>)	10,127,176	2.41	10,127,176	1.72
c. Plenty Boom (<i>Note 3</i>)	10,107,066	2.40	10,107,066	1.71
Parties acting in concert with the Offeror				
subtotal	164,040,145	38.99	164,040,145	27.79
Offeror Concert Group				
subtotal	172,290,145	40.95	341,833,716	57.91
Mr. Xie Xiaoqing (<i>Note 4</i>)	51,207,600	12.17	51,207,600	8.67
Public Shareholders	<u>197,261,255</u>	<u>46.88</u>	<u>197,261,255</u>	<u>33.42</u>
Total	<u>420,759,000</u>	<u>100.00</u>	<u>590,302,571</u>	<u>100.00</u>

Notes:

1. In addition to these interest in Shares, Solomon Glory Limited, a wholly-owned subsidiary of the Offeror, holds a short position in 38,503,380 Charged Shares, which are held by Yong Hua International Limited and charged to Solomon Glory Limited. Please refer to Note 4 below and the paragraph headed “Introduction” in the “Letter from PA Securities” in this Composite Document for further details.
2. Perfect Honour is a directly wholly-owned subsidiary of the Offeror.
3. Legend Crown and Plenty Boom are wholly-owned by Ace York Management Trust (a discretionary trust founded by Ms. Jacqueline Wong), of which the trustee is Ace York Investment and the beneficiaries are Ms. Michelle Wong and Ms. Jacqueline Wong and their respective issue(s).

LETTER FROM THE BOARD

4. According to the information available based on the disclosure of interest forms, these Shares include (i) 2,117,370 Shares (representing approximately 0.36% of the issued share capital of the Company as at the Latest Practicable Date) held by Capital Grower Limited; (ii) 10,586,850 Shares (representing approximately 1.79% of the issued share capital of the Company as at the Latest Practicable Date) held by Clifton Rise International Limited; and (iii) 38,503,380 Charged Shares (representing approximately 6.52% of the issued share capital of the Company as at the Latest Practicable Date) held by Yong Hua International Limited, which are all companies wholly-owned by Mr. Xie Xiaoqing. Please refer to the paragraph headed “Introduction” in the “Letter from PA Securities” in this Composite Document for further details in respect of the Charged Shares.
5. Certain percentage figures included in this table have been subject to rounding adjustments. Figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

INFORMATION ON THE OFFEROR

Your attention is drawn to the paragraph headed “Information of the Offeror” in “Letter from PA Securities” in this Composite Document and Appendix IV to this Composite Document.

THE OFFEROR’S INTENTION ON THE GROUP

Your attention is drawn to the paragraph headed “The Offeror’s Intention on the Group” in “Letter from PA Securities” in this Composite Document.

The Board is aware of the Offeror’s intention in relation to the Group and is willing to render reasonable co-operation with the Offeror and continue to act in the best interests of the Company and the Shareholders as a whole.

PROPOSED CHANGE TO THE BOARD COMPOSITION OF THE COMPANY

As at the Latest Practicable Date, the Offeror did not intend to make any changes to the board composition of the Company.

PUBLIC FLOAT AND MAINTENANCE OF THE LISTING STATUS OF THE COMPANY

As mentioned in the paragraph headed “Public Float and Maintenance of the Listing Status of the Company” in the “Letter from PA Securities” of this Composite Document, the Offeror intends the Company to remain listed on the Stock Exchange. The directors of the Offeror will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares after the close of the Offers.

LETTER FROM THE BOARD

RECOMMENDATION

Your attention is drawn to the sections headed “Letter from the Independent Board Committee” and “Letter from the Independent Financial Adviser” in this Composite Document, which contain, among other things, their advice in relation to the Offers and the principal factors considered by them in arriving at their recommendation. You are urged to read these letters and the additional information contained in the appendices to this Composite Document carefully before taking any action in respect of the Offers.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this Composite Document. You are also recommended to read carefully Appendix I titled “Further Terms and Procedures of Acceptance of the Offers” to this Composite Document and the accompanying Form(s) of Acceptance for further details in respect of the procedures for acceptance of the Offers.

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

Yours faithfully

By order of the Board of

China Rongzhong Financial Holdings Company Limited

Wong Emilie Hoi Yan

Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



CHINA RONGZHONG FINANCIAL HOLDINGS COMPANY LIMITED
中國融眾金融控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 03963)

25 January 2024

To the Offer Shareholders and the Offer Optionholders

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFERS BY
CHINA PA SECURITIES (HONG KONG) COMPANY LIMITED
FOR AND ON BEHALF OF
GOLDBOND GROUP HOLDINGS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
CHINA RONGZHONG FINANCIAL HOLDINGS COMPANY LIMITED
AND TO CANCEL ALL OUTSTANDING OPTIONS OF
CHINA RONGZHONG FINANCIAL HOLDINGS COMPANY LIMITED
(OTHER THAN THOSE ALREADY
OWNED AND/OR AGREED TO BE ACQUIRED
BY GOLDBOND GROUP HOLDINGS LIMITED AND
PARTIES ACTING IN CONCERT WITH IT)**

We refer to this Composite Document dated 25 January 2024 jointly issued by the Offeror and the Company of which this letter forms part. Unless specified otherwise, capitalised terms used herein shall have the same meanings as those defined in this Composite Document.

We have been appointed by the Board to constitute the Independent Board Committee to consider the terms of the Share Offer and the Option Offer and to make a recommendation to the Offer Shareholders and the Offer Optionholders as to whether, in our opinion, the Share Offer and the Option Offer are, or are not, fair and reasonable and to make recommendation as to acceptance thereof. We have declared that we are independent and have no direct or indirect interests in the Share Offer and the Option Offer, and therefore are able to consider the terms of the Share Offer and the Option Offer and to make recommendations to the Offer Shareholders and the Offer Optionholders.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Central China International Capital Limited has been appointed as the Independent Financial Adviser to advise us in respect of whether the Share Offer and the Option Offer are, or are not, fair and reasonable and to make recommendations in respect of the acceptance of the Share Offer and the Option Offer. Details of its advice and recommendations, together with the principal factors and reasons which it has considered before arriving at such recommendations, are set out in the section headed “Letter from the Independent Financial Adviser” in this Composite Document. We also wish to draw your attention to the sections headed “Letter from PA Securities” and the “Letter from the Board” in this Composite Document as well as the additional information set out in the appendices to this Composite Document.

RECOMMENDATION

Having considered the terms of the Share Offer and the Option Offer, taking into account the information contained in this Composite Document and the advice from the Independent Financial Adviser, in particular the factors, reasons and recommendations as set out in the section headed “Letter from the Independent Financial Adviser” (including that the Company resumed trading on 13 July 2023 after fulfillment of the resumption guidance issued by the Stock Exchange requiring the Company to, among other things, address the issues giving rise to the disclaimer of opinion from its auditor on the financial statements of the Group for the years ended 31 March 2022 and 2023 and provide comfort that such disclaimer would no longer be required), we concur with the view of the Independent Financial Adviser and consider that (i) the terms of the Share Offer are fair and reasonable as far as the Offer Shareholders are concerned; and (ii) the terms of the Option Offer are fair and reasonable as far as the Offer Optionholders are concerned.

Accordingly, we recommend (i) the Offer Shareholders to accept the Share Offer; and (ii) the Offer Optionholders to accept the Option Offer.

However, the Offer Shareholders and the Offer Optionholders who wish to realise their investments in the Company are reminded to monitor the trading price and liquidity of the Shares during the Offer Period and should, having regard to their own circumstances, consider selling their Shares in the open market or exercising the Options instead of accepting the Share Offer or the Option Offer, respectively, if the net proceeds obtained from such disposal of the Shares (after deducting all transaction costs) would be higher than the net proceeds from accepting the Share Offer and the Option Offer.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Notwithstanding our recommendation, the Offer Shareholders and the Offer Optionholders are strongly advised that the decision to realise or to hold their investments is subject to individual circumstances and investment objectives. If in doubt, the Offer Shareholders and the Offer Optionholders should consult their own professional advisers for advice. Furthermore, the Offer Shareholders and the Offer Optionholders who wish to accept the Share Offer and the Option Offer, respectively, are recommended to read carefully the procedures for accepting the Share Offer and the Option Offer as detailed in Appendix I to this Composite Document and the accompanying Form(s) of Acceptance.

Yours faithfully,

Independent Board Committee of

CHINA RONGZHONG FINANCIAL HOLDINGS COMPANY LIMITED

Lau Hiu Fung

Non-executive Director

Lie Chi Wing

Independent non-executive Director

Ng Wing Chung Vincent

Independent non-executive Director

Ng Yuk Yeung Paul

Independent non-executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter of advice from Central China International Capital Limited, the Independent Financial Adviser to the Independent Board Committee in respect of the Offers for the purpose of inclusion in this Composite Document.



25 January 2024

To the Independent Board Committee and the Offer Shareholders and Offer Optionholders

Dear Sirs,

**MANDATORY UNCONDITIONAL CASH OFFERS BY
CHINA PA SECURITIES (HONG KONG) COMPANY LIMITED
FOR AND ON BEHALF OF
GOLDBOND GROUP HOLDINGS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
CHINA RONGZHONG FINANCIAL HOLDINGS COMPANY LIMITED
AND TO CANCEL ALL OUTSTANDING OPTIONS OF
CHINA RONGZHONG FINANCIAL HOLDINGS COMPANY LIMITED
(OTHER THAN THOSE ALREADY
OWNED AND/OR AGREED TO BE ACQUIRED
BY GOLDBOND GROUP HOLDINGS LIMITED AND
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in respect of the terms of the Offers, details of which are set out in this Composite Document dated 25 January 2024, of which this letter forms part. Terms used in this letter shall have the same meanings as defined in this Composite Document unless the context requires otherwise.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Acquisition and the Subscription and the Grant of the New Options

References are made to (1) the Rule 3.5 Announcement jointly published by the Offeror and the Company dated 30 October 2023 in relation to, among other things, the Acquisition Agreement and the Subscription Agreement and the Offers, (2) the announcement jointly published by the Offeror and the Company dated 20 November 2023 in relation to the delay in despatch of the circular of the Company in relation to the Acquisition Agreement and the Subscription Agreement and this Composite Document, (3) the announcement jointly published by the Offeror and the Company dated 5 December 2023 in relation to the grant of Options, (4) the circular issued by the Company dated 15 December 2023 in relation to the Acquisition Agreement and the Subscription Agreement (the “**2023 A&S Circular**”), (5) the announcement jointly published by the Offeror and the Company dated 18 January 2024 in relation to, among other things, the Acquisition Completion and the Subscription Completion, and (6) the letter from China PA Securities (Hong Kong) Company Limited (the “**Letter from PA Securities**”) and the letter from the Board (the “**Letter from the Board**”) contained in the Composite Document.

On 30 October 2023 (after trading hours), the Offeror (as vendor) and the Company (as purchaser) entered into the Acquisition Agreement, pursuant to which the Company conditionally agreed to acquire, and the Offeror conditionally agreed to sell the Acquisition Shares, representing 49% of the issued share capital in the Target Company (a non wholly-owned subsidiary of the Company) (the “**Acquisition**”), at the consideration of HK\$17,500,000 which will be satisfied by the issue and allotment of the Consideration Shares to the Offeror. In addition, on 30 October 2023 (after trading hours), the Offeror (as subscriber) and the Company (as issuer) entered into the Subscription Agreement, pursuant to which the Offeror conditionally agreed to subscribe for, and the Company conditionally agreed to issue and allot the Subscription Shares (the “**Subscription**”) at the Subscription Price of HK\$0.38 in which the aggregate consideration payable by the Offeror will be satisfied by way of setting off against the Loan Capitalisation Amount.

The Acquisition Completion and the Subscription Completion, which were inter-conditional upon each other, took place simultaneously on 18 January 2024. Upon the Acquisition Completion, the Target Company became a wholly-owned subsidiary of the Company.

On the other hand, on 5 December 2023 the Company granted 25,000,000 Options (that is, the New Options) to certain Directors, directors of certain subsidiaries of the Company and other employees of the Group, among which members of the Offeror Concert Group were granted an aggregate of 4,800,000 New Options. As at the Latest Practicable Date, there were 30,594,000 outstanding Options all with an exercise price of HK\$0.40, of which 5,594,000 Options are vested and exercisable up to 9 February 2030, and the 25,000,000 New Options had an earliest vesting date of 31 December 2024 and exercisable up to 4 December 2033.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Offers

Immediately following the Acquisition Completion and Subscription Completion and as at the Latest Practicable Date, the Offeror Concert Group held 341,833,716 Shares, or approximately 57.91% of the total voting rights of the Company, and 10,000,000 Options, among which 177,793,571 Shares, or approximately 30.12% of the total voting rights of the Company, was held by the Offeror. The acquisition and subscription of additional voting rights of the Company pursuant to the Acquisition Completion and the Subscription Completion has the effect of increasing the holdings of the Offeror itself and the collective holdings of the Offeror Concert Group of voting rights of the Company by more than 2% from the lowest percentage holdings of the Offeror or of the Offeror Concert Group in the 12-month period ending on and including the date of the Acquisition Completion and the Subscription Completion. Accordingly, pursuant to Rule 26.1 of the Takeovers Code, upon the Acquisition Completion and Subscription Completion, the Offeror is required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned and/or agreed to be acquired by the Offeror Concert Group). In addition, the Offeror is also obliged to make an appropriate cash offer to the Offer Optionholders to cancel all the Offer Options under Rule 13 of the Takeovers Code.

Principal terms of the Offers

PA Securities, for and on behalf of the Offeror, is making the Offers on the following basis:

The Share Offer

For each Offer Share HK\$0.38 in cash

The Share Offer Price of HK\$0.38 is equivalent to the price per Consideration Share under the Acquisition Agreement and to the Subscription Price under the Subscription Agreement.

The Option Offer

For cancellation of each Offer Option HK\$0.01 in cash

The outstanding Options have an exercise price of HK\$0.40 each, which is above the Share Offer Price of HK\$0.38, and accordingly such Options are out-of-the-money. The Option Offer Price for the cancellation of each Offer Option will be at a nominal cash amount of HK\$0.01.

The Independent Board Committee, comprising a non-executive Director Mr. Lau Hiu Fung and all of the three independent non-executive Directors, namely Mr. Lie Chi Wing, Mr. Ng Wing Chung Vincent and Mr. Ng Yuk Yeung Paul, has been established to advise the Offer Shareholders and Offer Optionholders as to whether the Offers are fair and reasonable and as to acceptance of the Offers. We, Central China International Capital Limited, have been appointed to advise the Independent Board Committee as to the fairness and reasonableness of the Offers and as to acceptance of the Offers, and such appointment has been approved by the Independent Board Committee in accordance with Rule 2.1 of the Takeovers Code.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

OUR INDEPENDENCE

We are not associated with the Company, the Offeror or any party acting or presumed to be acting in concert with any of them. We have acted as the independent financial adviser to the independent board committee and the independent shareholders of the Company in relation to the Acquisition Agreement and the Subscription Agreement, the details of which are set out in the 2023 A&S Circular. Other than that, there was no engagement or connection between the Company, the Offeror or any party acting or presumed to be acting in concert with any of them and us in the last two years. Apart from normal professional fees paid or payable to us in connection with this appointment and our appointment as the independent financial advisor in relation to the Acquisition Agreement and the Subscription Agreement, no arrangement exists whereby we will receive any fees or benefits from the Company or any other party to the transactions. Accordingly, we consider we are eligible to give independent advice in respect of the Offers pursuant to Rule 2.6 of the Takeovers Code.

BASIS OF OUR OPINION

In forming our opinion and recommendation, we have relied on (i) the information, facts, representations and opinions contained or referred to in the Composite Document, (ii) the information and facts provided by the Company, its advisers, the executive Directors and the management of the Company and its subsidiaries (the “**Management**”), (iii) the representations and opinions of the Directors and the Management, and (iv) our review of relevant public information. We have assumed that all the statements made and information provided, and all representations and opinions expressed to us or contained or referred to in the Composite Document were true, accurate and complete in all respects at the time they were made and continue to be true as at the Latest Practicable Date and may be relied upon. We have also assumed that all statements of belief, opinions, expectations and intention of the Directors and the Management and those as set out or referred to in the Composite Document were reasonably made after due and careful enquiry. We have sought and received confirmation from the Company that no material facts have been withheld or omitted from the information and representations provided and the opinions expressed, and that all information, facts, representations and opinions provided/expressed to us are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the Latest Practicable Date. We have no reason to doubt the truth, accuracy and completeness of the information, facts, representations and opinions provided to us by the Directors and the Management and/or the advisers of the Company, or that any relevant material facts have been withheld or omitted from the information provided, or the reasonableness of the opinions and representations provided/expressed to us by the Directors and the Management. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Offer Shareholders and Offer Optionholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion. Offer Shareholders and Offer Optionholders will be notified if there is any material change to such information and representations and our opinion contained in this letter as soon as possible in accordance with Rule 9.1 of the Takeovers Code.

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We consider that we have been provided with sufficient information available and have taken all reasonable steps to reach an informed view and to provide a reasonable basis for our opinion. We however have not conducted any independent verification of the information included in the Composite Document and/or provided to us by the Company, its advisers, the Directors and the Management, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Group or the Offeror or any of their respective subsidiaries or associates.

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

Your attention is drawn to the responsibility statements as set out under the section headed “1. Responsibility Statement” in Appendix III – General Information of the Group of the Composite Document. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Composite Document, save and except for this letter.

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

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation with regards to the Offers, we have taken into account the following principal factors and reasons:

1. Information on the Group

(a) Principal business of the Group

The Group is principally engaged in the provision of (i) leasing services in the PRC, and (ii) related valued added services including the provision of due diligence, credit investigation and debt collection services in Hong Kong, the PRC and Singapore.

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The Group has been engaged in the finance lease business since its establishment in 2008 and had operated primarily in the Hubei Province of the PRC up to the year ended 31 March 2021. As provided in the Company's annual report for the year ended 31 March 2022, the Group had taken strategic steps during the financial year to reform its leasing operations, including (without limitation) diversifying its leasing operations outside of the Hubei Province and diversifying its business risks through more liquid assets with generally smaller loan size. In this connection, the Company announced on 30 September 2021 that a wholly-owned subsidiary of the Company established in April 2021 to engage in the provision of automobile operating lease services in Wenzhou, the PRC had commenced business operations.

Following the commencement of business operations of the above Wenzhou subsidiary, on 26 October 2021, the Company announced the acquisition of 51% of the issued share capital of the Target Company from the Offeror (as vendor) (the "**2022 Acquisition**"). The reasons for and benefits of the 2022 Acquisition was provided in the circular of the Company in connection with the 2022 Acquisition, among those it was considered that the 2022 Acquisition was a direct and imminent way to enhance the Group's level of operations and diversify its business risks, and that after completion of the 2022 Acquisition the then Target Company and its subsidiaries (the "**Target Group**") (at the relevant time a non-wholly owned subsidiary of the Group) would be expected to continue to bring readily available revenue to the Group. Subsequent to the completion of the 2022 Acquisition, the Company announced, on 30 October 2023, the Acquisition (of the remaining 49% of the issued share capital of the Target Company). The reasons for and benefits of the Acquisition was provided in the 2023 A&S Circular, among those it was considered that the Acquisition enables the Group to further benefit from the economic returns brought by the Target Group. The Acquisition was approved by the independent Shareholders on 9 January 2024 and completed on 18 January 2024, pursuant to which the Target Company became a wholly-owned subsidiary of the Company.

Aside from the above, the Group also took a strategic step during the year ended 31 March 2022 to expand into the provision of debt collection and credit investigation services through acquisition, as further detailed in the circular of the Company dated 30 June 2021, with the aim of further strengthening its leasing operations.

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The Group underwent a major and connected disposal (the “**2022 Disposal**”) involving, among other things, the disposal of Rongzhong Capital Holdings Limited and its two wholly-owned subsidiaries, Rongzhong International Finance Lease Holdings Limited and Rongzhong International Financial Leasing Co., Ltd. (together the “**Disposed Group**”), further details of which were set out in the circular of the Company dated 24 February 2023 (the “**2022 Disposal Circular**”). As disclosed in the 2022 Disposal Circular, the Disposed Group was principally engaged in the provision of financial leasing services in the Hubei Province of the PRC. Based on the unaudited consolidated financial information of the Disposed Group as disclosed in the 2022 Disposal Circular, for the two years ended 31 March 2021 and 2022 and the six months ended 30 September 2022, the Disposed Group recorded unaudited (i) revenue of HK\$15.8 million, HK\$6.1 million and HK\$nil, (ii) net loss after tax of HK\$102.4 million, HK\$613.1 million and HK\$34.1 million, and (iii) net liabilities of HK\$299.7 million, HK\$946.6 million and HK\$885.5 million, respectively.

According to the 2022 Disposal Circular, upon completion of the 2022 Disposal, assets and liabilities of the Disposed Group with an aggregate unaudited net liabilities value of HK\$946.6 million as at 31 March 2022 (including without limitation bank borrowings of approximately HK\$706.0 million) would be disposed of. The 2022 Disposal was consequently approved by the independent shareholders of the Company and completed in March 2023. As disclosed in the 2022 Disposal Circular, at the relevant time, the Directors considered the 2022 Disposal to be the most viable and cost-effective option to improve the financial position and liquidity of the Company, allowing the Group to offload the upkeeping burden of the Disposed Group (which was in a substantial net liability position and did not generate any revenue for the Group in the six months ended 30 September 2022) and significantly reduce its finance costs.

