
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of the Proposal, the Scheme, the Option Offer, this Scheme Document and/or the accompanying forms of proxy and (if applicable) Form of Acceptance or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant, or other professional adviser.

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

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

This Scheme Document should be read in conjunction with the accompanying forms of proxy and (if applicable) the Option Offer Letter and the Form of Acceptance, the contents of which form part of the terms and conditions of the Proposal, the Scheme and the Option Offer. This Scheme Document is not for release, publication or distribution in or into any jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction.

This Scheme Document appears for information purposes only and does not constitute an invitation or offer to purchase or subscribe for securities of the Offeror or Kin Yat Holdings Limited.

Resplendent Global Limited

(Incorporated in the British Virgin Islands with limited liability)



KIN YAT HOLDINGS LIMITED 建溢集團有限公司

website: <http://www.kinyat.com.hk>

(Incorporated in Bermuda with limited liability)

(Stock Code: 638)

(1) PROPOSED PRIVATISATION OF KIN YAT HOLDINGS LIMITED BY RESPLENDENT GLOBAL LIMITED BY WAY OF A SCHEME OF ARRANGEMENT UNDER SECTION 99 OF THE COMPANIES ACT 1981 OF BERMUDA AND (2) PROPOSED WITHDRAWAL OF LISTING OF KIN YAT HOLDINGS LIMITED

Joint Financial Advisers to the Offeror



Independent Financial Adviser to the Independent Board Committee



Unless the context otherwise requires, capitalised terms used in this Scheme Document have the meanings set out in Part I of this Scheme Document.

A letter from the Board is set out in Part III of this Scheme Document. A letter from the Independent Board Committee containing its advice to the Disinterested Scheme Shareholders and the Option Holders in respect of the Proposal is set out in Part IV of this Scheme Document. A letter from Lego, the Independent Financial Adviser to the Independent Board Committee, containing its advice to the Independent Board Committee in respect of the Proposal is set out in Part V of this Scheme Document. An Explanatory Statement regarding the Proposal is set out in Part VI of this Scheme Document.

Notices convening the Court Meeting and the SGM to be held at Montparnasse Room I-III, 2/F., Regal Kowloon Hotel, 71 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong on 26 July 2024 at 10:00 a.m. and 10:30 a.m. (or immediately after the conclusion or adjournment of the Court Meeting) respectively are set out in Appendix V and Appendix VI to this Scheme Document respectively. Whether or not you are able to attend the Court Meeting and/or the SGM, you are strongly urged to complete and sign the enclosed **Pink** form of proxy in respect of the Court Meeting and the enclosed **white** form of proxy in respect of the SGM, in accordance with the instructions printed on them respectively, and to deposit them at the Share Registrar, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not later than the respective times and dates as stated under the section headed "IMPORTANT NOTICE AND ACTIONS TO BE TAKEN" of this Scheme Document. The **white** form of proxy in respect of the SGM will not be valid if it is not so lodged. The **pink** form of proxy in respect of the Court Meeting may alternatively be handed to the chairman of the Court Meeting at the Court Meeting if it is not so deposited and the chairman shall have absolute discretion as to whether or not to accept it. Completion and return of a form of proxy for the Court Meeting and/or the SGM will not preclude you from attending and voting in person at the relevant meeting or any adjournment thereof should you so wish, and, in such event, the relevant form of proxy will be revoked by operation of law.

This Scheme Document is issued jointly by Resplendent Global Limited and Kin Yat Holdings Limited.

In case of any inconsistency, the English language text of this Scheme Document and the accompanying forms of proxy and Form of Acceptance shall prevail over the Chinese language text.

IMPORTANT NOTICE AND ACTIONS TO BE TAKEN

ACTIONS TO BE TAKEN BY SHAREHOLDERS

A **pink** form of proxy for use in connection with the Court Meeting and a **white** form of proxy for use in connection with the SGM are enclosed with this Scheme Document sent to the Shareholders.

Whether or not you are able to attend the Court Meeting and/or the SGM, you are strongly urged to complete and sign the enclosed **pink** form of proxy in respect of the Court Meeting and the enclosed **white** form of proxy in respect of the SGM in accordance with the instructions printed on them respectively, and to deposit them at the Share Registrar, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

In order to be valid, the pink form of proxy for use in connection with the Court Meeting should be lodged not later than 10:00 a.m. on Wednesday, 24 July 2024. The pink form of proxy may alternatively be handed to the chairman of the Court Meeting at the Court Meeting who shall have absolute discretion as to whether or not to accept it. The white form of proxy for use in connection with the SGM must be lodged not later than 10:30 a.m. on Wednesday, 24 July 2024, failing which it will not be valid. The completion and return of the relevant form of proxy will not preclude you from attending and voting in person at the relevant meeting or any adjournment thereof should you so wish and in such event, the relevant form of proxy will be revoked by operation of law.