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(b) Financial Information of the Group

(i) Operating results and financial position of the Group

Set out below is a summary of the Group's operating results and financial position as extracted from the annual reports of the Company for the year ended 31 March 2022 (the "2022 Annual Report") and 31 March 2023 (the "2023 Annual Report") and the interim report of the Company for the six months ended 30 September 2023 (the "2023 Interim Report"):

	For the year ended			For the six months	
	31 March			ended	
	2021	2022	2023	2022	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
Segment revenue	15,821	35,120	84,833	45,509	49,197
– Leasing services	15,821	10,498	48,017	26,783	24,045
– Debt collection and credit investigation services	–	24,622	36,816	18,726	25,152
Segment results	(111,118)	(547,132)	(114,744)	(19,759)	5,763
– Leasing services	(111,118)	(541,504)	(100,379)	(11,903)	1,569
– Debt collection and credit investigation services	–	(5,628)	(14,365)	(7,856)	4,194
Profit/(loss)	(121,383)	(567,813)	(123,316)	(22,323)	1,293

	As at 31 March			As at
	2021			30 September
	2021	2022	2023	2023
	HK\$000	HK\$000	HK\$000	HK\$'000
	(audited)	(audited)	(audited)	(unaudited)
Non-current assets	95,347	168,358	69,023	58,615
Current assets	751,620	265,564	24,612	27,451
Total assets	846,967	433,922	93,635	86,066
Non-current liabilities	(216,125)	(86,417)	(54,764)	(58,009)
Current liabilities	(740,832)	(1,043,389)	(63,871)	(48,582)
Total liabilities	(956,957)	(1,129,806)	(118,635)	(106,591)
Net current assets/ (liabilities)	10,788	(777,825)	(39,259)	(21,131)
Net liabilities	(109,990)	(695,884)	(25,000)	(20,525)

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Operating Results

Revenue of the Group increased from HK\$15.8 million for the year ended 31 March 2021 to HK\$35.1 million for the year ended 31 March 2022 (an increase of HK\$19.3 million or 122.2%), which, as disclosed in the 2022 Annual Report, was mainly due to the Group's effective implementation of its strategic move to expand into new operating locations outside of Hubei Province and initiation to process loans with more liquid assets and generally smaller in loan size with the aim of minimizing credit risk while increasing activities in leasing operations. To complement the development of the Group's leasing services, the Group also provided value added services including credit assessment, investigation and debt recovery services, so as to further strengthen the Group's leasing operations by creating an ecosystem which in turn contributed approximately HK\$24.6 million to the Group's revenue during the year ended 31 March 2022.

Loss for the year ended 31 March 2022 increase from HK\$121.4 million for the year ended 31 March 2021 to HK\$567.8 million (an increase of HK\$446.4 million or 367.7%), which was mainly due to the increase of impairment losses and provision of expected credit losses. According to the 2022 Annual Report, these elevated expenses were directly influenced by the persistent impact of the COVID-19 pandemic, resulting in a liquidity crisis within the property development sector and the broader property market in the PRC; as well as the geopolitical instability which further compounded the adverse effects on the Group's customers, particularly small and medium-sized enterprises. Nevertheless, based on the unaudited consolidated financial information of the Disposed Group as provided for in the 2022 Disposal Circular, the Disposed Group recorded unaudited net loss after tax of HK\$102.4 million and HK\$613.1 million, amounting to 84.3% and 108.0% of the net loss of the Group for the two years ended 31 March 2021 and 2022, respectively. On such basis it can be inferred that losses of the Group in the captioned two financial years were primarily contributed by the Disposed Group.

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Revenue of the Group increased substantially from approximately HK\$35.1 million for the year ended 31 March 2022 to approximately HK\$84.8 million (an increase of approximately HK\$49.7 million or 141.6%) for the year ended 31 March 2023 mainly as a result of the increase in revenue from the Group's leasing services. As inferred by the financial information of the Target Group contained in the 2023 A&S Circular, a vast majority of such increase, more specifically approximately HK\$42.1 million or 84.7%, was in turn contributed from the Target Group with its full-year revenue consolidated into the Group since completion of the 2022 Acquisition in March 2022. With the full-year revenue contribution from the Target Group, the Group's leasing services also became the majority revenue contributor in the year ended 31 March 2023, with its proportional revenue contribution (approximately 56.6%) surpassing that of the Groups debt collection and credit investigation services (approximately 43.4%).

Notwithstanding its improvement in revenue, the Group still reported a net loss of HK\$123.3 million for the year ended 31 March 2023, albeit a substantial reduction from a net loss of HK\$567.8 million for the year ended 31 March 2022. While a vast majority of the reported net loss for both of the financial years were arising from the Group's leasing services (which in turn were mainly resulting from provisions for expected credit losses as recorded under the segment results in the annual report of the Company for the year ended 31 March 2023), we understand from the Management that such segment losses were primarily attributable to the impairment losses on financial assets in respect of SMEs finance lease customers of the Group, which, as advised by the Management, were unrelated to the Target Group. As most of such financial assets were fully impaired, the Management considered there would no longer be any impact on the results of the Group going forward.

As disclosed in the 2023 Interim Report, revenue of the Group increased from approximately HK\$45.5 million for the six months ended 30 September 2022 to approximately HK\$49.2 million (an increase of approximately HK\$3.7 million or 8.1%) for the six months ended 30 September 2023, which was stated to be mainly attributable to the Group's effective implementation of its strategic move to expand into new operating locations and initiation to process loans with more liquid assets and generally smaller in loan size, hence, minimizing credit risk while increasing activities in leasing operations.

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According to the 2023 Interim Report, segment revenue for the Group's leasing services in the six months ended 30 September 2023 amounted to approximately HK\$24.0 million, a decrease of approximately HK\$2.7 million (or 10.4%) from approximately HK\$26.8 million for the six months ended 30 September 2022. Such segment revenue in both periods were noted to have been contributed substantially from the Target Group (six months ended 30 September 2023: 82.0%; six months ended 30 September 2022: 81.6%) based on the audited consolidated profit or loss of the Target Group as provided in the 2023 A&S Circular. Notwithstanding the Target Group's material contributions to the segment performance of the Group in both periods, it is also noted that the net profit of the Target Group decreased from approximately HK\$3.9 million for the six months ended 30 September 2022 to approximately HK\$960,000 for the six months ended 30 September 2023, as affected by a decrease in revenue (from approximately HK\$21.8 million for the six months ended 30 September 2022 to approximately HK\$19.7 million, or approximately 9.8%, for the six months ended 30 September 2023), coupled with an increase of approximately HK\$900,000 in cost of sales (and correspondingly a notable decrease in gross profit margin from approximately 26.7% to 14.2%).

On the other hand, as provided in the 2023 Interim Report, segment revenue from the Group's debt collection and credit investigation services increased from approximately HK\$18.7 million for the six months ended 30 September 2022 to HK\$25.2 million for the six months ended 30 September 2023 (or approximately 34.8%), as the Group provided value-added services including due diligence, credit assessment, investigation and debt recovery services in complementing the development of the Group's leasing services and to further strengthening the Group's leasing operations by creating an ecosystem. In this connection, segment results of the Group's debt collection and credit investigation services was reported to have improved from a segment loss of approximately HK\$7.9 million for the six months ended 30 September 2022 to a segment profit of approximately HK\$4.2 million for the six months ended 30 September 2023.

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Overall, the Group reported a minor net profit of approximately HK\$1.3 million for the six months ended 30 September 2023 as compared to a net loss of approximately HK\$22.3 million for the six months ended 30 September 2022, which can be attributable to (i) the recognition of reversal of impairment losses and expected credit losses for the six months ended 30 September 2023, as compared to a provision of impairment losses and expected credit losses for the six months ended 30 September 2022, which in turn was mainly due to changes in recoverability of certain lease receivables and receivables arising from sale and leaseback arrangements; and (ii) decrease in finance costs which was primarily associated with the Disposed Group for the six months ended 30 September 2022.

Financial Position

The Group experienced a significant increase in net current liabilities to HK\$777.8 million as at 31 March 2022 from a net current assets position of HK\$10.8 million as at 31 March 2021, which was primarily attributed to the decrease in lease receivables and receivables arising from sale and leaseback arrangements, which in turn was largely due to the increase in impairment allowance made during the year, coupled with the reclassification of bank borrowings from non-current liabilities to current liabilities. Correspondingly, the Group's net liabilities also saw a notable increase from HK\$110.0 million as at 31 March 2021 to HK\$695.9 million as at 31 March 2022.

Based on our discussion with the Management, the Group has been working hard to improve its financial position, including the 2022 Disposal which was completed on 17 March 2023. More particularly, as a result of the 2022 Disposal, net current liabilities of the Group reduced from HK\$777.8 million to HK\$39.3 million, and total net liabilities of the Group reduced from HK\$695.9 million to HK\$25.0 million, with bank borrowings reduced from HK\$710.5 million to HK\$3.3 million, between 31 March 2022 and 2023, respectively. On the other hand, the Group had made provisions for impairment losses for most of its outstanding lease receivables and receivables arising from sale and leaseback arrangements as at 31 March 2023. As at 30 September 2023, net current liabilities and total net liabilities of the Group further reduced to HK\$21.1 million and HK\$20.5 million, respectively. With the Subscription Completion on 18 January 2024, interest-bearing loans in the aggregate amount of approximately HK\$46.9 million were accordingly capitalised, having the positive effect of further reducing liabilities of the Group by an equivalent amount and lowering on-going finance costs, which is expected to bring further improvement on the capital structure and the financial position of the Group.

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(ii) Suspension of trading and disclaimers of audit opinion

Trading of the Shares was suspended during the period from 27 September 2022 up to (and including) 12 July 2023 (the “**Trading Suspension**”) and subsequently resumed on 13 July 2023 (the “**Trading Resumption**”). The Trading Suspension was triggered by a disclaimer of opinion (the “**2022 Disclaimer**”) from its auditor on the financial statements of the Company for the year ended 31 March 2022 (see Appendix II – Financial Information Relating to the Group contained in the Composite Document for further details). During the Trading Suspension, the Stock Exchange had issued a resumption guidance on 20 December 2022 requiring the Company to, among other things, address the issues giving rise to the 2022 Disclaimer and provide comfort that the 2022 Disclaimer would no longer be required.

We noted from the 2023 Annual Report that the auditors of the Company had again expressed a disclaimer of opinion on the Group’s financial statements for the corresponding financial year due to (i) material uncertainties relating to going concern as a result of the Group’s net loss, net current liabilities and net liability position and its low cash and cash equivalents position; and (ii) limitation of scope on opening balances and comparative information and financial information of the Disposed Group (which, according to the announcement of the Company dated 12 July 2023 (the “**Resumption Announcement**”), primarily concerned the bank borrowings, opening balances of the Group’s lease receivables and receivables arising from sale and leaseback arrangements, and comparative information and financial information associated with Disposed Group (see Appendix II – Financial Information Relating to the Group contained in the Composite Document for further details)).

We noted that as stated in the “Report of Directors” in the 2023 Annual Report and the Resumption Announcement,

- the Group had taken and would continue to implement measures to rectify the matters in relation to the disclaimer of opinion, including (i) obtaining new source of finance to improve the Group’s working capital requirements (namely an unsecured term loan facility in an aggregate amount of HK\$50 million from the Offeror); (ii) implementing active cost-saving measures to control its administrative costs; and (iii) completed the 2022 Disposal during the year ended 31 March 2023, where its effect on the Group’s financial position was fully reflected in the consolidated financial statements for the year ended 31 March 2023; on such basis the Board considered the Group’s obligations on related bank borrowings associated with the Disposed Group has been discharged, and hence would not have any carried forward impact to the consolidated financial statements for the year ending 31 March 2024; and

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- the Board had further obtained understanding with the Company's auditor that (i) the disclaimer relating to the opening balances and comparative information of bank borrowings associated with the Disposed Group as of 31 March 2022 is expected to be removed in the independent auditors' report for the financial year ending 31 March 2024; and (ii) the disclaimer and matters of the scope of limitation on opening balances, comparative information and financial position of the Disposed Group no longer have possible effects on the figures presented in the consolidated statement of financial position of the Group as at 31 March 2023 and it shall not have carried forward effect to the consolidated financial statements of the year ending 31 March 2024 except for the effect of comparability of the relevant financial information presented as comparative figures, and considered that the bank borrowings issues would not have any carried forward impact to the consolidated financial statements for the year ending 31 March 2024.

On the basis of the foregoing, trading in the Shares on the Stock Exchange was resumed on 13 July 2023.

(c) Outlook of the Group

As disclosed in the 2023 Interim Report, during the six months ended 30 September 2023, the Group continued to make strides in implementing its strategic plan initiated in the previous year and continued to expand its automobile leasing operations in the PRC and established a stronger presence in multiple locations. This expansion allowed the Group to diversify its business risks and tap into new markets, further strengthening its position in the industry.

In this connection, according to statistics from the Ministry of Public Security of China, the automobile industry in China has experienced substantial growth in recent years. The total number of automobiles nationwide increased from 281 million in 2020 to 435 million in 2023, reflecting a CAGR of 11.5%. In 2023, there were 24.6 million newly registered automobiles, an annual increase of 1.3 million vehicles compared to 2022, with a growth rate of 5.7%. Such trend of continuous increase in new automobiles registration is indicative of a continuous positive demand for automobiles in China.

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Similarly, based on the statistics from the Ministry of Public Security of China, there has been a notable increase in automobile transfer registrations, which rose from 24.8 million in 2020 to 31.9 million in 2023, representing a CAGR of 6.5%. Such increase is, in turn, indicative of an active secondary market for automobiles in the PRC. Additionally, according to the statistics from the Ministry of Public Security of China, the number of licensed drivers has also seen a notable rise, reaching 486 million in 2023, with a CAGR of 3.8% compared to 418 million in 2020, and there were 24.3 million newly licensed drivers in 2023, demonstrating a CAGR of 2.1% compared to 22.3 million in 2020. This growth in licensed drivers is a further indication of positive demand for automobiles in China.

Meanwhile, according to the “Regulations on Total Quantity Control and Management”(總量調控管理規定) published on the Hangzhou City Passenger Vehicle Total Volume Regulation and Management Information System (杭州市小客車總量調控執行資訊系統), in order to control the total number of cars, Hangzhou city has implemented car quota control regulations. Individuals and businesses are required to apply for car quotas, with the allocation of car quotas through lottery or bidding system. The increasing number of automobiles, automobile transfers, and licensed drivers, coupled with car quota control regulations (restricting individuals and businesses from purchasing cars without car quotas), noted to be still in place in selected regions in the PRC, is suggestive of a positive market demand for car rental services.

In addition to its leasing operations, the Group also continued to enhance its ecosystem by providing value-added services such as credit assessment, investigation, and debt recovery services. These services complemented the leasing operations and generated additional revenue streams and contribute to the Group’s overall growth and operational synergies.

In this connection, it is noted that according to the statistics from the National Bureau of Statistic of China (<http://www.stats.gov.cn/english/>), the total accounts receivables of industrial enterprises in China reached RMB22,146 billion in 2022, a CAGR of 8.5% as compared to RMB13,565 billion in 2017. This significant increase in accounts receivable indicates a growing demand for receivables management and debt recovery services, particularly for overdue receivables. Furthermore, data from the People’s Bank of China reveals that the balance of RMB-denominated loans from financial institutions reached RMB213,990 billion in 2022, a CAGR of 9.4% as compared to RMB136,300 billion in 2018. Within this, the balance of RMB-denominated loans in the inclusive finance sector and balance of RMB-denominated loans for inclusive small and micro enterprises reached RMB32,140 billion and RMB23,800 billion in 2022, a CAGR of 19.1% and 24.4% as compared to RMB13,390 billion and RMB8,000 billion in 2018. It is notable that the growth rate of RMB-denominated loans in the inclusive finance sector and loans for inclusive small and micro enterprises has outpaced the overall growth rate of total loans.

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On the other hand, sources of non-performing assets in China can be divided into three categories: commercial banks, non-bank financial institutions, and non-financial business enterprises. According to the “China Non-Performing Asset Management Sector Reform and Development White Paper” (中國不良資產管理行業改革與發展白皮書) released by PricewaterhouseCoopers China on 25 August 2022, the overall scale of non-performing assets in China was approximately RMB5,880 billion in 2021, an increase of RMB670 billion compared to 2020, representing a year-on-year growth of 12.9%. In 2020, the overall scale of non-performing assets in China was approximately RMB5,210 billion, an increase of RMB900 billion or 21% compared to 2019. During the period from 2019 to 2021, the growth rate of non-performing assets generated by non-bank financial institutions and non-financial business enterprises exceeded that of commercial banks. The above statistics on non-performing assets is suggestive of a significant market potential for the debt collection industry in the PRC. The increasing accounts receivable for industrial enterprises, along with the growth in RMB-denominated loans, particularly in the inclusive finance sector and for small and micro enterprises, indicate a growing need for effective debt management and recovery services. Additionally, the rise in non-performing assets generated by non-bank financial institutions and non-financial business enterprises, which exceeded the growth rate of commercial banks, further emphasizes the demand for specialized debt collection solutions.

As referred to in the 2023 Interim Report, while achieving synergies across multiple platforms, the Group also endeavours to continue focusing on its business with generally smaller loan amounts and more diversified business risks during the current economic downturn, with the aim of enhancing the Group’s efficiency and profitability.

Overall, the Group has shown an improving trend in its financial performance with a decrease in net loss between the year ended 31 March 2022 and 2023, and achieved a minor net profit for the six-month period ended 30 September 2023. The Group’s efforts in reducing its net liability position, its strategy of expanding its leasing business and diversifying its business and geographical risks (including 2022 Acquisition and the Acquisition as well as the provision of due diligence, credit investigation and debt collection services to complement its leasing service), and the improving financial results and financial position together have indicated a positive direction for the Group’s future development. That said, the Group is also subject to macroeconomic environment and factors that may or may not positively support the Group’s efforts in continuously improving its outlook, including (without limitation) (i) there remains significant uncertainties surrounding the economic outlook in the PRC amid various ongoing regional geopolitical and trade conflicts, affecting the overall business and commercial sentiment as well as consumer spending confidence; and (ii) the interest rates environment remains unpredictable and challenging, and despite recent market expectations, it remains to be seen whether and when a declining trend from the current high interest rates environment would materialise. These challenges and uncertainties in the exogenous business and economic environment bring uncertainties to, and could materially affect the Group’s efforts and pursuit in continuously improving its business and financial performance.

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2. Information on the Offeror and the Offeror's intention regarding the Group

(a) Information on the Offeror

As disclosed in the Letter from PA Securities, the Offeror is an investment holding company and a public company incorporated in Hong Kong with limited liability. The listing of the shares of the Offeror on the Stock Exchange was withdrawn with effect from 2 August 2021.

The principal activities of the Offeror and its subsidiaries are (i) provision of property technology services in the PRC; and (ii) the provision of financial services business including financing and finance lease services, factoring services and automobile leasing services in the PRC.

As at the Latest Practicable Date, two discretionary trusts, namely Allied Luck Trust and Aceyork Trust, held 855,808,725 shares and 719,656,792 shares of the Offeror, representing approximately 30.99% and 26.06% of the issued share capital of the Offeror, respectively. Mr. Wong Charles Yu Lung and Mrs. Wong Fang Pik Chun are (i) trustees of Allied Luck Trust and Aceyork Trust and (ii) settlors of Allied Luck Trust. Ms. Michelle Wong and Ms. Jacqueline Wong are settlors of Aceyork Trust. The beneficiaries of these trusts were Ms. Michelle Wong and Ms. Jacqueline Wong and their children. As at the Latest Practicable Date, (i) other than the Offeror Concert Group, there were approximately 200 registered shareholders of the Offeror, including HKSCC Nominees Limited, which were those who held the shares of the Offeror immediately before the withdrawal of the listing of the shares of the Offeror in 2021; and (ii) none of the remaining shareholders of the Offeror held more than 5% shareholding in the issued share capital of the Offeror.

Mr. Wong Charles Yu Lung, Ms. Michelle Wong and Mr. David Wong are the directors of the Offeror. Mr. David Wong also acts as the chief executive officer of the Offeror. Ms. Michelle Wong and Ms. Jacqueline Wong are daughters of Mr. Wong Charles Yu Lung and Mrs. Wong Fang Pik Chun, each of the aforesaid persons being a controlling shareholder of the Company. Ms. Michelle Wong, Ms. Jacqueline Wong and Mr. David Wong are non-executive Directors.

Immediately before and after Acquisition Completion and Subscription Completion and as at the Latest Practicable Date, the Offeror has been a controlling shareholder of the Company. Immediately following the Acquisition Completion and Subscription Completion and as at the Latest Practicable Date, the Offeror Concert Group held 57.91% of the issued share capital of the Company as enlarged by the issue and allotment of the Consideration Shares and the Subscription Shares.

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For further information of the shareholding of the Offeror, please refer to the section headed “Shareholding Structure of the Company” in the Letter from the Board.

(b) Intention of the Offeror in relation to the Group

As disclosed in the Letter from PA Securities, following the close of the Offers, it is the intention of the Offeror that the Group will continue with its existing principal business. The Offeror does not intend to introduce any major changes to the existing operations and business of the Group immediately after close of the Offers and will neither redeploy nor dispose of any of the assets (including fixed assets) of the Group other than in the ordinary course of business. As at the Latest Practicable Date, the Offeror did not have any intention, understanding, negotiation, arrangement, and agreements (formal or informal, express or implied) to downsize or dispose of any existing business or assets of the Group.

Nevertheless, following the close of the Offers, the Offeror will conduct a detailed review on the existing principal operations and business, and the financial position of the Group for the purpose of formulating business plans and strategies for the Group’s long-term business development and will explore other business opportunities for the Group. Subject to the results of the review, and should suitable investment or business opportunities arise, the Offeror may consider whether any assets and/or business acquisitions or disposals by the Group will be appropriate in order to enhance its growth. Any acquisition or disposal of the assets or business of the Group, if any, will be in compliance with the Listing Rules and the Takeovers Code.

As disclosed in the Letter from PA Securities, as at the Latest Practicable Date, no investment or business opportunity had been identified nor had the Offeror entered into any agreement, arrangement, understanding or negotiation in relation to (a) the injection of any assets or business into the Group; or (b) the disposal of any assets or business of the Group. Further, as at the Latest Practicable Date, the Offeror had no plan to terminate the employment of any other employees or other personnel of the Group. However, the Offeror reserves the right to make any changes that they deem necessary or appropriate to the benefit of the Group.

The Offeror intends the Company to remain listed on the Stock Exchange. The directors of the Offeror will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares after the close of the Offers. In this connection, the Company has stated in the Letter from the Board that it will make an application to the Stock Exchange for a temporary waiver from strict compliance with Rule 8.08(1)(c) of the Listing Rules in case less than 25% of the issued share capital of the Company will be held by the public upon the close of the Offers. Appropriate steps will be taken to ensure public float will be restored as

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soon as possible after the close of the Offers. The steps that the Offeror may take include but not limited to (i) placing down or selling sufficient number of accepted Shares it acquired from the Share Offer to selected independent third parties or in the market; and/or (ii) issue of additional Shares by the Company for this purpose.

The Offer Shareholders and Offer Optionholders should note that the Offeror's intentions regarding the Group's business plans strategies and policies above will be subject to the outcome of the detailed review mentioned above. Accordingly, there is no guarantee that changes deemed necessary or appropriate for the Group by the Offeror following the close of the Offers, if any, will have a resulting positive impact on the business or development of the Group.

3. Share Offer Price

As disclosed in the Letter from the Board, PA Securities, for and on behalf of the Offeror and in compliance with the Takeovers Code, is making the Share Offer on the following basis:

The Share Offer

For each Offer Share HK\$0.38 in cash

The Share Offer Price of HK\$0.38 is equivalent to the price per Consideration Share under the Acquisition Agreement and to the Subscription Price under the Subscription Agreement.

(a) Share Offer Price Comparison

The Share Offer Price of HK\$0.38 per Offer Share represents:

- (i) a discount of approximately 35.59% to the closing price of HK\$0.590 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 35.59% to the closing price of HK\$0.590 per Share as quoted on the Stock Exchange on 9 January 2024 (being the day on which the Acquisition was approved by independent Shareholders of the Company);
- (iii) a discount of approximately 9.52% to the closing price of HK\$0.420 per Share as quoted on the Stock Exchange on 30 October 2023, being the date of the Rule 3.5 Announcement;

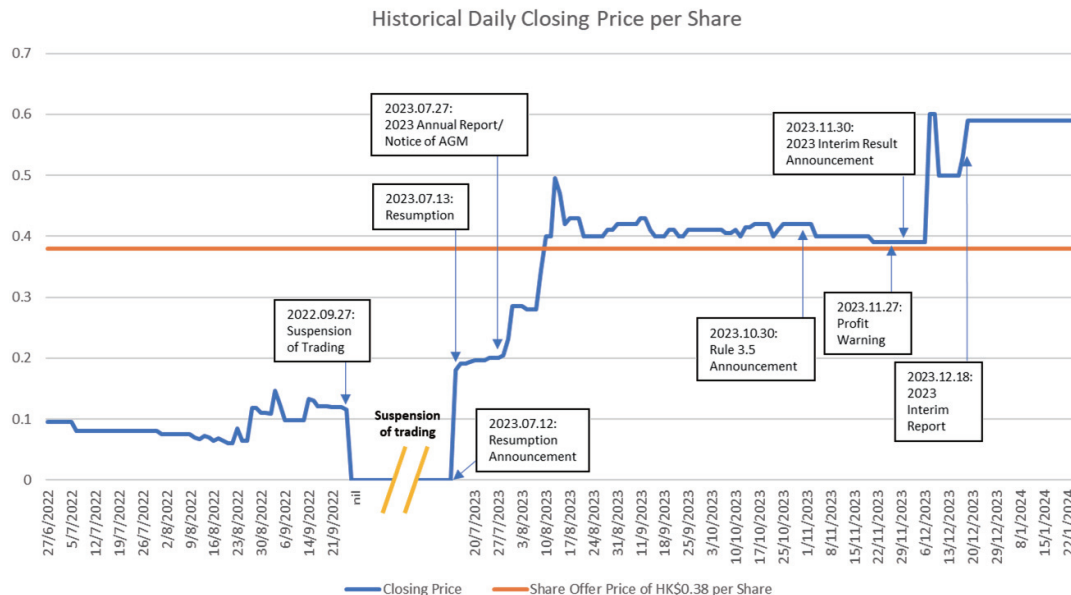
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- (iv) a discount of approximately 8.87% to the average closing price of approximately HK\$0.417 per Share based on the daily closing prices as quoted on the Stock Exchange for 10 consecutive trading days immediately prior to and including the date of the Rule 3.5 Announcement;
- (v) a discount of approximately 7.54% to the average closing price of approximately HK\$0.411 per Share based on the daily closing prices as quoted on the Stock Exchange for 30 consecutive trading days immediately prior to and including the date of the Rule 3.5 Announcement;
- (vi) a discount of approximately 5.47% over the average closing price of approximately HK\$0.402 per Share based on the daily closing prices as quoted on the Stock Exchange for 60 consecutive trading days immediately prior to and including the date of the Rule 3.5 Announcement;
- (vii) a premium of approximately HK\$0.415 per Share over the unaudited consolidated net liabilities value of approximately HK\$0.035 per Share as at 30 September 2023, calculated by dividing the Group's unaudited consolidated net liabilities of approximately HK\$20,525,000 as at 30 September 2023 by 590,302,571 Shares in issue as at the Latest Practicable Date;
- (viii) a premium of approximately HK\$0.429 per Share over the unaudited consolidated net liabilities value of approximately HK\$0.049 per Share as at 30 September 2023, calculated by dividing the Group's unaudited consolidated net liabilities of approximately HK\$20,525,000 as at 30 September 2023 by 420,759,000 Shares in issue as at the date of the Rule 3.5 Announcement; and
- (ix) a premium of approximately HK\$0.439 per Share over the audited consolidated net liabilities value of approximately HK\$0.059 per Share as at 31 March 2023, calculated by dividing the Group's audited consolidated net liabilities of approximately HK\$25,000,000 as at 31 March 2023 by 420,759,000 Shares in issue as at the date of the Rule 3.5 Announcement.

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(b) Historical Share Price Performance

To assess the fairness and reasonableness of the Share Offer Price, we have performed a review on the daily closing price of the Shares from 27 June 2022 (being a period of approximately three months prior to the Trading Suspension) up to the Latest Practicable Date, excluding the period from 27 September 2022 to 12 July 2023 when the trading of Shares was suspended (the “**Review Period**”), and compared with the Share Offer Price. We consider that a period of three months prior to the Trading Suspension and a period of approximately six months after the Trading Resumption up to the Latest Practicable Date is representative and adequate to illustrate the price movements of the Shares to conduct a reasonable comparison between the daily closing prices of the Shares and the Share Offer Price.



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

The average closing price of the Shares over the Review Period (excluding the period of Trading Suspension) was approximately HK\$0.312 per Share. The closing prices ranged from the lowest of HK\$0.061 per Share (the “**Lowest Closing Price**”) recorded on 19 and 22 August 2022, to HK\$0.600 per Share (the “**Highest Closing Price**”) recorded on 7 and 8 December 2023 during the Review Period.

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The closing prices decreased from HK\$0.095 from 27 June 2022, the commencement date of the Review Period, to the Lowest Closing Price on 19 and 22 August 2022 and fluctuated upward and closed at HK\$0.116 on 26 September 2022, the last trading day immediately before the Trading Suspension. After the Trading Resumption on 13 July 2023, the closing prices of the Shares exhibited a trend of increase and reached HK\$0.40 on 10 August 2023 (being the first day on which the closing price of the Shares surpassed the issue price of the Consideration Shares). Thereafter the closing prices of the Shares fluctuated between HK\$0.40 and HK\$0.495 up to the date of the Rule 3.5 Announcement (which closed at HK\$0.420), but mostly closing within the narrow range of HK\$0.40 to HK\$0.42. In this connection, as set out “(a) Share Offer Price Comparison” in this section above, while the Share Offer Price represented a discount of 9.52% to the closing price of the Shares of HK\$0.42 on the date of the Rule 3.5 Announcement, it also represented a relatively significant premium of HK\$0.415 per Share and HK\$0.429 per Share over the unaudited consolidated net liabilities value of approximately HK\$0.035 per Share and HK\$0.049 per Share as at 30 September 2023, calculated based on (i) the 590,302,571 Shares in issue upon the Acquisition Completion and the Subscription Completion and as at the Latest Practicable Date; and (ii) 420,759,000 Shares in issue as at the date of the Rule 3.5 Announcement.

Subsequent to the date of the Rule 3.5 Announcement, the closing prices of the Shares fluctuated within a close range of HK\$0.39 to HK\$0.42 up to 6 December 2023 (against which the Share Offer Price represented discount in the range of 2.56% to 9.52%), then surged to HK\$0.60 on 7 December 2023 with a mere transacted volume of 6,000 Shares, and thereafter remained in an elevated range of HK\$0.5 and HK\$0.6 up to the Last Practicable Date. We have enquired with the Management regarding the surge of closing price on 7 December 2023 and the fluctuations thereafter and were advised that they are not aware of any particular reason that led to the fluctuations. In this connection, it should be noted that despite the range of closing prices of the Shares since 7 December 2023 up to the Latest Practicable Date (against which the Share Offer Price represented discount in the range of 24.00% to 36.67%), as to be further discussed in “3. Share Offer Price – (c) Historical Trading Volume/Liquidity Performance” below, the liquidity of the Shares had performed very poorly throughout the Review Period (except in the initial months of July and August of 2023 since the Trading Resumption). More particularly, Shares have been traded only sparingly since November 2023 up to the Latest Practicable Date, with monthly total trading volume of the Shares only amounted to 151,000 Shares and 66,000 Shares where average daily turnover of the Shares remained below 7,000 Shares for each of November and December 2023, and with Shares only traded in one day for 20,000 Shares out of a total of 15 consecutive trading days since 1 January 2024 up to the Latest Practicable Date. Such considerably weak liquidity of the Shares is considered to have posed significant uncertainty on the sustainability of the more recent elevated Share price level.

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In summary, as set out “(a) Share Offer Price Comparison” in this section above, the Share Offer Price represented a significant discount of approximately 35.59% to the closing price of the Shares on the Latest Practicable Date. Nevertheless, in evaluating the fairness and reasonableness of the Share Offer Price and our recommendation to Offer Shareholders as to the acceptance of the Share Offer, we consider it appropriate to also take into consideration factors including (i) the significant premium of the Share Offer Price over the unaudited consolidated net liabilities value per Share; (ii) the historical Share trading price performance of the Shares before the surge on the 7 December 2023; and (iii) the considerably weak liquidity of the Shares which poses uncertainty as to the sustainability of the recent elevated Share price level.

(c) Historical Trading Volume/Liquidity Performance

In addition to the historical share price movement, we have also reviewed the trading liquidity of the Shares during the Review Period. The table below sets out the trading volume of the Shares on the Stock Exchange during the Review Period:

Month/Period	Total trading volume of the Shares in each month/period	No. of trading days in each month/period	No. of trading days in each month/period where Shares had on-market transactions	Average daily trading volume of the Shares	Percentage of the average daily trading volume of the Shares to the total number of Shares in issue (Note 1)	Percentage of the average daily trading volume of the Shares to the total number of Shares held by public Shareholders (Note 2)
2022						
June (from 27 to 30 June)	0	4	0	0	0.00%	0.00%
July	1,600	20	1	80	0.00%	0.00%
August	57,000	23	8	2,478	0.00%	0.00%
September (up to 26 September)	1,575,000	17	6	92,647	0.00%	0.06%
2023						
July (from 13 to 31 July)	1,712,000	12	7	142,667	0.03%	0.09%
August	2,226,000	23	12	96,783	0.02%	0.06%
September	357,000	19	9	18,789	0.00%	0.01%
October	293,000	19	6	15,421	0.00%	0.01%
November	151,000	22	8	6,864	0.00%	0.00%
December	66,000	19	6	3,474	0.00%	0.00%
2024						
January (up to Latest Practicable Date)	20,000	15	1	1,333	0.00%	0.00%
Average				34,594	0.01%	0.02%

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

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Note 1: calculated based on the total number of Shares in issue as at the end of the relevant month/period

Note 2: calculated based on (i) 151,881,400 Shares for the months/periods of since June 2022 up to September 2023, being the last disclosed number of Shares “held by public” in the published circular of the Company during the said period; and (ii) 197,261,255 Shares for the months/periods from October 2023 up to the Latest Practicable Date, being the last disclosed number of Shares “held by public” in the two published announcement and circular of the Company during the said period

As illustrated in the table above, the Shares had virtually no liquidity since commencement of the Review Period up to the month of Trading Suspension (September 2022). Trading volume of the Shares increased substantially in the initial period following the Trading Resumption in July and August of 2023, reporting a total share trading volume of approximately 1.7 million Shares and 2.2 million Shares, with average daily trading volume of close to 150,000 Shares and 100,000 Shares, respectively. However, liquidity of the Shares subsided rapidly since September 2023, with monthly total trading volume dropping substantially to less than 400,000 Shares and less than 300,000 Shares, and average daily trading volume to less than 20,000 Shares for each of September and October 2023.

Liquidity performance of the Shares is noted to have deteriorated further subsequent to the Rule 3.5 Announcement, and carried through November and December of 2023 and January 2024 up to the Latest Practicable Date. More specifically, Shares have been traded only sparingly since November 2023 up to the Latest Practicable Date, with monthly total trading volume of the Shares only amounted to 151,000 Shares and 66,000 Shares for each of November and December 2023 where average daily turnover of the Shares remained below 7,000 Shares in both months. Considerably poor liquidity performance of the Shares is observed to continue throughout the 15 consecutive trading days since 1 January 2024 up to the Latest Practicable Date, with Shares traded only in one day for 20,000 Shares.

The considerably weak liquidity performance can also be demonstrated by the number of trading days in each month/period where the Shares actually reported on-market transactions. As shown from the above table, excluding the initial months of July and August of 2023 since the Trading Resumption, throughout the Review Period, the Shares were only traded in less than 10 days for each of the remaining months up to the month of December 2023, while only traded for one day out of a total of 15 trading days from 1 January 2024 up to the Latest Practicable date.

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As discussed in “3. Share Offer Price – (b) Historical Share Price Performance” above, the closing price of the Shares surged from HK\$0.39 on 6 December 2023 to HK\$0.60 on the back of a mere transacted volume of 6,000 Shares on 7 December 2023, which remained traded in the range of HK\$0.50 – HK\$0.60 since then up to the Latest Practicable Date. Notwithstanding that the Share Offer Price represented discount in the range of 24.00% to 36.67% to such elevated closing price range, once taken in conjunction with the considerably weak liquidity over the corresponding period, poses significant uncertainty on the sustainability of such elevated Share price level.

Regardless, overly thin liquidity of shares could severely constrain the ability of a Shareholder to realize their investment in the Shares through on-market transactions without exerting substantial downward pressure on the market prices of the Shares, if at all, and adversely affect the transacted prices of the Shares.

(d) Share Offer Price to net assets/liabilities value per Share

Notwithstanding the improving trend of financial position of the Group, it remained in a net liability position and reported net liabilities of HK\$25.0 million and HK\$20.5 million as at 31 March 2023 and 30 September 2023, respectively (ie., Shareholders would actually be attributed with a negative net asset value per Share). As such, any price offered to Offer Shareholders for the acquisition of their respective holdings in the Shares would have represented a premium.

Based on the 420,759,000 Shares in issue as at the date of the Rule 3.5 Announcement and immediately before the Acquisition Completion and the Subscription Completion (ie., before the issue of the Consideration Shares and the Subscription Shares), the Share Offer Price represents:

- (i) a premium of approximately HK\$0.439 per Share over the audited consolidated net liabilities value as at 31 March 2023 of HK\$0.059 per Share; and
- (ii) a premium of approximately HK\$0.429 per Share over the unaudited consolidated net liabilities value as at 30 September 2023 of HK\$0.049 per Share;

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Based on 590,302,571 Shares in issue immediately following the Acquisition Completion and the Subscription Completion (ie., as enlarged by the issue of the Consideration Shares and the Subscription Shares) and as at the Latest Practicable Date, the Share Offer Price represents:

- (i) a premium of approximately HK\$0.422 per Share over the audited consolidated net liabilities value as at 31 March 2023 of HK\$0.042 per Share; and
- (ii) a premium of approximately HK\$0.415 per Share over the unaudited consolidated net liabilities value as at 30 September 2023 of HK\$0.035 per Share;

It is noted that the Subscription Completion had a positive impact on the net asset/liability position of the Company, where loans in the aggregate amount of approximately HK\$46.9 million were capitalised. Nevertheless, on the basis of 590,302,571 Shares in issue immediately following the Acquisition Completion and the Subscription Completion, such reduction in liability would represent a per-Share value of HK\$0.079, which remained substantially smaller than the premium of HK\$0.415 per Share over the unaudited consolidated net liabilities of the Company as at 30 September 2023 of HK\$0.035 per Share. On such basis, from the perspective of the net assets/liabilities value per Share, we consider the Share Offer, which offers the Offer Shareholders a positive value of HK\$0.38 per Share in cash, to be beneficial to the Offer Shareholders.

(e) *Comparable Analyses*

(i) Mandatory general offer transactions

For the purpose of assessing the Share Offer Price, we have performed an analysis of comparable mandatory general offer transactions (excluding share buy-back, privatisation, whitewash and rescue-related transactions) of listed companies in Hong Kong announced (pursuant to Rule 3.5 of the Takeovers Code) (“**GO Announcement**”) and published offering circular/offer document during the period of 1 January 2023 up to the Latest Practicable Date. In this connection, we have conducted an exhaustive search on the website of the Stock Exchange and identified a total of 22 comparable transactions (the “**Comparable Transactions**”). We consider the search criteria to be generally relevant to the Offers, where the search period is with reasonable proximity to the Offers and the number of Comparable Transactions is reasonably sufficient and representative for the purpose of our analysis.

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It should however be noted that while we consider such comparable analysis to be relevant as part of our overall evaluation of the Share Offer Price in terms of recent trends and pricing of mandatory general offer transactions in the market, given each of the subject companies included in the Comparable Transactions is unique in terms of their respective size, business performance and characteristics, financial conditions and market performances, the reference value of comparing the Share Offer to these Comparable Transactions is considered to be limited and mitigated. Shareholders are therefore advised not to rely exclusively, or place undue reliance on this comparable analysis when considering the fairness and reasonableness of the Share Offer.

For each of the Comparable Transactions, we have compared their offer prices with their respective share market prices under the following scenarios:

- (a) closing price on the latest practicable date adopted in the relevant offering circular/offer document;
- (b) closing price on the last trading day for the GO Announcement;
- (c) average closing price of subsequent 10 consecutive trading days prior to and including the last trading day for the GO Announcement;
- (d) average closing price of 30 consecutive trading days prior to and including the last trading day for the GO Announcement; and
- (e) average closing price of 60 consecutive trading days prior to and including the last trading day for the GO Announcement.

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Set out below is a summary of the Comparable Transactions:

Announcement date	Stock code	Company	Market Capitalisation on last practicable date for the GO Circulars (HK\$)	Market Capitalisation on last trading day for the GO Announcement (HK\$)	Offer price (HK\$)	Premium/(discount) of offer price over/(to)				
						Closing price on the latest practicable date before issue of offer document (%)	Closing price on the last trading day for the GO Announcement (%)	Average closing price for the ten consecutive trading days up to and including the last trading day for the GO		Average closing price for the 60 consecutive trading days up to and including the last trading day for the GO (%)
								(c)	(d)	
7 December 2023	8519	Jia Group Holdings Limited	115,978,000.00	78,865,040.00	0.0776	(22.4)	14.1	6.7	22.2	47.9
8 November 2023	1029	IRC Limited	800,847,782.16	758,249,495.87	0.1180	25.5	32.6	31.1	31.1	29.6
10 October 2023	1796	Yield Go Holdings Ltd.	1,579,200,000.00	955,200,000.00	0.4603	(86.0)	(76.9)	(70.7)	(60.2)	(55.3)
9 October 2023	8300	Royal Group Holdings International Company Limited	483,734,880.00	467,874,720.00	0.032	(82.5)	(81.9)	(78.7)	(69.9)	(50.7)
27 September 2023	789	Artini Holdings Limited	342,230,119.68	246,184,892.54	0.1812	(41.6)	(18.7)	(13.9)	(20.6)	(13.0)
19 September 2023	1780	B & D Strategic Holdings Limited	1,159,400,000.00	1,537,600,000.00	0.503	(73.1)	(79.7)	(77.1)	(74.5)	(74.0)
7 September 2023	8131	abc Multiactive Limited	48,057,134.82	21,887,407.94	0.0759	(24.9)	65.0	70.2	72.1	71.1
28 August 2023	8295	Kingwisoft Technology Group Company Limited	200,592,822.78	143,280,587.70	0.0304	(27.6)	1.3	(13.1)	(17.8)	(39.2)
10 August 2023	1869	Li Bao Ge Group Limited	268,539,300.00	275,169,900.00	0.13	(46.5)	(47.8)	(46.9)	(43.0)	(44.1)
3 August 2023	227	First Shanghai Investments Limited	238,784,109.65	195,596,420.13	0.11	0.9	(12.0)	(10.6)	(12.7)	(15.1)
28 July 2023	2882	Hong Kong Resources Holdings Company Limited	199,556,984.74	156,409,528.58	0.7480	1.08	28.97	76.62	80.60	75.5
21 July 2023	8107	Vision International Holdings Limited	613,800,000.00	950,400,000.00	2.18	(53.1)	(69.7)	(60.2)	(51.8)	(26.5)
26 June 2023	659	NWS Holdings Limited	35,434,356,251.94	31,244,318,513.51	9.15	1.0	14.5	24.0	30.9	32.1
26 June 2023	8350	Excalibur Global Financial Holdings Limited	228,000,000.00	184,000,000.00	0.0661	(76.8)	(71.3)	(72.2)	(71.5)	(68.2)
16 June 2023	383	China Medical & Health Care Group Limited	944,824,747.59	651,603,274.20	0.89	2.3	(1.1)	1.1	(5.3)	(8.3)
11 May 2023	2188	China Titans Energy Technology Group Co., Limited	492,368,580.00	305,268,480.00	0.34	3.0	3.0	4.6	7.0	5.8
26 April 2023	1481	Smart Globe Holdings Limited	260,100,000.00	321,300,000.00	0.2614	2.5	(17.0)	(13.7)	(9.7)	(16.4)
6 April 2023	3889	Global Sweeteners Holdings Limited	128,317,224.00	131,372,396.00	0.0600	(32.6)	(30.2)	(27.7)	(30.2)	(26.0)
27 March 2023	2360	Best Mart 360 Holdings Limited	2,140,000,000.00	2,490,000,000.00	1.76	(17.8)	(29.3)	(18.9)	(18.5)	(18.7)
23 February 2023	8402	GT Steel Construction Group Limited	902,400,000.00	1,041,600,000.00	0.2	(87.8)	(89.4)	(89.2)	(89.2)	(89.4)
23 February 2023	8237	Link Holdings Limited	121,452,000.00	125,640,000.00	0.0195	(11.4)	(45.8)	(48.7)	(45.8)	(24.6)
12 January 2023	8137	Honbridge Holdings Limited	8,376,353,565.10	3,498,359,430.13	0.08	(90.6)	(77.5)	(77.5)	(75.2)	(73.5)
					Average	(33.6)	(26.8)	(22.9)	(20.5)	(17.3)
					Maximum	25.5	65.0	76.6	80.6	75.5
					Minimum	(90.6)	(89.4)	(89.2)	(89.2)	(89.4)
					Median	(26.2)	(24.0)	(16.4)	(19.6)	(21.6)
30 October 2023	3963	the Company	348,278,516.89	176,718,780	0.38	(35.59)	(9.52)	(8.87)	(7.54)	(5.47)

As noted from the above table,

- (i) the discount of the Share Offer Price is within the discount to premium range of the Comparable Transactions under all scenarios; and

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(ii) while the discount of the Share Offer Price under scenario (a) is slightly larger than the average discount of the Comparable Transactions, the discount of the Share Offer Price under scenarios (b), (c), (d) and (e) are all considerably smaller than both the average and the median discount of the Comparable Transactions under the corresponding scenarios.