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

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

Announcement of results of Court Meeting and the SGM

An announcement will be made by the Company in relation to the results of the Court Meeting and the SGM by no later than 7:00 pm on Friday, 26 July 2024. If all of the requisite resolutions are passed at those meetings, further announcement(s) will be made in relation to, among other things, the results of the Court Hearing of the petition to sanction the Scheme, the Effective Date and the date of withdrawal of the listing of the Shares on the Stock Exchange.

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

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

IMPORTANT NOTICE AND ACTIONS TO BE TAKEN

Shareholders and potential investors of the Company are advised to read this Scheme Document carefully, in particular, (i) the letter from the Independent Board Committee in Part IV of this Scheme Document; and (ii) the letter from Lego in Part V of this Scheme Document, before voting at the Court Meeting and/or the SGM.

Actions to be taken by Beneficial Owners whose Shares are deposited in CCASS

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered under the name of HKSCC Nominees Limited, you should, unless you are admitted to participate in CCASS as an Investor Participant:

- (i) contact your broker, custodian, nominee or other relevant person who is, or has in turn deposited such Shares with, a CCASS Participant regarding voting instructions to be given to such persons; or
- (ii) become a Registered Owner as of the Meeting Record Date by arranging for some or all of such Shares to be withdrawn from CCASS and transferred into your own name by lodging all the transfer documents with relevant share certificates on or before 4:30 p.m. on Monday, 22 July 2024 with Tricor Tengis Limited, if you wish to attend and vote (in person or by proxy) at the Court Meeting and/or the SGM.

The procedures for voting by the Investor Participants and other CCASS Participants with respect to Shares registered under the name of HKSCC Nominees Limited shall be in accordance with the “Operating Guide for Investor Participants”, the “General Rules of CCASS” and the “CCASS Operational Procedures” in effect from time to time.

Actions to be taken by Beneficial Owners whose Shares are held by a Registered Owner other than HKSCC Nominees Limited

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

If you are a Beneficial Owner whose Shares are registered in the name of a nominee, trustee, depositary or any other authorised custodian or third party (other than HKSCC Nominees Limited), you should contact such Registered Owner to give instructions to and/or to make arrangements with such Registered Owner as to the manner in which the Shares beneficially owned by you should be voted at the Court Meeting and/or the SGM.

If you are a Beneficial Owner who wishes to attend and vote at the Court Meeting and/or the SGM personally, you should:

- (i) contact the Registered Owner directly to make the appropriate arrangements with the Registered Owner to enable you to attend and vote at the Court Meeting and/or the SGM and, for such purpose, the Registered Owner may appoint you as its proxy; or

IMPORTANT NOTICE AND ACTIONS TO BE TAKEN

- (ii) become a Registered Owner as of the Meeting Record Date by arranging for some or all of the Shares registered in the name of the Registered Owner to be transferred into your own name by lodging all the transfer documents with relevant share certificates on or before 4:30 p.m. on Monday, 22 July 2024 with Tricor Tengis Limited, if you wish to attend and vote (in person or by proxy) at the Court Meeting and/or the SGM.

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

The appointment of a proxy by the Registered Owner at the Court Meeting and/or the SGM shall be in accordance with all relevant provisions in the bye-laws of the Company.

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

The completion and return of a form of proxy for the Court Meeting and/or the SGM will not preclude the Registered Owner from attending and voting in person at the relevant meeting or any adjournment thereof should he/she so wish, and in such event, the relevant form of proxy will be revoked by operation of law.

ACTIONS TO BE TAKEN BY THE OPTION HOLDERS

The Option Offer Letter is being sent to each Option Holder, together with this Scheme Document and a Form of Acceptance. If you are an Option Holder and you wish to accept the Option Offer, you must complete and return the duly completed and executed Form of Acceptance to the Company at its principal office (being 7/F., Galaxy Factory Building, 25-27 Luk Hop Street, San Po Kong, Kowloon, Hong Kong), for the attention of the company secretary of the Company and marked “Kin Yat Holdings Limited – Option Offer”, by no later than 4:00 p.m. on Wednesday, 21 August 2024 (or such later date and time as may be notified to the Option Holders by the Offeror or by way of joint announcement by the Offeror and the Company on the website of the Stock Exchange). No acknowledgement of receipt of any Form of Acceptance or other document evidencing the grant of Options or any other document will be given.

You are urged to read the instructions and other terms and conditions of the Option Offer in the Option Offer Letter, substantially in the form set out in Appendix VII to this Scheme Document.

IMPORTANT NOTICE AND ACTIONS TO BE TAKEN

EXERCISE YOUR RIGHT TO VOTE

If you are a Shareholder or a Beneficial Owner whose Shares are held by a Registered Owner (including HKSCC Nominees Limited), you are strongly encouraged to exercise your right to vote (in the case of a Shareholder) or to give instructions to the relevant Registered Owner (in the case of a Beneficial Owner) to vote in person or by proxy at the Court Meeting and/or the SGM. If you keep any Shares in a share lending programme, you are encouraged to recall any outstanding Shares on loan to avoid market participants using borrowed stock to vote.