(ii) Financial indicators comparison

For the purpose of assessing the Share Offer Price, we have also sought to conduct an analysis on the Share Offer Price by comparing commonly considered market performance indicators with companies listed on the Stock Exchange having same principal businesses as that of the Group, being automobile leasing in the PRC and due diligence, credit investigation and debt collection services (in the PRC, Hong Kong and Singapore). In this connection, given that (i) the Group reported net loss for the year ended 31 March 2023 as well as for a trailing 12-month period up to 30 September 2023 (being the period-end of the last published financial period); and (ii) it reported net liabilities as at 30 September 2023, a comparison of price-to-earnings ratio or price-to-book ratio would not be applicable. We therefore resolved to compare the price-to-sales ratio (“**P/S ratio**”) based on the Share Offer Price and the 12-month trailing revenue of the Group with those of any comparable companies identified.

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In our pursuit to search for and identify such comparable companies, we have conducted an exhaustive search on Bloomberg by selecting the Stock Exchange as the listing venue, then using the “EQS” function to identify all companies listed under “Financials – Financial Services – Specialty Finance” (which would exclude banking, insurance, asset management and institutional finance (covering institutional brokerage, institutional trust, fiduciary & custody activities, and security & commodity exchanges)), but failed to identify any company having the same principal businesses as those with the Group. In an attempt to provide at least some reference information in terms of comparable market performance using the P/S ratio, we have broadened our selection criteria to include companies (as listed under “Specialty Finance”) with major businesses in financial leasing services (which we consider to fall within the same, albeit broader, industry sub-segment as that of the Group’s “automobile leasing” business segment), money lending, guarantees, and/or factoring (which we understand to be among the targeted down-stream customer types of the Group’s “due diligence, credit investigation and debt collection services” business segment):

Stock code	Company	Company Descriptions	Market Capitalisation as at the Last Trading Day <i>(in Million HK\$)</i>	P/S ratio <i>(Note)</i>
1496 HK	AP RENTALS HOLDINGS LIMITED	AP Rentals Holdings Limited is a rental service company. The company rents construction equipment. AP Rentals Holdings Limited rents a variety of equipment including generators, air compressors, lifts, welders, cranes, and more.	121.82	0.78
8525 HK	BAIYING HOLDINGS GROUP LIMITED	Baiying Holdings Group Limited operates as a finance leasing company. The company provides equipment-based finance leasing, factoring services, value-added advisory services, and other services. Baiying Holdings Group Limited offers services in China and Hong Kong.	108.00	3.99

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Stock code	Company	Company Descriptions	Market Capitalisation as at the Last Trading Day <i>(in Million HK\$)</i>	P/S ratio <i>(Note)</i>
730 HK	CAPITAL INDUSTRIAL FINANCIAL SERVICES GROUP LIMITED	Capital Industrial Financial Services Group Limited operates as an investment holding company mainly engaged in collateral financing business. The company provides collateral financing, financial advisory, property leasing, and other services. Capital Industrial Financial Services Group Limited conducts businesses in Hong Kong.	525.97	1.52
1848 HK	CHINA AIRCRAFT LEASING GROUP HOLDINGS LIMITED	China Aircraft Leasing Group Holdings Limited operates as an aircraft operating lessor. The company provides aircraft leasing, fleet planning consultation, structured financing, fleet replacement package deal, third party aircraft resale, and aircraft disassembly solutions.	2,709.45	0.69
1606 HK	CHINA DEVELOPMENT BANK FINANCIAL LEASING CO., LTD.	China Development Bank Financial Leasing Co., Ltd. offers financial services. The company leases aircrafts, ships, commercial vehicles, construction machines, and other equipment. China Development Bank Financial Leasing Co., Ltd. provides its services throughout China.	13,906.62	0.57
3360 HK	FAR EAST HORIZON LIMITED	Far East Horizon Limited is a financial services provider. The company specializes in providing financing solutions through equipment-based financial leasing. Far East Horizon Limited currently targets industries that include healthcare, education, infrastructure construction, shipping, printing and machinery industries.	23,919.70	0.72
8452 HK	FY FINANCIAL (SHENZHEN) CO., LTD.	FY Financial (Shenzhen) Co., Ltd. offers financial leasing services. The company provides new goods direct renting, old goods renting, and other services. FY Financial (Shenzhen) Co., Ltd. serves electronics, medical, alternative energy, and transportation industries in China.	149.13	3.20

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Stock code	Company	Company Descriptions	Market Capitalisation as at the Last Trading Day <i>(in Million HK\$)</i>	P/S ratio <i>(Note)</i>
2666 HK	GENERTEC UNIVERSAL MEDICAL GROUP COMPANY LIMITED	Genertec Universal Medical Group Company Limited provides healthcare services. The company offers medical financing, hospital investment and management, digitization, and clinical department upgrade advisory services. Genertec Universal Medical Group Company Limited serves customers in Hong Kong.	7,679.65	0.60
628 HK	GOME FINANCE TECHNOLOGY CO., LTD.	Gome Finance Technology Co., Ltd. is a financial service platform company. The company provides lending, credit and debt, floatation of loans, investment management consulting, and other services. Gome Finance Technology Co., Ltd. serves customers in China.	572.64	7.13
1905 HK	HAITONG UNITRUST INTERNATIONAL FINANCIAL LEASING CO., LTD.	Haitong Unitrust International Financial Leasing Co., Ltd. offers financial leasing services. The company provides industrial equipment leasing, commercial equipment leasing, medical equipment leasing, and other services. Haitong Unitrust International Financial Leasing Co., Ltd. also provides its services to Hong Kong, Switzerland, Ireland, South Korea, Philippines, and other countries and regions.	7,741.18	0.97
3903 HK	HANHUA FINANCIAL HOLDING CO., LTD.	Hanhua Financial Holding Co., Ltd. offers financial services. The company provides financing guarantee, factoring, leasing, and other services. Hanhua Financial Holding Co., Ltd. also operates investment businesses.	1,242.00	1.41
8621 HK	METROPOLIS CAPITAL HOLDINGS LIMITED	Metropolis Capital Holdings Limited offers finance leasing services. The company leases vehicles, machinery, equipment, and other products. Metropolis Capital Holdings Limited provides its services throughout China.	29.76	0.68

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Stock code	Company	Company Descriptions	Market Capitalisation as at the Last Trading Day <i>(in Million HK\$)</i>	P/S ratio <i>(Note)</i>
1601 HK	ZHONGGUANCUN SCIENCE-TECH LEASING CO., LTD.	Zhongguancun Science-Tech Leasing Co., Ltd. offers financial leasing services. The company provides direct leasing, leaseback, and other related services. Zhongguancun Science-Tech Leasing Co., Ltd. focuses on big data, big environment, great health, and big consumption areas.	786.67	1.05
8223 HK	ZIYUANYUAN HOLDINGS GROUP LIMITED	Ziyuanyuan Holdings Group Limited provides financial leasing services. The company offers equipment-based financing lease services in printing, logistics, transportation, and other related industries. Ziyuanyuan Holdings Group Limited provides services in China.	708.00	1.98
3877 HK	CSSC (HONG KONG) SHIPPING COMPANY LIMITED	CSSC (Hong Kong) Shipping Company Limited operates as a ship leasing company. The company offers loans, shipbroking, and leasing services. CSSC (Hong Kong) Shipping Company Limited operates in Hong Kong.	8,407.52	2.40
668 HK	DOYEN INTERNATIONAL HOLDINGS LIMITED	Doyen International Holdings Limited operates as an energy company. Doyen International Holdings Limited owns a coal mining project in the Fukang region in Xinjiang.	382.21	4.69
2858 HK	YIXIN GROUP LIMITED	Yixin Group Limited offers an online automobile finance transaction platform. The company provides loan facilitation, car rental, and other services. Yixin Group Limited operates in China.	4,240.61	0.76
2718 HK	SHANGHAI DONGZHENG AUTOMOTIVE FINANCE CO., LTD.	Shanghai Dongzheng Automotive Finance Co., Ltd., doing business as Dongzheng Finance, offers auto finance products and services. The company provides institution and personal conventional auto loans, as well as settlement, claims coordination, and other related services. Shanghai Dongzheng Automotive Finance Co., Ltd. serves customers in China.	2,460.60	11.64

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Stock code	Company	Company Descriptions	Market Capitalisation as at the Last Trading Day <i>(in Million HK\$)</i>	P/S ratio <i>(Note)</i>
900 HK	AEON CREDIT SERVICE (ASIA) COMPANY LIMITED	Aeon Credit Service (Asia) Company Limited provides a range of consumer credit finance services which include the issuance of credit cards, vehicle financing, hire purchase financing, and personal loan financing.	2,257.15	1.47
2003 HK	VCREDIT HOLDINGS LIMITED	VCredit Holdings Limited provides consumer finance services. The company offers microloans, financing guarantees, financial leasing, and other services. VCredit Holdings Limited also provides related consulting services.	1,120.86	0.29
1290 HK	CHINA HUIRONG FINANCIAL HOLDINGS LIMITED	China Huirong Financial Holdings Limited is a short-term secured financing service provider. The company specializes in providing short-term loans secured by collateral, or "pawn loans", to customers.	1,079.43	1.67
431 HK	GREATER CHINA FINANCIAL HOLDINGS LIMITED	Greater China Financial Holdings Limited provides pawnshop, P2P online financial platform and financial leasing. The company's primary business also includes securities trading, asset management, money lending and other types of financial services.	933.10	8.26
8215 HK	FIRST CREDIT FINANCE GROUP LIMITED	First Credit Finance Group Limited is an investment company. The company's principal operating subsidiary is a money lender licenced in Hong Kong that offers unsecured loans and secured loans to individuals, corporations and foreign domestic workers.	391.91	12.48
6866 HK	ZUOLI KECHUANG MICRO-FINANCE COMPANY LIMITED	Zuoli Kechuang Micro-Finance Company Limited focuses on providing credit-based financing solutions to Deqing's fast-growing SME and microenterprise sector.	401.20	1.73
1577 HK	QUANZHOU HUIXIN MICRO-CREDIT CO., LTD.	Quanzhou Huixin Micro-credit Co., Ltd. offers micro lending and other related financial services to individuals and small business throughout China.	360.40	2.38

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Stock code	Company	Company Descriptions	Market Capitalisation as at the Last Trading Day <i>(in Million HK\$)</i>	P/S ratio <i>(Note)</i>
1915 HK	YANGZHOU GUANGLING DISTRICT TAIHE RURAL MICRO- FINANCE COMPANY LIMITED	Yangzhou Guangling District Taihe Rural Micro-finance Company Limited offers financial services. The company provides loans issuing, financing guarantee, financial institutions business agency, and other businesses. Yangzhou Guangling District Taihe Rural Micro-finance Company Limited serves small and medium enterprises, individual businesses, and other groups in Yangzhou.	336.00	6.50
2051 HK	51 CREDIT CARD INC.	51 Credit Card Inc. provides credit cards services. The company offers credit card issuing, payment processing, and personal loans services. 51 Credit Card Inc. serves customers worldwide.	119.53	0.44
767 HK	ZHONG JI LONGEVITY SCIENCE GROUP LIMITED	Zhong Ji Longevity Science Group Limited offers financial services. The company, through its subsidiaries, engages in the business of loan facilitation services, money lending, securities, investments, and investment advisory services. Zhong Ji Longevity Science Group Limited conducts businesses in Hong Kong.	81.52	0.94
8239 HK	CAPITAL FINANCE HOLDINGS LIMITED	Capital Finance Holdings Limited operates as an investment holding company. The company engages in financing services such as pawn and entrusted loan, micro-financing, and financial consultancy businesses. Capital Finance Holdings Limited serves customers in China and Hong Kong.	39.10	0.90
86 HK	SUN HUNG KAI & CO. LIMITED	Sun Hung Kai & Co. Limited operates as an alternative investment company headquartered in Hong Kong. The company invests across public markets, alternatives and real assets, and has an established track record of generating long-term risk adjusted returns for its shareholders. Sun Hung Kai & Co. Limited extends strategy to incubate, accelerate and support emerging asset managers in Asia.	5,131.41	2.01

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Stock code	Company	Company Descriptions	Market Capitalisation as at the Last Trading Day <i>(in Million HK\$)</i>	P/S ratio <i>(Note)</i>
736 HK	CHINA PROPERTIES INVESTMENT HOLDINGS LIMITED	China Properties Investment Holdings Limited is principally involved in property investing in China.	31.79	0.52
1319 HK	OI WAH PAWNSHOP CREDIT HOLDINGS LIMITED	Oi Wah Pawnshop Credit Holdings Limited provides financing services. The company provides short-term secured financing, including pawn loans and mortgage loans.	468.32	2.64
1669 HK	GLOBAL INTERNATIONAL CREDIT GROUP LIMITED	Global International Credit Group Limited is a licensed money lender. The company provides mortgage loan financing to corporations and individuals, which are secured against real estate assets. Global International Credit Group Limited also provides unsecured personal loans.	190.00	2.11
1273 HK	HONG KONG FINANCE GROUP LIMITED	Hong Kong Finance Group Limited provides mortgage loans. The company engages in the money lending business, offering property mortgage loans to corporate and individual customers. Hong Kong Finance Group Limited focuses on residential, commercial, and industrial properties located within Hong Kong.	139.03	0.90
8019 HK	HAO WEN HOLDINGS LIMITED	Hao Wen Holdings Limited is headquartered in Hong Kong. The company's line of business includes the wholesale distribution of prescription drugs, proprietary drugs, and toiletries.	75.84	1.34
605 HK	CHINA FINANCIAL SERVICES HOLDINGS LIMITED	China Financial Services Holdings Limited is a diversified finance service company. The company, through its subsidiaries, provides direct loans by self-owned funds, bank loans by guarantee company, corporate bonds or collective notes financing service through the guarantee function, and financing consulting service based on the financing needs of SMEs.	59.65	0.42

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Stock code	Company	Company Descriptions	Market Capitalisation as at the Last Trading Day <i>(in Million HK\$)</i>	P/S ratio <i>(Note)</i>
6069 HK	SY HOLDINGS GROUP LIMITED	SY Holdings Group Limited offers financial services. The company provides receivable accounts financing, factoring financing, asset management, credit assessment, and other services. SY Holdings Group Limited serves customers in large state owned enterprises, listed companies, and other groups.	4,869.57	5.36
1563 HK	ALLIANCE INTERNATIONAL EDUCATION LEASING HOLDINGS LIMITED	Alliance International Education Leasing Holdings Limited provides finance leasing and advisory services. The company offers sale-leaseback and direct finance leasing services for customers in healthcare and public infrastructure industries. Alliance International Education Leasing Holdings Limited offers advisory services including industry analysis and suggestions for financial management.	2,265.82	4.24
1543 HK	GUANGDONG JOIN- SHARE FINANCING GUARANTEE INVESTMENT CO., LTD.	Guangdong Join-Share Financing Guarantee Investment Co., Ltd. is a financing guarantee services provider in Guangdong province. The company focuses on providing credit-base financing solutions to SMEs.	1,045.73	3.13
3848 HK	HAOSEN FINTECH GROUP LIMITED	Haosen Fintech Group Limited offers commercial financing services. The company provides equipment financing, leasing, consulting, and sales lease back services to airlines, health care providers, energy saving equipment suppliers, and other customers.	939.50	8.00
3623 HK	CHINA SUCCESS FINANCE GROUP HOLDINGS LIMITED	China Success Finance Group Holdings Limited provides financial guarantees to SMEs to assist them in obtaining loans from banks and other financial institutions. The company also offers financial consultancy services.	392.14	3.84

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Stock code	Company	Company Descriptions	Market Capitalisation as at the Last Trading Day <i>(in Million HK\$)</i>	P/S ratio <i>(Note)</i>
397 HK	MINERVA GROUP HOLDING LIMITED	Minerva Group Holding Limited offers financial services. The company provides securities brokerage, corporate finance consultant, money lending, and other services. Minerva Group Holding Limited also operates asset investment, garment manufacturing, and other businesses.	375.78	5.02
629 HK	YUE DA INTERNATIONAL HOLDINGS LIMITED	Yue Da International Holdings Limited offers financial services. The company provides accounts receivable management, collection, and factoring consultancy services. Yue Da International Holdings Limited also mines and processes metal minerals including zinc, lead, iron, and gold ores.	134.39	1.20
8030 HK	FLYING FINANCIAL SERVICE HOLDINGS LIMITED	Flying Financial Service Holdings Limited provides integrated short-term services, including pawn loan services and entrusted loan services. The company also offers financial consultation services to its customers.	29.68	0.44
			Average	2.79
			Maximum	12.48
			Minimum	0.29
			Median	1.59
3963	the Company	Market Capitalisation and P/S ratio calculated based on 420,759,000 issued Shares as at the Last Trading Date:	159.89	1.81
		Market Capitalisation and P/S ratio calculated based on 590,302,571 issued Shares as at the Latest Practicable Date:	224.31	2.53

Note: Calculated based on the relevant company's closing share price as at the Last Trading Day and trailing 12-month net sales based on most recent published financial results, as sourced on Bloomberg.

As noted from the above table, the P/S ratio calculated based on the Share Offer Price of HK\$0.38 and (i) 420,759,000 Shares as at the Last Trading Date and (ii) 590,302,571 Shares as at the Latest Practicable Date (as enlarged by the issue and allotment of the Consideration Shares and the Subscription Shares) are both:

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- (a) within the range of the P/S ratios of the companies selected for the above comparison exercise; and
- (b) above the median of the P/S ratios of the companies selected for the above comparison exercise.

From the perspective of the foregoing two comparable analyses, we consider the Share Offer Price to be fair and reasonable.

4. Option Offer Price

As disclosed in the Letter from the Board, PA Securities, for and on behalf of the Offeror and in compliance with the Takeovers Code, is making the Option Offer to the Offer Optionholders in accordance with Rule 13 of the Takeovers Code to cancel all outstanding Offer Options in exchange for cash on the following basis:

The Option Offer

For the cancellation of each of Offer Options HK\$0.01 in cash

The Option Offer is extended to all Optionholders other than the Offeror Concert Group in accordance with the Takeovers Code.

Pursuant to Rule 13 of the Takeovers Code and Practice Note 6 published by the SFC, the Option Offer Price would normally represent the “see-through” price, which is the difference between the Share Offer Price and the exercise price for each outstanding Option. As the outstanding Options have an exercise price of HK\$0.40 each, which is above the Share Offer Price of HK\$0.38, the “see-through” price for the Options is therefore negative and the Options are out-of-the-money. On such basis, we consider the Option Offer Price of a nominal cash amount of HK\$0.01 to be within market norm and is fair and reasonable so far as the Offer Optionholders are concerned.

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RECOMMENDATION

Having considered the factors and reasons set out in this letter, in particular,

- (a) in terms of the Share Offer,
 - (i) while the Share Offer Price represented a significant discount of approximately 35.59% to the closing price of HK\$0.590 per Share as quoted on the Stock Exchange on the Latest Practicable Date, the Shares were traded in a close range of HK\$0.39 to HK\$0.42 since the publication of the Rule 3.5 Announcement on 30 October 2023 up to 6 December 2023 (against which the Share Offer Price represented notably smaller discount in the range of 2.6% to 9.52%), and only surged to HK\$0.60 on 7 December 2023 with a mere transacted volume of 6,000 Shares;
 - (ii) moreover, notwithstanding that the closing prices of the Shares remained in an elevated range of HK\$0.5 and HK\$0.6 since the surge on 7 December 2023 up to the Last Practicable Date (against which the Share Offer Price represented discount in the range of 24.00% to 36.67%), the liquidity performance of the Shares was extremely weak, which poses significant uncertainty as to the sustainability of such elevated Share price level; and with the extremely sparse trading volume of the Shares at present (historical daily average trading volume of the Shares had been less than 7,000 Shares and only reported on-market transactions in less than 10 days in each of November and December 2023, while the Shares were only traded in one day for 20,000 Shares since 1 January 2024 up to the Latest Practicable Date), it is not likely to support on-market disposal of Shares of any notable amount without significantly depressing the market prices of Shares, if at all;
 - (iii) notwithstanding the improving trend of financial position of the Group, it remained in a net liability position and reported net liabilities of HK\$20.5 million as at 30 September 2023 (ie., Shareholders would actually be attributed with a negative net asset value per Share), and the positive contribution from the Subscription Completion on the net assets/liabilities value per-Share is insignificant when compared to the premium of the Share Offer Price over the consolidated net liabilities value in all scenarios analysed;
 - (iv) the discount of Share Offer Price in all scenarios under “Principal Factors and Reasons Considered – 3. Share Offer Price – (e) Comparable Analyses – (i) Mandatory general offer transactions” in this letter is within the discount to premium range of the Comparable Transactions, and in all but one scenarios is considerably better than the average and the median discount of the Comparable Transactions ;

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- (v) the P/S ratio in respect of the Share Offer Price calculated based on the issued Shares as at the Last Trading Day as well as the Latest Practicable Date are both within the range of P/S ratios, and above the median P/S ratio, of the companies selected for comparison under “Principal Factors and Reasons Considered – 3. Share Offer Price – (e) Comparable Analyses – (ii) Financial indicators comparison” in this letter; and
- (b) in terms of the Option Offer,
 - (vi) as the outstanding Options have an exercise price of HK\$0.40 each, the “see-through” price for the Options is therefore negative and the Options are out-of-the-money, the Option Offer Price of a nominal cash value of HK\$0.01 is considered to be within market norm and is fair and reasonable.

we are of the opinion that the terms of the Share Offer and the Option Offer are fair and reasonable so far as the Offer Shareholders and the Offer Optionholders, respectively, are concerned. We therefore recommend the Independent Board Committee to advise the Offer Shareholders to accept the Share Offer and the Offer Optionholders to accept the Option Offer.

As different Offer Shareholders or Offer Optionholders would have different investment criteria, objectives or risk appetite and profiles, we recommend any Offer Shareholders or Offer Optionholders who may require advice in relation to any aspect of the Composite 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
Central China International Capital Limited

Elain Wong
General Manager

Note: Ms. Elain Wong is a responsible officer of Central China International Capital Limited registered with the SFC to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over 22 years of experience in securities industry.

1. GENERAL PROCEDURES FOR ACCEPTANCE OF THE SHARE OFFER

- (a) To accept the Share Offer, you should complete and sign the accompanying **WHITE** Form of Share Offer Acceptance in accordance with the instructions printed thereon, which form part of the terms of the Share Offer.
- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect hereof) in respect of your Shares is/are in your name, and you wish to accept the Share Offer in respect of your Shares (whether in full or in part), you must send the duly completed and signed **WHITE** Form of Share Offer Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the number of Shares in respect of which you intend to accept the Share Offer, by post or by hand, to the Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, marked “China Rongzhong Financial Holdings Company Limited – Share Offer” on the envelope, as soon as possible and in any event so as to reach the Registrar by no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and the Offeror and the Company may jointly announce with the consent of the Executive in accordance with the Takeovers Code.
- (c) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Share Offer in respect of your Shares (whether in full or in part), you must either:
 - (i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares with the nominee company, or other nominee, with instructions authorising it to accept the Share Offer on your behalf and requesting it to deliver the duly completed and signed **WHITE** Form of Share Offer Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares to the Registrar, marked “China Rongzhong Financial Holdings Company Limited – Share Offer” on the envelope, by no later than 4:00 p.m. on the Closing Date; or

- (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver the duly completed and signed **WHITE** Form of Share Offer Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares to the Registrar, marked “China Rongzhong Financial Holdings Company Limited – Share Offer” on the envelope, by no later than 4:00 p.m. on the Closing Date; or
 - (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Share Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
 - (iv) if your Shares have been lodged with your investor participant’s account maintained with CCASS, give your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set out by HKSCC Nominees Limited.
- (d) If the share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Share Offer in respect of your Shares, the **WHITE** Form of Share Offer Acceptance should nevertheless be completed and signed and delivered to the Registrar, marked “China Rongzhong Financial Holdings Company Limited – Share Offer” on the envelope, together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares or that it is/they are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title, you should also write to the Registrar a letter of indemnity which, when completed in accordance with the instructions given, should be delivered to the Registrar. The Offeror shall have the absolute discretion to decide whether any Shares in respect of which the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title is/are not readily available and/or is/are lost will be taken up by the Offeror.

- (e) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Share Offer in respect of your Shares, you should nevertheless complete and sign the **WHITE** Form of Share Offer Acceptance and deliver it to the Registrar, marked “China Rongzhong Financial Holdings Company Limited – Share Offer” on the envelope, together with the transfer receipt(s) duly signed by yourself. Such action will constitute an irrevocable authority to the Offeror and/or PA Securities and/or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Registrar on your behalf and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Share Offer, as if it was/they were delivered to the Registrar with the **WHITE** Form of Share Offer Acceptance.
- (f) Acceptance of the Share Offer will be treated as valid only if the duly completed and signed **WHITE** Form of Share Offer Acceptance is received by the Registrar by no later than 4:00 p.m. on the Closing Date (or such later time and/or date as the Offeror may determine and the Offeror and the Company may jointly announce with the consent of the Executive in accordance with the Takeovers Code) and the Registrar has recorded that the **WHITE** Form of Share Offer Acceptance and any relevant documents as required by Note 1 to Rule 30.2 of the Takeovers Code have been so received, and is:
- (i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares and, if that/those share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are not in your name, such in other documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in favour of the acceptor executed by registered holder) the order to establish your right to become the registered holder of the relevant Shares; or
 - (ii) from a registered Shareholder or his/her personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under another subparagraph of this paragraph (f)); or
 - (iii) certified by the Registrar or the Stock Exchange.

- (g) If the **WHITE** Form of Share Offer Acceptance is executed by a person other than the registered Shareholders, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar must be produced.
- (h) In Hong Kong, seller's ad valorem stamp duty payable by the Offer Shareholders who accept the Share Offer and calculated at a rate of 0.1% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer, whichever is the higher, will be deducted from the amount payable by the Offeror to the relevant Shareholders on the acceptance of the Share Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the Offer Shareholders who accept the Share Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Share Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).
- (i) No acknowledgement of receipt of any **WHITE** Form of Share Offer Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares will be given.

2. COURSES OF ACTION AVAILABLE TO THE OFFER OPTIONHOLDERS

You may take any of the following courses of action with respect to your outstanding Options:

- (a) to the extent any of your outstanding Options are not exercised on or prior to the Closing Date, you may accept the Option Offer in accordance with its terms (as set out in this Composite Document and the **PINK** Form of Option Offer Acceptance) and receive the price of HK\$0.01 for cancellation of each outstanding Offer Option by returning the duly completed and signed **PINK** Form of Option Offer Acceptance enclosed together with the relevant document(s) as soon as possible and in any event by no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and the Offeror and the Company may jointly announce with the consent of the Executive in accordance with the Takeovers Code, to the company secretary of the Company at Unit 3901, 39/F, Tower One, Lippo Centre, 89 Queensway, Hong Kong, marked "China Rongzhong Financial Holdings Company Limited – Option Offer" on the envelope;

- (b) you may in accordance with the terms of the Share Option Scheme exercise some or all of outstanding vested Options (to the extent not already exercised), by submitting a notice for exercising the Options together with a cheque for payment of the subscription monies and the related certificates (if applicable) for the Options to the company secretary of the Company no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and the Offeror and the Company may jointly announce with the consent of the Executive in accordance with the Takeovers Code, and the Share issued as a result of the exercise of such Options will be subject to and eligible to participate in the Share Offer. Offer Optionholders who wish to accept the Share Offer should at the same time complete and sign the **WHITE** Form of Share Offer Acceptance and deliver it to the Registrar, marked “China Rongzhong Financial Holdings Company Limited – Share Offer” on the envelope, together with a copy of the set of documents delivered to the Company for exercising the Options. Exercise of the Options is subject to the terms and conditions of the Share Option Scheme and the terms attaching to the grant of the relevant Options. Delivery of the completed and signed **WHITE** Form of Share Offer Acceptance to the Registrar will not serve to complete the exercise of the Options but will only be deemed to be an irrevocable authority to the Offeror, PA Securities and/or any of their respective agent(s) or such other person(s) as they may direct to collect from the Company or the Registrar on his/her behalf the relevant share certificate(s) when issued on exercise of the Options as if it was/they were delivered to the Registrar with the **WHITE** Form of Share Offer Acceptance. If an Optionholder fails to exercise his/her Options as aforesaid, there is no guarantee that the Company may issue the relevant share certificates in respect of the Shares allotted pursuant to his/her/its exercise of the Options to such Optionholder in time for him/her to accept the Share Offer as a Shareholder of such Shares under the terms of the Share Offer. Please refer to this Composite Document for the details of the Share Offer and the acceptance thereof; or
- (c) you may do nothing before the Closing Date, and in which case, unexercised Options will remain exercisable during the original exercise period, and will lapse after the end of the relevant original exercise period of the Options in accordance with the terms of the Share Option Scheme and you will not receive the Option Offer Price.

3. GENERAL PROCEDURES FOR ACCEPTANCE OF THE OPTION OFFER

- (a) To accept the Option Offer, you should complete and sign the accompanying **PINK** Form of Option Offer Acceptance in accordance with the instructions printed thereon, which form part of the terms of the Option Offer.

- (b) If you are an Optionholder and you wish to accept the Option Offer in respect of your Options, you must send the duly completed and signed **PINK** Form of Option Offer Acceptance together with the relevant certificate(s), document(s) of title in respect of the Options, and/or other document(s) (if applicable) evidencing the grant Options to you (and/or satisfactory indemnity or indemnities required in thereof) for your holding of Options (or if applicable, for not less than the number of Options in respect of which you intend to accept the Option Offer), by post or by hand, to the company secretary of the Company at Unit 3901, 39/F, Tower One, Lippo Centre, 89 Queensway, Hong Kong marked “China Rongzhong Financial Holdings Company Limited – Option Offer” on the envelope, as soon as possible and in any event so as to reach the company secretary of the Company by no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and the Offeror and the Company may jointly announce with the consent of the Executive in accordance with the Takeovers Code.
- (c) No stamp duty will be deducted from the amount paid or payable to the Optionholder who accepts the Option Offer.
- (d) No acknowledgment of receipt of any **PINK** Form(s) of Option Offer Acceptance, certificate(s) of the Options (if applicable) and/or any other documents of title (and/or any satisfactory indemnity/indemnities required in respect thereof) in respect of the Options will be given.

4. SETTLEMENT OF THE OFFERS

4.1 The Share Offer

- (a) Provided that a valid **WHITE** Form of Share Offer Acceptance and the relevant certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Shares are complete and in good order in all respects and have been received by the Registrar before the close of the Share Offer, a cheque for the amount (rounding up to the nearest cent) due to each of the Offer Shareholders who accepts the Share Offer less seller’s ad valorem stamp duty in respect of the Shares tendered by him/her/it under the Share Offer will be despatched to such Offer Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event no later than seven (7) Business Days after the date of receipt by the Registrar of the duly completed acceptances of the Share Offer and all relevant documents of title which render such acceptance complete, valid and in compliance with Note 1 to Rule 30.2 of the Takeovers Code.

- (b) Settlement of the consideration to which any accepting Offer Shareholder is entitled under the Share Offer will be implemented in full in accordance with the terms of the Share Offer (save with respect to the payment of seller's ad valorem stamp duty), without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting Offer Shareholder.
- (c) Cheque(s) not presented for payment within six months from the date of issue of the relevant cheques will not be honoured and be of no further effect, and in such circumstances cheque holders should contact the Offeror for payment.

4.2 The Option Offer

- (a) Provided that a valid **PINK** Form of Option Offer Acceptance and the relevant certificate(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and in good order in all respects and have been received by the company secretary of the Company before the close of the Option Offer, a cheque for the amount (rounding up to the nearest cent) due to the Offer Optionholders in respect of the Options tendered by him/her under the Option Offer will be despatched to such Offer Optionholders by ordinary post at his/her own risk as soon as possible but in any event no later than seven (7) Business Days after the date of receipt by the company secretary of the Company of the duly completed acceptances of the Option Offer and all relevant documents which render such acceptance complete, valid and in compliance with Note 1 to Rule 30.2 of the Takeovers Code.
- (b) Settlement of the consideration to which any accepting Optionholder is entitled under the Option Offer will be implemented in full in accordance with the terms of the Option Offer, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting Optionholder.
- (c) Cheque(s) not presented for payment within six months from the date of issue of the relevant cheques will not be honoured and be of no further effect, and in such circumstances cheque holders should contact the Offeror for payment.

5. ACCEPTANCE PERIOD AND REVISIONS

- (a) In order to be valid for the Offers, the **WHITE** Form of Share Offer Acceptance and the **PINK** Form of Option Offer Acceptance must be received by the Registrar (in respect of the Share Offer) or the company secretary of the Company (in respect of the Option Offer) in accordance with the instructions printed thereon by 4:00 p.m. on the Closing Date, unless the Offers are extended or revised with the consent of the Executive.
- (b) The Offeror and the Company will jointly publish an announcement on the Stock Exchange's website no later than 7:00 p.m. on the Closing Date stating the results of the Offers and whether the Offers have been extended, revised or have expired.
- (c) If the Offers are extended or revised, the announcement of such extension or revision will state the next closing date or that the Offers will remain open until further notice. In the latter case, at least fourteen (14) days' notice in writing will be given before the Offers are closed to the Offer Shareholders and the Offer Optionholders who have not accepted the relevant Offers.
- (d) If, in the course of the Offers, the Offeror revises the terms of the Offers, all Offer Shareholders and the Offer Optionholders, whether or not they have already accepted the relevant Offers, will be entitled to accept the revised Offers under the revised terms. The revised Offers will be kept open for at least fourteen (14) days after the date of the revised Offer document.
- (e) If the Closing Date is extended, any reference in this Composite Document and in the Form(s) of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the closing date of the Offers as so extended.

6. NOMINEE REGISTRATION

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

7. ANNOUNCEMENTS

- (a) By 6:00 p.m. (or such later time as the Executive may in exceptional circumstances permit) on the Closing Date, the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension or expiry of the Offers. The Offeror must post an announcement in accordance with the requirements of the Listing Rules on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating, amongst other information required under Rule 19.1 of the Takeovers Code, whether the Offers have been revised, extended, or have expired. The announcement will state the total number of Shares and Options:
- (i) for which acceptances of the Offers have been received;
 - (ii) held, controlled or directed by the Offeror and/or parties acting in concert with it before the Offer Period; and
 - (iii) acquired or agreed to be acquired during the Offer Period by the Offeror and/or parties acting in concert with it.

The announcement must include details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or parties acting in concert with it have borrowed or lent, save for any borrowed shares which have been either on-lent or sold.

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

- (b) In computing the total number of Shares and Options represented by acceptances as of the Closing Date, only valid acceptances that are in all respects complete, in good order and fulfill the acceptance conditions set out in this Appendix, and which have been received by the Registrar (in respect of the Share Offer) or the company secretary of the Company (in respect of the Option Offer) no later than 4:00 p.m. on the Closing Date, unless the Offers are extended or revised with the consent of the Executive, shall be included.
- (c) As required under the Takeovers Code, all announcements in relation to the Offers will be made in accordance with the requirements of the Takeovers Code and the Listing Rules, where appropriate.

8. RIGHT OF WITHDRAWAL

- (a) Acceptance of the Share Offer and the Option Offer tendered by Offer Shareholders and Offer Optionholders, respectively, shall be irrevocable and cannot be withdrawn, except in the circumstances set out in the sub-paragraph (b) below.
- (b) In the circumstances set out in Rule 19.2 of the Takeovers Code (which is to the effect that if the Offeror is unable to comply with any of the requirements of making announcements relating to the Offers as described under the paragraph headed “7. Announcements” above), the Executive may require that acceptors of the Offers be granted a right of withdrawal, on terms acceptable to the Executive, until such requirements can be met.

In such case, when the Offer Shareholders and/or the Offer Optionholders withdraw their acceptance(s), the Offeror shall, as soon as possible but in any event no later than seven (7) Business Days after the Offers are withdrawn, despatch by ordinary post the share certificate(s) and/or transfer receipt(s) and/or the certificate(s) of the Options and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Form(s) of Acceptance to, or make such document(s) available for collection by, the relevant Offer Shareholders and/or Offer Optionholders at their own risks.

9. OVERSEAS SHAREHOLDERS AND OVERSEAS OPTIONHOLDERS

The Offeror intends to make the Offers available to all Offer Shareholders and Offer Optionholders, including the Overseas Shareholders and the Overseas Optionholders. As the Share Offer and the Option Offer to persons with a registered address in a jurisdiction outside Hong Kong may be affected by the laws of the relevant overseas jurisdictions, the Overseas Shareholders and the Overseas Optionholders and beneficial owners of the Shares and/or Options who are citizens, residents or nationals of a jurisdiction outside Hong Kong should inform themselves about and observe any applicable legal or regulatory requirements and, where necessary, seek legal advice in respect of the Offers. It is the responsibility of the Overseas Shareholders and the Overseas Optionholders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offers, including but not limited to the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required or the compliance with other necessary formalities, legal and/or regulatory requirements and the payment of any issue, transfer, cancellation or other taxes and duties due by such Overseas Shareholders and Overseas Optionholders in respect of the acceptance of the Offers in such jurisdictions.

The Offeror and the parties acting in concert with it, the Company, Ping An, PA Securities, CCIC, the Registrar, the company secretary of the Company or any of their respective ultimate beneficial owners, directors, officers, agents, advisers and associates and any other person involved in the Offers shall be entitled to be fully indemnified and held harmless by the Overseas Shareholders or the Overseas Optionholders for any taxes or duties as such persons may be required to pay.

Acceptance of the Offers by any Overseas Shareholder or Overseas Optionholder will be deemed to constitute a representation and warranty from such Overseas Shareholder or Overseas Optionholder to the Offeror that the all applicable laws and requirements have been complied with and such Overseas Shareholder or Overseas Optionholder is permitted under all applicable laws and regulations to receive and accept the Offers, and any revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws and regulations. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above representation and warranty. The Overseas Shareholders and Overseas Optionholders should consult their professional advisers if in doubt.

10. TAXATION ADVICE

Offer Shareholders and Offer Optionholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offers. None of the Offeror and the parties acting in concert with it, the Company, Ping An, PA Securities, CCIC and (as the case may be) their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offers accept responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

11. GENERAL

- (a) All communications, notices, Form(s) of Acceptance, share certificate(s), certificate(s) of the Option, transfer receipt(s), other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offers to be delivered by or sent to or from the Offer Shareholders and the Offer Optionholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Company, the Offeror and the parties acting in concert with it, Ping An, PA Securities, CCIC and any of their respective directors nor the Registrar or the company secretary of the Company or other parties involved in the Offers or any of their respective agents accept any liability for any loss in postage, delay in transmission or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the Form(s) of Acceptance form part of the terms and conditions of the Offers.

- (c) The accidental omission to despatch this Composite Document and/or Form(s) of Acceptance or any of them to any person to whom the Offers are made will not invalidate the Offers in any way.
- (d) The Offers are, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.
- (e) Due execution of the Form(s) of Acceptance will constitute an authority to the Offeror, Ping An, PA Securities and/or such person or persons as the Offeror may direct to complete, amend and execute any document on behalf of the person or persons accepting the Offers and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as they may direct, the Shares or the Options in respect of which such person or persons has/have accepted the Offers.
- (f) Acceptance of the Offers by any person or persons will be deemed to constitute a representation and warranty by such person or persons to the Offeror and PA Securities that the Offer Shares are sold or the Options are tendered (as the case may be) to the Offeror free from all Encumbrances together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offers are made, being the date of despatch of this Composite Document. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above representation and warranty.
- (g) Acceptance of the Offers by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares or Options in respect of which as indicated in the Form(s) of Acceptance is the aggregate number of Shares or Options held by such nominee for such beneficial owner who is accepting the Offers.
- (h) Any Offer Shareholders or Offer Optionholders accepting the Share Offer and/or the Option Offer, respectively, will be responsible for payment of any other transfer or cancellation or other taxes or duties payable in respect of the relevant jurisdiction due by such persons.
- (i) Unless otherwise expressly stated in this Composite Document and/or the Form(s) of Acceptance, no person other than the Offeror and the accepting Offer Shareholders and Offer Optionholders may enforce any terms of the Offers that will arise out of complete and valid acceptances under the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong).
- (j) Reference to the Offers in this Composite Document and in the Form(s) of Acceptance shall include any extension and/or revision thereof.

- (k) All acceptance, instructions, authorities and undertakings given by the Offer Shareholders in the Form(s) of Acceptance shall be irrevocable except as permitted under the Takeovers Code.
- (l) The English text of this Composite Document and the Form(s) of Acceptance shall prevail over their respective Chinese text for the purpose of interpretation in case of inconsistency.
- (m) In making their decisions, the Offer Shareholders and the Offer Optionholders must rely on their own examination of the Offeror, the Group and the terms of the Offers, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Form(s) of Acceptance, shall not be construed as any legal or business advice on the part of the Offeror Concert Group, the Company, Ping An, PA Securities, CCIC and the Registrar or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other persons involved in the Offers. The Offer Shareholders and the Offer Optionholders should consult their own professional advisers for professional advice.
- (n) The Offers are made in accordance with the Takeovers Code.

APPENDIX II FINANCIAL INFORMATION RELATING TO THE GROUP

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

Set out below is a summary of the (i) audited consolidated financial information of the Group for each of the years ended 31 March 2021, 31 March 2022 and 31 March 2023 (as extracted from the Company's annual reports for the years ended 31 March 2021, 31 March 2022 and 31 March 2023) and (ii) the unaudited consolidated financial information of the Group for each of the six-month periods ended 30 September 2022 and 30 September 2023 (as extracted from the Company's interim reports for the six months ended 30 September 2022 and 30 September 2023):

	For the year ended			For the six months	
	31 March			ended 30 September	
	2023	2022	2021	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Audited)	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Revenue	84,833	35,120	15,821	49,197	45,509
Other income	645	115	1,082	41	467
Cost of sales and services	(43,040)	(3,761)	–	(24,790)	(21,293)
Gain on disposal of financial assets	–	169	7,273	–	–
Other gains and losses	2,544	(249)	(878)	2,072	1,607
Staff costs	(26,727)	(20,914)	(5,978)	(13,448)	(14,031)
(Provision of)/reversal of impairment losses and expected credit losses	(87,799)	(525,716)	(98,074)	14	(7,525)
Other operating expenses	(20,158)	(19,745)	(11,044)	(8,362)	(9,382)
Finance costs	(33,625)	(32,058)	(29,585)	(3,421)	(17,667)
(Loss)/profit before tax	(123,327)	(567,039)	(121,383)	1,303	(22,315)
Income tax credit/(expense)	11	(774)	–	(10)	(8)
(Loss)/profit for the year/period	(123,316)	(567,813)	(121,383)	1,293	(22,323)
Other comprehensive income (expense)					
<i>Item that may be reclassified to profit or loss:</i>					
Exchange differences on translation from functional currency to presentation currency	52,582	(24,173)	(4,372)	(418)	68,675
Total comprehensive (expense)/income for the year/period	(70,734)	(591,986)	(125,755)	875	46,352

APPENDIX II FINANCIAL INFORMATION RELATING TO THE GROUP

	For the year ended			For the six months	
	31 March			ended 30 September	
	2023	2022	2021	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Audited)	(Audited)	(Audited)	(Unaudited)	(Unaudited)
(Loss)/profit for the year/period attributable to:					
Owners of the Company	(124,609)	(567,548)	(121,383)	(1,232)	(23,292)
Non-controlling interests	<u>1,293</u>	<u>(265)</u>	<u>–</u>	<u>2,525</u>	<u>969</u>
	(123,316)	(567,813)	(121,383)	1,293	(22,323)
Total comprehensive (expense)/income for the year/period attributable to:					
Owners of the Company	(71,481)	(591,918)	(125,755)	(1,246)	46,101
Non-controlling interests	<u>747</u>	<u>(68)</u>	<u>–</u>	<u>2,121</u>	<u>251</u>
	<u>(70,734)</u>	<u>(591,986)</u>	<u>(125,755)</u>	<u>875</u>	<u>46,352</u>
Loss per share					
Basic and diluted (HK cents)	<u>(30)</u>	<u>(138)</u>	<u>(29)</u>	<u>(0.29)</u>	<u>(5.65)</u>

Save as disclosed above, there was no item of any income or expense which was material in respect of the consolidated financial information of the Group for the years ended 31 March 2021, 31 March 2022 and 31 March 2023 and the six-month periods ended 30 September 2022 and 30 September 2023.

There was no dividend declared during each of the years ended 31 March 2021, 31 March 2022 and 31 March 2023 and the six-month periods ended 30 September 2022 and 30 September 2023.

The auditor's report in respect of the Group's audited consolidated financial statements for the year ended 31 March 2021 issued by BDO Limited contained an emphasis of matter paragraph for material uncertainty related to going concern but without modification of opinion. Each of the auditor's reports in respect of the Group's audited consolidated financial statements for the years ended 31 March 2022 and 31 March 2023 issued by Moore CPA Limited contained disclaimer of opinion. The relevant extracts are set out below:

For the year ended 31 March 2021:

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2.1 to the consolidated financial statements, which indicates that the Group recorded a net loss attributable to owners of the Company of HK\$121,383,000 for the year ended 31 March 2021 and capital deficiency of HK\$109,990,000 as at 31 March 2021. This condition, along with other matters as set forth in note 2.1 to the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

For the year ended 31 March 2022:

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of China Rongzhong Financial Holdings Company Limited (the “**Company**”) and its subsidiaries (the “**Group**”) set out on pages 50 to 136, which comprise the consolidated statement of financial position as at 31 March 2022 and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION*1. Material uncertainties relating to going concern*

The Group recorded a net loss attributable to owners of the Company of approximately HK\$567,548,000 for the year ended 31 March 2022 and as at that date, the Group had net current liabilities and net liabilities of approximately HK\$777,825,000 and HK\$695,884,000 respectively, whereas its cash and cash equivalents maintained was approximately HK\$15,479,000 only as at the same date. Besides, included in net current liabilities of the Group, there were lease receivables and receivables arising from sale and leaseback arrangements with various enterprises of Hubei Province in the PRC amounted to a gross carrying amount of approximately HK\$1,832,209,000. As further set out in note 18 to the consolidated financial statements, these lease receivables and receivables arising from sale and leaseback arrangements were all past due and credit-impaired, and an aggregate impairment loss of HK\$1,522,838,000 was provided for these receivables, which the Group considered it was due to adverse impact of the outbreak of COVID-19 pandemic and the Group was implementing measures to expedite the collection process of these receivables. The Group also had bank borrowings of approximately HK\$707,219,000 that were repayable within 12 months after the end of the reporting period.

These conditions together with other matters described in note 2.1 to the consolidated financial statements indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

The directors of the Company have been undertaking certain measures as set out in note 2.1 to the consolidated financial statements to improve the Group's liquidity and financial position. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of these measures, which are subject to multiple uncertainties. As of the date of our report, we were unable to obtain sufficient appropriate evidence from management for their underlying assumptions on going concern, including (i) the successful obtaining of additional new sources of financing as and when needed; (ii) the successful implementation of measures to expedite the collection of lease receivables and receivables arising from sale and leaseback arrangements; (iii) the successful negotiation of the renewal of bank borrowings; (iv) the successful implementation of active cost-saving measures; and (v) the successful implementation of the proposed disposal of Rongzhong Capital Holdings Limited which engaged principally in lease receivables and receivables arising from sale and leaseback arrangements with various enterprises in Hubei Province of the People's Republic of China. Hence, we were unable to assess the appropriateness or reasonableness of the use of the going concern assumption in the preparation of the consolidated financial statements.

APPENDIX II FINANCIAL INFORMATION RELATING TO THE GROUP

Should the Group fail to achieve the intended effects resulting from the plans and measures as mentioned in note 2.1 to the consolidated financial statements, it might not be able to operate as a going concern, and adjustments would have to be made to write down the carrying amounts of the Group's assets to their net realisable amounts, to provide for any further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

2. Scope limitation on the Group's lease receivables and receivables arising from sale and leaseback arrangements

There were indications of possible impairment in respect of the Group's lease receivables and receivables arising from sale and leaseback arrangements (details set out in note 18) of their net carrying amounts of approximately HK\$309,371,000 and HK\$817,669,000 associated with deposits received from customers (note 26) of approximately HK\$207,963,000 and HK\$214,813,000 as at 31 March 2022 and 2021, respectively. As set out in note 18 to the consolidated financial statements, there has been significant slowdown in the collection of the Group's lease receivables and receivables, which there were only settlements received of approximately HK\$21,282,000 and HK\$8,398,000 during the years ended 31 March 2022 and 2021 respectively. The Group has taken measures to collect lease receivables and receivables arising from sale and leaseback arrangements through various channels including lawsuit against to these borrowers and re-negotiation of repayment plans and other methods in order to recover the outstanding amounts from the lease receivables. The Group recognised accumulated impairment loss amounting to approximately HK\$1,522,838,000 and HK\$1,052,478,000 as at 31 March 2022 and 2021 and impairment loss recognised of approximately HK\$498,064,000 in consolidated profit or loss for the year ended 31 March 2022 and impairment loss recognised of approximately HK\$96,974,000 for the year ended 31 March 2021.

Besides, as detailed in notes 5, 18 and 43(b) to the consolidated financial statements, the Group performed the impairment assessment on the lease receivables and receivables arising from sale and leaseback arrangements by conducting an assessment of Expected Credit Loss (the "ECL") model according to forward-looking information and use appropriate models and assumptions in its measurement of expected credit losses. These models and assumptions relate to the future macroeconomic conditions and borrower's creditworthiness (e.g. the likelihood of default by customers, the corresponding losses, and the estimated realisable amount of the collaterals if any). Management of the Group has adopted judgment, assumptions and estimation techniques in order to measure ECL according to the requirements of accounting standards such as criteria for judging significant increases in credit risk, definition of credit-impaired financial asset, parameters for measuring ECL and forward-looking information.

APPENDIX II FINANCIAL INFORMATION RELATING TO THE GROUP

However, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves about those management judgment, assumptions and estimation techniques adopted in such impairment assessment on the lease receivables and receivables arising from sale and leaseback arrangements that the recoverable amounts, and hence the carrying amounts, of the lease receivables and receivables arising from sale and leaseback arrangements of the Group as at 31 March 2021 were free from material misstatements. There was no other practical alternative audit procedure that we could perform.

In addition, the closing balances as at 31 March 2021 of those assets of the Group are brought forward as the opening balances as at 1 April 2022 and hence entered into the determination of the financial performance and cash flows of the Group for the current year ended 31 March 2022. Hence, any adjustments found to be necessary to the closing balances of the lease receivables and receivables arising from sale and lease back arrangements of HK\$817,669,000 as at 31 March 2021 in respect of the matter described above might have significant effect on the Group's impairment loss of HK\$498,064,000 recognised in the consolidated statement of profit or loss and other comprehensive income, and the consolidated statement of cash flows for the year ended 31 March 2022 and related disclosures in the notes to the consolidated financial statements of the Group for the year ended 31 March 2022. Accordingly, we were also unable to determine whether adjustments might have been necessary in respect of the performance and cash flows of the Group for the year ended 31 March 2022 reported in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows.

3. Scope limitation on the bank borrowings

In respect of note 30 to the consolidated financial statements, the bank borrowings amounted to approximately RMB575,508,000 (equivalent to approximately HK\$710,504,000 as at 31 March 2022, of which audit confirmation in respect of certain bank borrowings amounted to approximately RMB443,872,000 (equivalent to approximately HK\$547,990,000 from a bank have not been received by us, representing 77% of the bank borrowings. These bank borrowings were secured by charges over receivables arising from sale and leaseback arrangements of the Group with an aggregate net carrying amount of approximately HK\$77,469,000 and guaranteed by a joint venture of a major shareholder of the Company, three independent third parties and a director of the Company's subsidiary. Consequently, we were unable to carry out audit procedures necessary to obtain adequate assurance regarding the completeness of the bank borrowing and other elements associated with this outstanding bank confirmation (including but not limited to the bank balance of approximately RMB19,000 (equivalent to approximately HK\$23,000), details of pledged assets, guaranteed and security) at the end of the reporting period. There were no other satisfactory audit procedures that we could adopt to obtain sufficient evidence regarding the completeness of the bank borrowings, bank balances and cash and other assets and liabilities might associate with the outstanding bank confirmation. We were unable to quantify the adjustments that would be required, had the confirmations from the banks been received by

us. Any adjustments to the matter would have a consequential effect on the Group's consolidated statement of financial position as at 31 March 2022, its financial performance and the related elements making up the consolidated statement of changes in equity, the consolidated statement of cash flows and the related disclosures in the consolidated financial statements for the year ended 31 March 2022.

For the year ended 31 March 2023:

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of China Rongzhong Financial Holdings Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 79 to 172, which comprise the consolidated statement of financial position as at 31 March 2023 and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

1. Material uncertainties relating to going concern

The Group recorded a net loss attributable to owners of the Company of approximately HK\$124,609,000 for the year ended 31 March 2023 and as at that date, the Group had net current liabilities and net liabilities of approximately HK\$39,259,000 and HK\$25,000,000 respectively, whereas its cash and cash equivalents maintained was approximately HK\$14,575,000 only as at the same date. These conditions together with other matters described in note 2.1 to the consolidated financial statements indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

APPENDIX II FINANCIAL INFORMATION RELATING TO THE GROUP

The directors of the Company have been undertaking certain measures as set out in note 2.1 to the consolidated financial statements to improve the Group's liquidity and financial position. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of these measures, which are subject to multiple uncertainties. As of the date of our report, we were unable to obtain sufficient appropriate evidence from management for their underlying assumptions on going concern, including (i) the successful obtaining of additional new sources of financing as and when needed, and (ii) the successful implementation of active cost-saving measures. Hence, we were unable to assess the appropriateness or reasonableness of the use of the going concern assumption in the preparation of the consolidated financial statements.

Should the Group fail to achieve the intended effects resulting from the plans and measures as mentioned in note 2.1 to the consolidated financial statements, it might not be able to operate as a going concern, and adjustments would have to be made to write down the carrying amounts of the Group's assets to their net realisable amounts, to provide for any further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

2. Limitation of scope on opening balances and comparative information, and financial information of Rongzhong Capital Holdings Limited ("Rongzhong Capital")

As detailed in our auditor's report on the consolidated financial statements of the Group for the year ended 31 March 2022, dated 26 September 2022, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves about the carrying amounts of the lease receivables and receivables arising from sale and leaseback arrangements of the Group as at 31 March 2021 were free from material misstatements. The closing balances entered into the determination of the financial performance and cash flows of the Group for the year ended 31 March 2022. Hence, any adjustments found to be necessary to the closing balances of the lease receivables and receivables arising from sale and lease back arrangements of HK\$817,669,000 of Rongzhong Capital as at 31 March 2021 in respect of the matter described above might have significant effect on the Group's impairment loss of HK\$498,064,000 recognised in the consolidated statement of profit or loss and other comprehensive income, and the consolidated statement of cash flows for the year ended 31 March 2022 and related disclosures in the notes to the consolidated financial statements of the Group for the year ended 31 March 2022. Accordingly, we were unable to determine whether adjustments might have been necessary in respect of the performance and cash flows of the Group for the year ended 31 March 2022. Our opinion on the current period's consolidated financial statements is also disclaimed because of the possible effects of these matters on the comparability of the current period's figures and corresponding figures.

APPENDIX II FINANCIAL INFORMATION RELATING TO THE GROUP

Furthermore, in respect of certain bank borrowings amounted to approximately RMB443,872,000 (equivalent to approximately HK\$547,990,000) owed by an indirect wholly-owned subsidiary established in the PRC with limited liability of Rongzhong Capital as at 31 March 2022, audit bank confirmation of such bank borrowing had not been received by us as of 26 September 2022. We were unable to carry out audit procedures necessary to obtain adequate assurance regarding the completeness of the bank borrowing and other elements associated with this outstanding bank confirmation at 31 March 2022.

As disclosed in note 42 to the consolidated financial statements, the Group had disposed of the entire issued share capital of Rongzhong Capital (the “Disposal”) and the Group ceased its control of Rongzhong Capital and its subsidiaries (the “Disposal Group”) upon completion of the Disposal on 17 March 2023 (the “Disposal Date”). A gain on disposal of the Disposal Group of approximately HK\$715,120,000 is arising from the transaction with an owner in its capacity as owner of the Company and hence the Disposal is treated as an equity transaction. Hence, the gain on Disposal is treated as deemed capital contribution from a shareholder and recognised in accumulated losses of the consolidated statement of changes in equity.

Despite the continuous effort and repeated requests made by the management of the Group to the purchaser, we were unable to fully access to the accounting books and records of the Disposal Group after the completion of the Disposal. As a result, we were unable to carry out audit procedures that we considered necessary to satisfy ourselves as to the nature, completeness, accuracy, existence and valuation of the results, cash flows and other transactions undertaken by the Disposal Group during the period from 1 April 2022 to the Disposal Date as well as the assets and liabilities of the Disposal Group as at the Disposal Date as set out in the note 42 and the subject matter of the scope limitation on bank borrowing referred to our auditor’s report dated 26 September 2022. Consequently, we were unable to determine whether any adjustments were necessary in respect of (i) the results and cash flows of the Disposal Group for the period from 1 April 2022 to the Disposal Date which were included in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows of the Group for the year ended 31 March 2023; (ii) the carrying amounts of the assets and liabilities of the Disposal Group as at the Disposal Date as disclosed in note 42 to the consolidated financial statements; and (iii) the gain on disposal of the Disposal Group which was calculated based on the carrying amounts of the assets and liabilities of the Disposal Group as at the Disposal Date.

APPENDIX II FINANCIAL INFORMATION RELATING TO THE GROUP

Any adjustments that might have been found to be necessary in respect of the above may have consequential significant effects on the loss and cash flows of the Group and the related disclosures in the consolidated financial statements for the year ended 31 March 2023. The matters which were the subject matters of the scope limitation referred to above no longer have possible effects on the figures presented in the consolidated statement of financial position of the Group as at 31 March 2023, and it shall not have carried forward effect to consolidated financial statements of the year ending 31 March 2024, except the effect of comparability of the relevant financial information presented as comparative figures.

It was also disclosed in note 2 to the unaudited interim consolidated financial statements of the Group for the six months ended 30 September 2023 that there was material uncertainty relating to going concern. The relevant extract is set out below:

Going concern basis

As at 30 September 2023, the Group had net current liabilities and net liabilities of approximately HK\$21,131,000 and HK\$20,525,000 respectively, whereas its cash and cash equivalents maintained was approximately HK\$15,269,000 only as at the same date. Besides, the Group also had bank borrowings of approximately HK\$1,261,000, amount due to a related company of approximately HK\$23,933,000 and amount due to a shareholder of approximately HK\$1,284,000, respectively, that were repayable within 12 months after the end of the reporting period.

These conditions indicate that a material uncertainty exists that may cast significant doubt about the Group's ability to continue as a going concern and therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

In view of these circumstances, the directors of the Company have prepared a cash flow forecast covering a period of eighteen months from the end of the reporting period. In doing so, they have given careful consideration to the future liquidity and cash flows of the Group in assessing whether the Group will have sufficient financial resources to continue as a going concern after taking account of the following plans and measures:

- (i) Obtaining new source of finance to improve working capital requirements

The Company and Goldbond Group Holdings Limited ("Goldbond"), a substantial shareholder with significant influence of the Company, entered into a loan agreement pursuant to which Goldbond agreed to make available to the Company an unsecured term loan facility in an aggregate amount of HK\$50,000,000 to fund the general working capital of the Company, (the "Goldbond Loan Agreement"), and its maturity date is 20 October 2024. The Group also renewed loan facility from a related company, with an aggregate facilities amount of RMB40,000,000 (equivalent to approximately HK\$43,478,000), and its maturity will be on 1 July 2024. As at 30

APPENDIX II FINANCIAL INFORMATION RELATING TO THE GROUP

September 2023 and the date of issuance of this interim report, the total facilities amount of HK\$35,634,000 and HK\$32,946,000, respectively, as stand-by un-utilised and available facilities. Besides, the directors of the Company are also negotiating and obtaining new loan facilities with other sources of finance when necessary.

- (ii) Successful execution of a subscription agreement and capitalisation of certain specified liabilities

The Group could improve its financial position upon successful execution of the share subscription agreement between the Company and Goldbond, in which certain number of shares of the Company to be further issued so as to offset against the certain liabilities of the Group, including the outstanding carrying amount due to Goldbond by the Company of approximately HK\$26,357,000 and outstanding carrying amount of unsecured loan note of HK\$11,599,000 issued by the Company to Goldbond with the principal amount of approximately HK\$13.2 million (carried at a coupon rate of 4.58% per annum with the maturity date falling on 3 March 2025) and the related accrued and unpaid interests. For details, please refer to the Company and Goldbond's joint announcements dated 30 October 2023 and 20 November 2023; and

- (iii) Implementation of active cost-saving measures

The Group continues to take active measures to control administrative costs through various channels to improve operating cash flows and its financial position.

Based on the above plans and measures, the directors of the Company are of the opinion that the Group will have sufficient working capital to satisfy its requirements for at least the next twelve months from the date of this report and, accordingly, the directors of the Company are satisfied that it is appropriate to prepare the interim condensed consolidated financial statements on a going concern basis.

Should the Group be unable to achieve the abovementioned plans and measures, it would be unable to meet its financial commitments based on the current level of its cash resources and unable to operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their net realisable amounts; to provide for further liabilities which may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. The effects of these adjustments have not been reflected in these interim condensed consolidated financial statements.

2. CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

The Company is required to set out or refer to in this Composite Document the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in the audited consolidated financial statements of the Group for each of the years ended 31 March 2021, 2022 and 2023 (the “**Financial Statements**”) and the unaudited consolidated financial statements of the Group for the six months ended 30 September 2022 and 30 September 2023, together with the significant accounting policies together with the notes to the relevant published consolidated financial statements which are of major relevance to the appreciation of the above consolidated financial information.

The Financial Statements are set out in the following documents which have been published on the websites of the Company (www.chinarzfh.com) and the Stock Exchange (www.hkexnews.hk), and can be accessed by the links below:

- Annual report of the Company for the year ended 31 March 2021 (pages 58 to 108):
<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0728/2021072800906.pdf>
- Annual report of the Company for the year ended 31 March 2022 (pages 50 to 136):
<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0926/2022092601582.pdf>
- Annual report of the Company for the year ended 31 March 2023 (pages 79 to 172):
<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0727/2023072700299.pdf>
- Interim report of the Company for the six months ended 30 September 2022 (pages 2 to 33):
<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/1216/2022121600484.pdf>
- Interim report of the Company for the six months ended 30 September 2023 (pages 2 to 35):
<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/1218/2023121800262.pdf>

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

3. INDEBTEDNESS STATEMENT

At the close of business on 31 October 2023, being the latest practicable date for the purpose of preparing this statement of indebtedness prior to the printing of this Composite Document, the indebtedness of the Group was as follows:

Borrowings

As at the close of business on 31 October 2023, the Group had outstanding borrowings comprising (i) bank borrowings of approximately HK\$2,571,000 which are unsecured and guaranteed by two directors of the Company's subsidiary; (ii) an outstanding carrying amount of loan note of approximately HK\$11,599,000 which is unsecured and unguaranteed; (iii) amounts due to directors of the Company's subsidiary of approximately HK\$997,000 which are unsecured and unguaranteed; (iv) amount due to a shareholder of the Company of HK\$27,886,000 which is unsecured and unguaranteed; and (v) amount due to a related party of approximately HK\$34,007,000 which is unsecured and unguaranteed.

Lease liabilities

As at the close of business on 31 October 2023, the Group had outstanding lease liabilities of approximately HK\$2,721,000 measured at the present value of the remaining lease payments. The lease liabilities were secured by rental deposits of approximately HK\$646,000 and unguaranteed.

Contingent consideration payables

As at the close of business on 31 October 2023, the Group had unsecured and unguaranteed contingent consideration payables of (i) promissory notes in aggregate amount of approximately HK\$2,407,000 to be issued by the Company to the shareholder of the Company; (ii) cash consideration payable estimated to be approximately nil; and (iii) derivative financial liability of HK\$4,479,000.

APPENDIX II FINANCIAL INFORMATION RELATING TO THE GROUP

The promissory notes to be issued and cash consideration payable were in relation to the major and connected transaction of the acquisition of 51% equity interest in Alpha & Leader Risks and Assets Management Company Limited (“Alpha & Leader”) and its subsidiaries (collectively referred to as the “Alpha & Leader Group”) of which the related circular issued and dated 30 June 2021. The promissory notes to be issued were unsecured and non-interest bearing. Cash consideration in the maximum amount of HK\$3,831,256 will be settled by the Company in March 2024 in respect of the acquisition of 51% equity interest in the Alpha & Leader Group. The promissory notes to be issued and cash consideration payable are subject to the consideration adjustment with reference to the financial performance of the Alpha & Leader Group for the year ended 31 December 2021, 2022 and 2023 and hence constitute a contingent consideration arrangement. Besides, the derivative financial liability represented the conversion options of the Convertible Bonds issued by the Company to the Offeror.

Convertible bonds

As at the close of business on 31 October 2023, the Group had an outstanding carrying amount of convertible bonds, being unsecured and unguaranteed, of approximately HK\$2,033,000.

Contingent liabilities or guarantees

As at the close of business on 31 October 2023, the Group did not have any contingent liabilities or guarantees. Save as the borrowings of approximately HK\$77.1 million, lease liabilities of approximately HK\$2.7 million, contingent consideration payables of approximately HK\$6.9 million and convertible bonds of approximately HK\$2.0 million as disclosed above, and apart from intra-group liabilities and normal trade and other payables in the ordinary course of business, the Group did not have any other debt securities issued and outstanding, or authorised or otherwise created but unissued, any term loans, any other borrowings or indebtedness in the nature of borrowing, including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments, which were either guaranteed, unguaranteed, secured and unsecured, any mortgages and charges or any contingent liabilities or guarantees at the close of business on 31 October 2023, being the latest practicable date for the purpose of this statement of indebtedness prior to printing of this Composite Document.

The Directors confirm there have been no material changes in indebtedness or contingent liabilities of the Group since 31 October 2023 and up to and including the Latest Practicable Date.

4. MATERIAL CHANGE

The Directors confirm that save for the following matters, there had been no material change in the financial or trading position or outlook of the Group since 31 March 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date:

- (i) as referred to in the announcement of the Company dated 12 July 2023, trading of the Shares had been suspended since 27 September 2022. Following fulfilment of the resumption guidance imposed by the Stock Exchange, the Company made an application to the Stock Exchange for the resumption of trading of the Shares, pursuant to which trading in the Shares on the Stock Exchange was resumed on 13 July 2023;
- (ii) the Company and the Offeror jointly announced on 30 October 2023,
 - (a) that the Company and the Offeror (as vendor) entered into the Acquisition Agreement pursuant to which the Company conditionally agreed to acquire from the Offeror the remaining 49% of the issued share capital of the Target Company (a 51% non wholly-owned subsidiary of the Company) for a consideration of HK\$17,500,000, to be settled by the allotment and issue of the Consideration Shares to the Offeror;
 - (b) that the Company and the Offeror (as vendor) entered into the Subscription Agreement pursuant to which the Offeror (as subscriber) agreed to subscribe for the Subscription Shares at the Subscription Price, the aggregate consideration of which would be satisfied by way of setting off the Loan Capitalisation Amount; and
 - (c) the making of the Offers by the Offeror and parties acting in concert with it following the Acquisition Completion and the Subscription Completion.

The circular of the Company in respect of the Acquisition and the Subscription was despatched to Shareholders on 15 December 2023, and the corresponding Shareholders' meeting was convened on 9 January 2024 whereby the Acquisition and the Subscription were approved by the Independent Shareholders. The Acquisition Completion and the Subscription Completion took place on 18 January 2024 pursuant to which (aa) the Target Company became a wholly-owned subsidiary of the Company; (bb) the Loan Capitalisation Amount of HK\$46,926,557 were capitalised; and (cc) an aggregate of 169,543,571 new Shares were issued to the Offeror; and

APPENDIX II FINANCIAL INFORMATION RELATING TO THE GROUP

(iii) the Company published a profit warning announcement on 27 November 2023 in respect of the unaudited consolidated results of the Company for the six months ended 30 September 2023. The Company subsequently published the unaudited interim results announcement for the six months ended 30 September 2023 on 30 November 2023, followed by the interim report for the six months ended 30 September 2023 (the “2023 Interim Report”) on 18 December 2023. As disclosed in the 2023 Interim Report, the Group reported (a) revenue of approximately HK\$49.2 million as compared to approximately HK\$45.5 million for the six months ended 30 September 2022, and (b) a minor net profit of approximately HK\$1.3 million for the six months ended 30 September 2023 as compared to a net loss of approximately HK\$22.3 million for the six months ended 30 September 2022 which, as explained below, was mainly resulting from provision of impairment losses and expected credit losses and a considerably higher finance costs recorded for the six months ended 30 September 2022. Cost of sales and services increased from approximately HK\$21.3 million for the six months ended 30 September 2022 to HK\$24.8 million for the six months ended 30 September 2023, while gross profit margin decreased from approximately 53.2% to approximately 49.6% between the corresponding periods. Finance costs reduced significantly from HK\$17.7 million for the six months ended 30 September 2022 to HK\$3.4 million for the six months ended 30 September 2023 and the Group reported reversal of impairment losses and expected credit losses of approximately HK\$14,000 for the six months ended 30 September 2023 as opposed to provision of impairment losses and expected credit losses of approximately HK\$7.5 million for the six months ended 30 September 2022. Net current liabilities and net liabilities of the Group improved from approximately HK\$39.3 million and HK\$25.0 million as at 31 March 2023 to approximately HK\$21.1 million and HK\$20.5 million as at 30 September 2023, respectively.

1. RESPONSIBILITY STATEMENT

This Composite Document includes particulars in compliance with the Takeovers Code for the purpose of giving information with regard to the Company and the Offers.

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

2. SHARE CAPITAL OF THE COMPANY

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

<i>Authorised</i>		<i>HK\$</i>
10,000,000,000	Shares with par value of HK\$0.01 each	100,000,000
<i>Issued and fully paid up</i>		<i>HK\$</i>
590,302,571	Shares with par value of HK\$0.01 each	5,903,025.71

All Shares currently in issue rank *pari passu* in all respects with each other, including, in particular, as to rights in respect of return of capital, dividends and voting.

Save for (i) the Consideration Shares issued upon Acquisition Completion; (ii) the Subscription Shares issued upon Subscription Completion; and (iii) the 8,250,000 new Shares issued following the conversion of the Convertible Bonds by the Offeror at a conversion price of HK\$0.154 per Share on 17 August 2023, the Company has not issued any Shares since 31 March 2023, the date to which the latest audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

The Shares are listed and traded on Main Board of the Stock Exchange. No part of the Shares is listed or dealt in on, nor is any listing of or permission to deal in the Shares being or proposed to be sought on, any other stock exchange.

As at the Latest Practicable Date, the Company also had (i) an aggregate of 30,594,000 outstanding Options (entitling the Optionholders thereof to subscribe for up to an aggregate of 30,594,000 new Shares), among which 5,594,000 Vested Options with an exercise price of HK\$0.40 have already been vested and are exercisable until 9 February 2030 and 25,000,000 New Options with an exercise price of HK\$0.40 will only be vested during the period between 31 December 2024 to 31 December 2026 and will be exercisable from the respective vesting date(s) up to 4 December 2033; and (ii) outstanding Convertible Bonds in the principal amount of HK\$2,541,000 (convertible into 16,500,000 Shares at HK\$0.154 per Share). The Options and the Convertible Bonds are not listed on any stock exchange.

Other than the Options and the Convertible Bonds, the Company did not have in issue any convertible securities, warrants, options or derivatives in respect of Shares as at the Latest Practicable Date.

3. MARKET PRICES

Please refer to the section headed “8. Market Prices” in Appendix IV to this Composite Document for details of the closing prices of the Shares quoted on the Stock Exchange (a) at the end of each of the calendar months during the Relevant Period; (b) on the last Business Day before the date of the Rule 3.5 Announcement; and (c) on the Latest Practicable Date.

4. INTERESTS IN THE COMPANY’S SECURITIES

(a) Directors’ and Chief Executive’s Interests and Short Positions in Shares and Underlying Shares or Debentures

Save as disclosed below, as at the Latest Practicable Date, no Director had any interests in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; (b) pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange; or (d) to be disclosed in the Composite Document pursuant to the Takeovers Code:

APPENDIX III
GENERAL INFORMATION OF THE GROUP

Name of Director	Capacity/nature of interest	Interest in issued Shares (Note 1)	Interest in	Shares	Total Interest	Approximate % of issued Shares
			underlying Options (Note 1)	underlying Convertible Bonds (Note 1)		
Ms. Wong Emilie Hoi Yan	Beneficial owner	-	4,400,000 (L) (Note 5)	-	4,400,000 (L)	0.75%
Mr. Lau Hiu Fung	Beneficial owner	-	4,000,000 (L) (Note 5)	-	4,000,000 (L)	0.68%
Ms. Jacqueline Wong	Beneficial owner	-	800,000 (L) (Note 5)	-	800,000 (L)	0.14%
	Interest in controlled corporation/founder of a discretionary trust/beneficiary of a trust	20,234,242 (L) (Note 2)	-	-	20,234,242 (L)	3.43%
	Beneficiary of a trust	321,599,474 (L) (Note 3)	-	16,500,000 (L) (Note 6)	338,099,474 (L)	57.28%
		<u>341,833,716 (L)</u>	<u>800,000 (L)</u>	<u>16,500,000 (L)</u>	<u>359,133,716 (L)</u>	<u>60.84%</u>
	Beneficiary of a trust	38,503,380 (S) (Note 4)	-	-	38,503,380 (S)	6.52%
Ms. Michelle Wong	Beneficial owner	-	800,000 (L) (Note 5)	-	800,000 (L)	0.14%
	Interest in controlled corporation/beneficiary of a trust	20,234,242 (L) (Note 2)	-	-	20,234,242 (L)	3.43%
	Beneficiary of a trust	321,599,474 (L) (Note 3)	-	16,500,000 (L) (Note 6)	338,099,474 (L)	57.28%
		<u>341,833,716 (L)</u>	<u>800,000 (L)</u>	<u>16,500,000 (L)</u>	<u>359,133,716 (L)</u>	<u>60.84%</u>
	Beneficiary of a trust	38,503,380 (S) (Note 4)	-	-	38,503,380 (S)	6.52%
Mr. David Wong	Beneficial owner	-	4,000,000 (L) (Note 5)	-	4,000,000 (L)	0.68%
Mr. Lie Chi Wing	Beneficial owner	-	322,000 (L) (Note 5)	-	322,000 (L)	0.05%
Mr. Ng Wing Chung Vincent	Beneficial owner	-	322,000 (L) (Note 5)	-	322,000 (L)	0.05%
Mr. Ng Yuk Yeung Paul	Beneficial owner	-	300,000 (L) (Note 5)	-	300,000 (L)	0.05%

Notes:

1. The letters “L” and “S” denote the Directors’ long position and short position in the Shares or underlying Shares of the Company respectively.
2. Such interests represent 10,127,176 Shares held by Legend Crown and 10,107,066 Shares held by Plenty Boom. Ms. Jacqueline Wong founded the Ace York Management Trust of which the property included the entire issued share capital of Legend Crown and Plenty Boom. The trustee of the Ace York Management Trust is Ace York Investment, where the beneficiaries are Ms. Jacqueline Wong and Ms. Michelle Wong and their respective issue(s). By virtue of the above, Ms. Jacqueline Wong, Ms. Michelle Wong and Ace York Investment are taken to have a duty of disclosure in relation to the said Shares held by Legend Crown and Plenty Boom under the SFO.
3. Such interests represent (i) 8,250,000 Shares which are held by the Offeror; (ii) 143,805,903 Shares held by Perfect Honour, a wholly owned subsidiary of the Offeror; and (iii) the 123,490,939 Subscription Shares and 46,052,632 Consideration Shares which were issued to the Offeror upon Acquisition Completion and Subscription Completion.

Mr. Wong Charles Yu Lung and Mrs. Wong Fang Pik Chun, parents of Ms. Michelle Wong and Ms. Jacqueline Wong, established the Allied Luck Trust, and Ms. Michelle Wong and Ms. Jacqueline Wong established the Aceyork Trust, where both Ms. Jacqueline Wong and Ms. Michelle Wong and their respective issue(s) are the beneficiaries of such trusts. The assets of the Allied Luck Trust include all the Offeror’s shares held by Allied Luck Trading Limited (a company wholly-owned by the Allied Luck Trust), being approximately 30.99% of the total issued share capital of the Offeror, and the assets of the Aceyork Trust included all the Offeror’s shares held by Ace Solomon Investments Limited being approximately 26.06% of the total issued share capital of the Offeror. Ace Solomon Investments Limited is a company jointly owned by Allied Golden Investment Limited and Aceyork Investment Limited, which (in each of the cases of Allied Golden Investment Limited and Aceyork Investment Limited) in turn are wholly-owned by the Aceyork Trust. Given that Ms. Jacqueline Wong and Ms. Michelle Wong are (i) discretionary beneficiaries of the Allied Luck Trust; and (ii) founder and discretionary beneficiaries of the Aceyork Trust, each of them was deemed to be interested in the Shares held by the Offeror and Perfect Honour. By virtue of the above, Ms. Jacqueline Wong and Ms. Michelle Wong are taken to have a duty of disclosure in relation to the said interests of Perfect Honour and the Offeror under the SFO.

4. On 3 May 2018, Solomon Glory Limited, which is a wholly owned subsidiary of the Offeror, as lender, enforced its rights under the security of a loan agreement pursuant to which Yong Hua International Limited has charged the Charged Shares (in favour of Solomon Glory Limited) by way of floating charge, which has been crystallised into a fixed charge. On 2 July 2019, the Board was notified that an order was issued on 13 March 2019 by The High Court of The Hong Kong Special Administrative Region to the effect that, among others, the Charged Shares shall be sold by China Galaxy International Securities (Hong Kong) Co., Limited (as agent) provided that each of the Charged Shares shall not be sold at a price of more than 10% discount to the average closing prices of the shares of the Company as quoted on The Stock Exchange of Hong Kong Limited for the previous 10 consecutive trading days prior to the date of sale of the Charged Shares or any of them. As at the Latest Practicable Date, none of the Charged Shares had been sold by Yong Hua International Limited. For further details, please refer to the announcement of the Company dated 4 July 2019.
5. These interests represent the interests in underlying Shares in respect of the share options granted by the Company to these Directors pursuant to the Share Option Scheme.
6. Such interests represent the 16,500,000 Shares which may be issued to the Offeror upon full conversion of the outstanding Convertible Bonds. By virtue of the relationship between (i) Ms. Jacqueline Wong and Ms. Michelle Wong and (ii) the Offeror as disclosed in Note 3 above, each of Ms. Jacqueline Wong and Ms. Michelle Wong is taken to have a duty of disclosure in relation to the said interests of the Offeror under the SFO.

7. The percentage shareholding in the Company is calculated on the basis of 590,302,571 Shares in issue as at the Latest Practicable Date.

(b) Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares or Debentures

Save as disclosed below, as at the Latest Practicable Date, the Directors were not aware of any person (not being a Director or a chief executive of the Company) who had an interest or short position in the Shares and the underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of substantial Shareholder	Capacity/nature of interest	Interest in issued Shares (Note 1)	Interest in Shares underlying Options (Note 1)	Interest in Shares underlying Convertible Bonds		Approximate % of issued Shares
				Total Interest	Total Interest	
Mr. Kwok Gareth Wing-Sien	Interest of spouse	341,833,716 (L) (Note 4)	800,000 (L) (Note 4)	16,500,000 (L) (Note 4)	359,133,716 (L)	60.84%
	Interest of spouse	38,503,380 (S) (Note 4)	-	-	38,503,380 (S)	6.52%
Mr. Wong Charles Yu Lung ("Mr. Wong")	Trustee	321,599,474 (L) (Note 2)	-	16,500,000 (L) (Note 2)	338,099,474 (L)	57.28%
	Trustee	38,503,380 (S) (Note 5)	-	-	38,503,380 (S)	6.52%
Mrs. Wong Fang Pik Chun ("Mrs. Wong")	Trustee	321,599,474 (L) (Note 2)	-	16,500,000 (L) (Note 2)	338,099,474 (L)	57.28%
	Trustee	38,503,380 (S) (Note 5)	-	-	38,503,380 (S)	6.52%
The Offeror	Interest in controlled corporation	143,805,903 (L) (Note 2)	-	-	143,805,903 (L)	24.36%
	Beneficial owner	177,793,571 (L) (Note 2)	-	16,500,000 (L) (Note 7)	194,293,571 (L)	32.91%
		<u>321,599,474 (L)</u>	<u>-</u>	<u>16,500,000 (L)</u>	<u>338,099,474 (L)</u>	<u>57.28%</u>

Name of substantial Shareholder	Capacity/nature of interest	Interest in issued Shares (Note 1)	Interest in	Interest in	Total Interest	Approximate % of issued Shares
			Shares underlying Options (Note 1)	Shares underlying Convertible Bonds (Note 1)		
	Interest in controlled corporation	38,503,380 (S) (Note 3)	-	-	38,503,380 (S)	6.52%
Perfect Honour	Beneficial owner	143,805,903 (L) (Note 2)	-	-	143,805,903 (L)	24.36%
Solomon Glory Limited ("Solomon Glory")	Having a security interest in shares	38,503,380 (S) (Note 3)	-	-	38,503,380 (S)	6.52%
Mr. Xie Xiaoqing ("Mr. Xie")	Interest in controlled corporation	12,704,220 (L) (Note 5)	-	-	12,704,220 (L)	2.15%
	Interest in controlled corporation	38,503,380 (L) (Note 6)	-	-	38,503,380 (L)	6.52%
		<u>51,207,600 (L)</u>	<u>-</u>	<u>-</u>	<u>51,207,600 (L)</u>	<u>8.67%</u>
	Interest in controlled corporation	38,503,380 (S) (Note 6)	-	-	38,503,380 (S)	6.52%
Yong Hua International Limited ("Yong Hua")	Beneficial owner	38,503,380 (L) (Note 6)	-	-	38,503,380 (L)	6.52%
	Beneficial owner	38,503,380 (S) (Note 6)	-	-	38,503,380 (S)	6.52%

Notes:

- The letters "L" and "S" denote a person's/an entity's long position and short position in the Shares or underlying Shares of the Company respectively.
- Such interests represent (i) 8,250,000 Shares which are held by the Offeror; (ii) 143,805,903 Shares held by Perfect Honour, a wholly owned subsidiary of the Offeror; and (iii) the 123,490,939 Subscription Shares and 46,052,632 Consideration Shares which were issued to the Offeror upon Acquisition Completion and Subscription Completion, as disclosed in Note 3 to the paragraph headed "(a) Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares or Debentures" above. By virtue of the above, Mr. Wong and Mrs. Wong are taken to have a duty of disclosure in relation to these Shares held by Perfect Honour and the Offeror under the SFO.

3. These 38,503,380 Shares relate to the Shares interested in by Solomon Glory as disclosed in Note 4 to the paragraph headed “(a) Directors’ and Chief Executive’s Interests and Short Positions in Shares and Underlying Shares or Debentures” above. By virtue of the above, Ms. Jacqueline Wong, Ms. Michelle Wong, Mr. Wong, Mrs. Wong, Solomon Glory and the Offeror are taken to have a duty of disclosure in relation to these Shares held by Solomon Glory.
4. Mr. Kwok Gareth Wing-Sien, the spouse of Ms. Michelle Wong, is deemed to be interested in Ms. Michele Wong’s interest in the Company.
5. Such interests include 2,117,370 Shares held by Capital Grower Limited, and 10,586,850 Shares held by Clifton Rise International Limited, which are all companies owned as to 100% by Mr. Xie. By virtue of the above, Mr. Xie is taken to have a duty of disclosure in relation to the said Shares held by Capital Grower Limited and Clifton Rise International Limited under the SFO.
6. Such Shares are held by Yong Hua, a company owned as to 100% by Mr. Xie. Please refer to Note 4 to the paragraph headed “(a) Directors’ and Chief Executive’s Interests and Short Positions in Shares and Underlying Shares or Debentures” above for details. By virtue of the above, Mr. Xie is taken to have a duty of disclosure in relation to the said Shares held by Yong Hua under the SFO.
7. Such interests represent the 16,500,000 Shares which may be issued to the Offeror upon full conversion of the outstanding Convertible Bonds. By virtue of the relationship between (i) Ms. Jacqueline Wong and Ms. Michelle Wong and (ii) the Offeror as disclosed in Note 3 to the paragraph headed “(a) Directors’ and Chief Executive’s Interests and Short Positions in Shares and Underlying Shares or Debentures” above, each of Ms. Jacqueline Wong and Ms. Michelle Wong is taken to have a duty of disclosure in relation to the said interests of the Offeror under the SFO.
8. As at the Latest Practicable Date, there was a total of 590,302,571 Shares in issue.

5. OTHER INTERESTS

As at the Latest Practicable Date:

- (a) the Company did not own, control or had direction over any shares in the Offeror or any convertible securities, warrants, options or derivatives in respect of shares of the Offeror;
- (b) save as disclosed in the paragraph headed “Information of the Offeror” in “Letter from PA Securities” in this Composite Document regarding the interests of Ms. Jacqueline Wong and Ms. Michelle Wong in the shares in the Offeror through their capacities as discretionary beneficiaries of Aceyork Trust and Allied Luck Trust which in aggregate hold approximately 57.05% of the issued share capital of the Offeror, no Director was interested in any shares in the Offeror or any convertible securities, warrants, options or derivatives in respect of shares in the Offeror;

- (c) none of the subsidiaries of the Company, pension funds of the Company or of any member of the Group or persons who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code (but excluding exempt principal traders and exempt fund managers) owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of Shares;
- (d) save for the Acquisition Agreement, the Subscription Agreement, the Irrevocable Option Undertakings, no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” 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;
- (e) there were no Shares, Options or convertible securities, warrants, options or derivatives in respect of Shares which were managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company;
- (f) neither the Company nor any of the Directors had borrowed or lent any Shares, Options or any convertible securities, warrants, options or derivatives in respect of Shares, save for any borrowed Shares which have been either on-lent or sold; and
- (g) save for the Acquisition Agreement, the Subscription Agreement, the Irrevocable Option Undertakings, there was no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between any Shareholder on the one hand, and the Company, its subsidiaries or associated companies on the other hand.

6. DEALINGS IN SECURITIES AND ARRANGEMENTS IN RELATION TO DEALINGS

Save for the following transactions, none of the Directors had dealt for value in any Shares, Options or convertible securities, warrants, options or derivatives in respect of Shares during the Relevant Period:

On 5 December 2023,

- (a) Ms. Wong Emilie Hoi Yan, an executive Director, accepted the Company's grant of 4,000,000 Options with an aggregate consideration of HK\$1;
- (b) Mr. Lau Hiu Fung, a non-executive Director, accepted the Company's grant of 4,000,000 Options with an aggregate consideration of HK\$1;
- (c) Ms. Jacqueline Wong, accepted the Company's grant of 400,000 Options with an aggregate consideration of HK\$1;
- (d) Ms. Michelle Wong, accepted the Company's grant of 400,000 Options with an aggregate consideration of HK\$1;
- (e) Mr. Lie Chi Wing, an independent non-executive Director, accepted the Company's grant of 300,000 Options with an aggregate consideration of HK\$1;
- (f) Mr. Ng Wing Chung Vincent, an independent non-executive Director, accepted the Company's grant of 300,000 Options with an aggregate consideration of HK\$1; and
- (g) Mr. Ng Yuk Yeung Paul, an independent non-executive Director, accepted the Company's grant of 300,000 Options with an aggregate consideration of HK\$1.

None of the Company and the Directors had dealt for value in any shares in the Offeror or any convertible securities, warrants, options or derivatives in respect of shares in the Offeror during the Relevant Period.

None of the subsidiaries of the Company, pension funds of the Company or of any member of the Group or any person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of "acting in concert" or who is an associate of the Company by virtue of class (2) of the definition of "associate" under the Takeovers Code (but excluding exempt principal traders and exempt fund managers) had dealt for value in any Shares, Options or any convertible securities, warrants, options or derivatives in respect of Shares, during the offer period and up to the Latest Practicable Date.

As at the Latest Practicable Date, save for the Offeror under the Acquisition Agreement and the Subscription Agreement and the grantees under the Irrevocable Option Undertakings, no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” 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 save for the dealings of the Offeror as disclosed in the paragraph headed “3. Dealing in the Company’s Securities” in Appendix IV and the acceptance of the grant of Options on 5 December 2023 by the persons given the Irrevocable Option Undertakings, no such person had dealt for value in any Shares, Options or any convertible securities, warrants, options or derivatives of the Company during the offer period and up to the Latest Practicable Date.

No fund manager (other than exempt fund managers) connected with the Company had managed any Shares, Options or any convertible securities, warrants, options or derivatives in respect of Shares on a discretionary basis, and hence no such person had dealt for value in any Shares, Options or any convertible securities, warrants, options or derivatives of the Company during the offer period and up to the Latest Practicable Date.

7. ARRANGEMENTS AFFECTING THE DIRECTORS AND THEIR INTENTION TO ACCEPT OR REJECT THE OFFERS

As at the Latest Practicable Date, no benefit (other than statutory compensation) was or would be given to any Director as compensation for loss of office or otherwise in connection with the Offers.

As at the Latest Practicable Date, there was no agreement or arrangement between any Director and any other person which is conditional or dependent upon the outcome of the Offers or otherwise connected with the Offers.

As at the Latest Practicable Date, no material contract had been entered into by the Offeror in which any Director has a material personal interest.

Each of the Directors has given the Irrevocable Option Undertakings to not accept the Option Offer in respect of the Options covered under the respective Irrevocable Option Undertakings as more particularly set out under the paragraph headed “5. Commitments in Respect of the Offers and Arrangements in relation to Dealings” in Appendix IV to this Composite Document. In respect of the Options not covered by the Irrevocable Option Undertakings, none of the Directors intend to accept the Option Offer. None of the Directors hold any beneficial shareholdings in the Company which would entitle them to accept or reject the Share Offer.

8. SERVICE CONTRACTS

As at the Latest Practicable Date, there were no service contracts between any Directors and the Company or any of its subsidiaries or associated companies in force which (i) (including both continuous and fixed term contracts) have been entered into or amended within 6 months before the Offer Period; (ii) are continuous contracts with a notice period of 12 months or more; or (iii) are fixed term contracts with more than 12 months to run irrespective of the notice period.

9. MATERIAL CONTRACTS

Save as disclosed below, none of the Company and its subsidiaries had, within two years before the Offer Period and up to and including the Latest Practicable Date, entered into any contract (not being a contract entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries), which is or may be material:

- (a) the sale and purchase agreement dated 31 March 2022 (as supplemented by the supplemental agreement dated 2 June 2022) entered into, between the Company and Mr. Xie Xiaoqing in relation to the disposal of the entire issued share capital of Rongzhong Capital Holdings Limited and the entire shareholder's loan owned by Rongzhong Capital Holdings Limited to the Company at a consideration of HK\$100,000 or equivalent in RMB, details of which are set out in the Company's announcements dated 31 March 2022, 2 June 2022, 15 February 2023 and 17 March 2023, and the circular of the Company dated 24 February 2023;
- (b) the supplemental lock-up agreement dated 4 April 2023 entered into amongst the Company, Alpha Focus International Limited, Mr. Rozario Bobby Roberto, Ever Art Investment Limited, Forever Management Limited, the Offeror, Solomon Glory Limited and Silver Creation Investments Limited regarding the extension of the period of the compensation arrangement of the lock-up agreement in relation to the acquisition of 51% equity interest in Alpha & Leader Risks and Assets Management Company Limited by the Company that was completed on 25 August 2021, details of which are set out in the Company's announcement dated 4 April 2023;
- (c) the Acquisition Agreement; and
- (d) the Subscription Agreement.

10. MATERIAL LITIGATION

As at the Latest Practicable Date, none of the Company and its subsidiaries was engaged in any litigation or arbitration or claim of material importance and, so far as the Directors were aware, no litigation or arbitration or claim of material importance is pending or threatened by or against the Company and any of its subsidiaries.

11. QUALIFICATION AND CONSENT OF EXPERT

The following is the name and qualification of the expert who has given opinion or advice which is contained in or referred to in this Composite Document:

Name	Qualification
CCIC	a corporation licensed by the SFC to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

The abovenamed expert has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion in this Composite Document of the opinion or letter (as the case may be) and references to its name, in the form and context in which they are included.

12. DOCUMENTS ON DISPLAY

Copies of the following documents will be available for inspection (i) on the website of the SFC (www.sfc.hk); and (ii) on the website of the Company (www.chinarzfh.com) during the period from the date of this Composite Document up to and including the Closing Date:

- (a) the amended and restated memorandum and articles of association of the Company;
- (b) the annual reports of the Company for each of the years ended 31 March 2021, 31 March 2022 and 31 March 2023, and the interim reports of the Company for the six-month periods ended 30 September 2022 and 30 September 2023;
- (c) the “Letter from the Board”, the text of which is set out on pages 29 to 37 of this Composite Document;
- (d) the “Letter from the Independent Board Committee”, the text of which is set out on pages 38 to 40 of this Composite Document;
- (e) the “Letter from the Independent Financial Adviser”, the text of which is set out on pages 41 to 81 of this Composite Document;
- (f) the material contracts referred to in the paragraph headed “9. Material Contracts” in this appendix;
- (g) the written consent referred to in the paragraph headed “11. Qualification and Consent of Expert” in this appendix; and
- (h) this Composite Document and the accompanying Form(s) of Acceptance.

13. MISCELLANEOUS

- (a) The company secretary of the Company is Cheng King Fai Kenneth who is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants.
- (b) The registered office of the Company is situated at Tricor Services (Cayman Islands) Limited, Third Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands.
- (c) The principal place of business of the Company in Hong Kong is situated at Unit 3901, 39/F, Tower One, Lippo Centre, 89 Queensway, Hong Kong.
- (d) The branch share registrar of the Company in Hong Kong is Tricor Investor Services Limited, whose office is situated at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (e) The registered office of Central China International Capital Limited is situated at Suite 1505-08, Two Exchange Square, 8 Connaught Place, Central, Hong Kong.
- (f) The English text of this Composite Document and the accompanying Form(s) of Acceptance shall prevail over their respective Chinese text for the purposes of interpretation.

1. RESPONSIBILITY STATEMENT

This Composite Document includes particulars given in compliance with the Takeovers Code for the purpose of giving information with regard to, among other things, the Offers and the Offeror.

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Group) and confirms, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the Directors in their capacity as such) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. DISCLOSURE OF INTERESTS IN SHARES

As at the Latest Practicable Date:

- (a) save for the interests of the Offeror as disclosed in the paragraph headed “Shareholding Structure of the Company” in the Letter from the Board in this Composite Document, the holding of the Convertible Bonds, the Offeror did not own, control or have direction over any Shares, Options or convertible securities, warrants, options or derivatives in respect of Shares;
- (b) save for the interests of Mr. Wong Charles Yu Lung, Ms. Michelle Wong and Mr. David Wong as disclosed in the paragraph headed “4. Interests in the Company’s Securities” in Appendix III to this Composite Document, no directors of the Offeror were interested in any Shares, Options or convertible securities, warrants, options or derivatives in respect of Shares;
- (c) save for the interests of Offeror Concert Group as disclosed in the paragraph headed “4. Interests in the Company’s Securities” in Appendix III to this Composite Document, and the shareholding of the Offeror Concert Group as disclosed in the paragraph headed “Shareholding Structure of the Company” in the Letter from the Board in this Composite Document, no parties acting in concert with the Offeror owned, controlled or had direction over any Shares, Options or convertible securities, warrants, options or derivatives in respect of Shares; and
- (d) there were no Shares, Options or convertible securities, warrants, options or derivatives in respect of Shares which the Offeror Concert Group had borrowed or lent, save for any borrowed Shares which have been either on-lent or sold.

3. DEALING IN THE COMPANY'S SECURITIES

Save for the following transactions, none of the Offeror Concert Group (including the directors of the Offeror) had dealt for value in any Shares, Options or convertible securities, warrants, options or derivatives in respect of Shares during the Relevant Period:

- On 17 August 2023, the Offeror converted a portion of the three-year, interest-free, redeemable convertible bonds issued by the Company on 4 March 2022. The portion in the principal amount of HK\$1,270,000 was converted at the conversion price of HK\$0.154 and the Offeror was allotted and issued 8,250,000 Shares.
- On 5 December 2023,
 - (a) Ms. Wong Emilie Hoi Yan, an executive Director, accepted the Company's grant of 4,000,000 Options of an exercise price of HK\$0.40 with an aggregate consideration of HK\$1;
 - (b) Ms. Jacqueline Wong accepted the Company's grant of 400,000 Options of an exercise price of HK\$0.40 with an aggregate consideration of HK\$1; and
 - (c) Ms. Michelle Wong accepted the Company's grant of 400,000 Options of an exercise price of HK\$0.40 with an aggregate consideration of HK\$1.
- On 18 January 2024, the Acquisition Completion and Subscription Completion took place and the Offeror was allotted and issued a total of 169,543,571 Shares.

4. ARRANGEMENTS IN CONNECTION WITH THE OFFERS

- (a) As at the Latest Practicable Date, none of the Directors had been or will be given any benefit as compensation for loss of office or otherwise in connection with the Offers.
- (b) As at the Latest Practicable Date, save for the Irrevocable Option Undertakings, no agreement, arrangement or understanding (including any compensation arrangement) existed between the any of the Offeror Concert Group and any of the Directors, recent Directors, Shareholders or recent Shareholders having any connection with or was dependent upon the Offers.
- (c) As at the Latest Practicable Date, there was no agreement or arrangement (including any break fee arrangement) to which the Offeror was a party which relate to the circumstances in which it may or may not invoke or seek to invoke any condition to the Offers.

- (d) Save for the Irrevocable Option Undertakings, there was no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between any Shareholder on the one hand, and any of the Offeror Concert Group on the other hand.
- (e) There was no agreement, arrangement or understanding that the Offer Shares acquired in pursuance of the Offers would be transferred, charged or pledged to any other persons.

5. COMMITMENTS IN RESPECT OF THE OFFERS AND ARRANGEMENTS IN RELATION TO DEALINGS

As at the Latest Practicable Date, save for the Optionholders which have given the Irrevocable Option Undertakings, no person had irrevocably committed themselves to accept or reject the Offers; and save for the acceptance of the Options on 5 December 2023, no such person had dealt for value in any Shares, Options or any convertible securities, warrants, options or derivatives of the Company during the Relevant Period.

The names and holdings of Options and Shares as at the Latest Practicable Date of the Optionholders which have given the Irrevocable Option Undertakings are as follows:

Name	Date of Grant of Options	Consideration (HK\$)	Number of Options held	Exercise period	Exercise Price (HK\$)	Number of Shares held
Ms. Wong Emilie Hoi Yan	10/02/2020	1	400,000	10/02/2023-09/02/2030	0.40	–
	05/12/2023	1	2,000,000	31/12/2024-04/12/2033	0.40	–
Mr. Lau Hiu Fung			2,000,000	31/12/2025-04/12/2033	0.40	–
	05/12/2023	1	1,300,000	31/12/2024-04/12/2033	0.40	–
			1,300,000	31/12/2025-04/12/2033	0.40	–
Ms. Jacqueline Wong			1,400,000	31/12/2026-04/12/2033	0.40	–
	10/02/2020	1	400,000	10/02/2023-09/02/2030	0.40	–
	05/12/2023	1	400,000	31/12/2024-04/12/2033	0.40	–
Ms. Michelle Wong	10/02/2020	1	400,000	10/02/2023-09/02/2030	0.40	–
	05/12/2023	1	400,000	31/12/2024-04/12/2033	0.40	–
Mr. David Wong	10/02/2020	1	4,000,000	10/02/2023-09/02/2030	0.40	–
Mr. Lie Chi Wing	10/02/2020	1	22,000	10/02/2023-09/02/2030	0.40	–
	05/12/2023	1	150,000	31/12/2024-04/12/2033	0.40	–
			150,000	31/12/2025-04/12/2033	0.40	–
Mr. Ng Wing Chung Vincent	10/02/2020	1	22,000	10/02/2023-09/02/2030	0.40	–
	05/12/2023	1	150,000	31/12/2024-04/12/2033	0.40	–
			150,000	31/12/2025-04/12/2033	0.40	–
Mr. Ng Yuk Yeung Paul	05/12/2023	1	150,000	31/12/2024-04/12/2033	0.40	–
			150,000	31/12/2025-04/12/2033	0.40	–

Name	Date of Grant of Options	Consideration (HK\$)	Number of Options held	Exercise period	Exercise Price (HK\$)	Number of Shares held
Ms. Shi Mi Xiu	05/12/2023	1	500,000	31/12/2024-04/12/2033	0.40	-
			600,000	31/12/2025-04/12/2033	0.40	-
			650,000	31/12/2026-04/12/2033	0.40	-
Mr. Chan Chin Pang	05/12/2023	1	500,000	31/12/2024-04/12/2033	0.40	-
			600,000	31/12/2025-04/12/2033	0.40	-
			650,000	31/12/2026-04/12/2033	0.40	-
Mr. Choi Wai Hung	05/12/2023	1	600,000	31/12/2024-04/12/2033	0.40	-
			650,000	31/12/2025-04/12/2033	0.40	-
Ms. Zhou Xiao Qiong	05/12/2023	1	100,000	31/12/2024-04/12/2033	0.40	-
			50,000	31/12/2025-04/12/2033	0.40	-
Mr. Chan Siu Lun Alan	05/12/2023	1	2,000,000	31/12/2024-04/12/2033	0.40	-
			2,000,000	31/12/2025-04/12/2033	0.40	-
Ms. Chow Yuen Ling	05/12/2023	1	2,000,000	31/12/2024-04/12/2033	0.40	-
			2,000,000	31/12/2025-04/12/2033	0.40	-
Mr. Cheng King Fai Kenneth	10/02/2020	1	200,000	10/02/2023-09/02/2030	0.40	-
	05/12/2023	1	750,000	31/12/2024-04/12/2033	0.40	-
Ms. Sin Ching Man	10/02/2020	1	150,000	10/02/2023-09/02/2030	0.40	-
	05/12/2023	1	450,000	31/12/2024-04/12/2033	0.40	-
			450,000	31/12/2025-04/12/2033	0.40	-

As at the Latest Practicable Date, save for the Acquisition Agreement, the Subscription Agreement and the Irrevocable Option Undertakings, no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code had been entered into between any member of the Offeror Concert Group and any other person; and save for the dealings of the Offeror as disclosed in the paragraph headed “3. Dealing in the Company’s Securities” in this appendix and the acceptance of the grant of Options on 5 December 2023 by the persons who have given the Irrevocable Option Undertakings, no such person had dealt for value in any Shares, Options or any convertible securities, warrants, options or derivatives of the Company during the Relevant Period.

6. COMPULSORY ACQUISITION

The Offeror has no intention to avail itself of any powers of compulsory acquisition.

7. QUALIFICATIONS AND CONSENTS OF EXPERTS

The following are the qualifications of the experts who have given their opinion and advice which are contained in or referred to in this Composite Document:

Name	Qualification
Ping An	a corporation licensed by the SFC to carry out Type 6 (advising on corporate finance) regulated activities under the SFO
PA Securities	a corporation licensed by the SFC to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO

Each of the abovenamed experts has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion in this Composite Document of the opinion or letter (as the case may be) and references to its name, in the form and context in which they are included.

8. MARKET PRICES

The closing prices of the Shares (which are the subject of the Share Offer) on the Stock Exchange (a) at the end of each of the calendar months during the Relevant Period; (b) on the last Business Day before the date of the Rule 3.5 Announcement; and (c) on the Latest Practicable Date:

Date	Closing Price HK\$
28 April 2023	N/A (Note)
31 May 2023	N/A (Note)
30 June 2023	N/A (Note)
31 July 2023	0.231
31 August 2023	0.420
29 September 2023	0.410
27 October 2023 (last Business Day before the Rule 3.5 Announcement)	0.420
30 October 2023 (Last Trading Day and the date of the Rule 3.5 Announcement)	0.420
31 October 2023	0.420
30 November 2023	0.390
29 December 2023	0.590
22 January 2024 (Latest Practicable Date)	0.590

Note: Trading of the Shares was suspended from 9 a.m. on 27 September 2022 until the resumption of trading on 13 July 2023. The closing price on 26 September 2022, being the last full trading day immediately before the suspension of trading, was HK\$0.116.

The Options are not listed nor transferable. No information is available as to the number and price of transactions which have taken place at the end of each of the calendar months during the Relevant Period.

During the Relevant Period, the highest closing price of the Shares quoted on the Stock Exchange was HK\$0.60 per Share on 7 December 2023 and the lowest closing price of the Shares quoted on the Stock Exchange was HK\$0.18 per Share on 13 July 2023.

9. MISCELLANEOUS

- a. The directors of the Offeror are Mr. Wong Charles Yu Lung, Ms. Michelle Wong and Mr. David Wong.
- b. The registered office of the Offeror is Unit 3901, 39/F, Tower One, Lippo Centre, 89 Queensway, Hong Kong.
- c. The correspondence address of (1) the Offeror and (2) the ultimate beneficial owners of the Offeror and the principal members of the Offeror's concert group namely (i) Mr. Wong Charles Yu Lung and Mrs. Wong Fang Pik Chun (the trustees of Allied Luck Trust and Aceyork Trust) and (ii) Ms. Jacqueline Wong and Ms. Michelle Wong (the discretionary beneficiaries of Allied Luck Trust and Aceyork Trust), is Unit 3901, 39/F, Tower One, Lippo Centre, 89 Queensway, Hong Kong.
- d. The main business address of Ping An is Units 3601, 07 & 11-13, 36/F, The Center, 99 Queen's Road Central, Hong Kong.
- e. The main business address of PA Securities is Units 3601, 07 & 11-13, 36/F, The Center, 99 Queen's Road Central, Hong Kong.
- f. In case of inconsistency, the English text of this Composite Document and the Form(s) of Acceptance shall prevail over their respective Chinese texts.

10. DOCUMENTS ON DISPLAY

Copies of the following documents are available for inspection on the websites of the SFC (www.sfc.hk) and the Company (www.chinarzfh.com) from the date of this Composite Document up to and including the Closing Date:

- a. the articles of association of the Offeror;
- b. the "Letter from PA Securities", the text of which is set out on pages 14 to 28 of this Composite Document;
- c. the written consents as referred to in the section headed "7. Qualifications and Consents of Experts" in this Appendix IV; and
- d. the Irrevocable Option Undertakings.