If you are a Beneficial Owner whose Shares are deposited in CCASS, you are strongly encouraged to withdraw at least some of your Shares from CCASS and become a registered holder of such Shares and exercise your right to vote, in person or by proxy, at the Court Meeting and/or the SGM. You should contact your broker, custodian, nominee or other relevant person in advance of the latest time for lodging transfers of Shares into your name so as to qualify to attend and vote at the Court Meeting and/or the SGM, in order to provide such broker, custodian, nominee or other relevant person with sufficient time to withdraw the Shares from CCASS and register them in your name.

In respect of any Shares of which you are the Beneficial Owner and which remain in CCASS, you are encouraged to contact your broker, custodian, nominee or other relevant person regarding voting instructions in relation to the manner in which those Shares should be voted at the Court Meeting and/or the SGM without delay.

Only Scheme Shareholders whose Scheme Shares are registered in their own names in the register of members of the Company on the Meeting Record Date may attend and vote at the Court Meeting and be counted as members of the Company for the purpose of calculating whether or not a majority in number of members of the Company have approved the Scheme at the Court Meeting under Section 99 of the Companies Act. In view of the interest of the Offeror and the Offeror Concert Parties, any and all Scheme Shareholders who are acting in concert with the Offeror have undertaken not to, and will not, vote at the Court Meeting in respect of the resolution to approve the Scheme to be proposed at the Court Meeting. Accordingly, the 8,000,000 Scheme Shares held by the Offeror Concert Parties (namely, Mr. Cheng Tsz To, Mr. Cheng Tsz Hang and Mr. Liu Tat Luen) will not be voted at the Court Meeting. In accordance with the directions from the Court, HKSCC Nominees Limited will be counted as one Scheme Shareholder and may vote for or against the Scheme according to the majority of voting instructions as represented by the Scheme Shares it receives. The number of votes cast in favour of the Scheme and the number of CCASS Participants on whose instructions they are cast and the number of votes cast against the Scheme and the number of CCASS Participants on whose instructions they are cast will be disclosed to the Court and may be taken into account in deciding whether or not the Court should exercise its discretion to sanction the Scheme. Beneficial Owners who wish to individually vote or be counted for purposes of calculating whether or not a majority in number of members of the Company have approved the Scheme at the Court Meeting under Section 99 of the Companies Act should make arrangements to be registered as members of the Company in their own names by lodging all the transfer documents with relevant share certificates on or before 4:30 p.m. on Monday, 22 July 2024 with Tricor Tengis Limited.

IMPORTANT NOTICE AND ACTIONS TO BE TAKEN

If you are a Registered Owner holding Shares on behalf of Beneficial Owners, you should inform the relevant Beneficial Owner(s) about the importance of exercising their right to vote and that Beneficial Owners should consider transferring some or all their Shares into their names if they wish to be counted individually for the purposes of the headcount test.

NOTICE TO OVERSEAS SCHEME SHAREHOLDERS

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

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

Scheme Shareholders and Beneficial Owners residing in jurisdictions other than Hong Kong should consult their professional advisers if they are in any doubt as to the potential applicability of, or consequence under, any provision of law or regulation or judicial or regulatory decisions or interpretations in any jurisdictions, territory or locality therein or thereof and, in particular, whether there will be any restriction or prohibition on the acquisition, retention, disposal or otherwise with respect to the Shares, as the case may be.

Overseas Scheme Shareholders and Beneficial Owners are advised to read the section headed “17. OVERSEAS SCHEME SHAREHOLDERS AND OPTION HOLDERS” in the Explanatory Statement in Part VI of this Scheme Document for further information.

IF APPROVED AND IMPLEMENTED, THE PROPOSAL WILL BE BINDING ON ALL OF THE SHAREHOLDERS, IRRESPECTIVE OF WHETHER OR NOT YOU ATTENDED OR VOTED AT THE COURT MEETING OR THE SGM. IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR LICENSED SECURITIES DEALER OR REGISTERED INSTITUTION IN SECURITIES, BANK MANAGER, SOLICITOR, PROFESSIONAL ACCOUNTANT OR OTHER PROFESSIONAL ADVISER.

IMPORTANT NOTICE AND ACTIONS TO BE TAKEN

ENQUIRIES CONCERNING ADMINISTRATIVE MATTERS

If you have any enquiries concerning administrative or procedural matters (such as dates, documentation and procedures) relating to the Court Meeting and/or the SGM, please call the customer service hotline of the Share Registrar at +852 2980 1333 between 9:00 a.m. and 5:00 p.m. on Mondays to Fridays, excluding Hong Kong, China public holidays.

The hotline cannot and will not provide advice on the merits of the Proposal, the Scheme and/or the Option Offer or give financial or legal advice or as to how to vote at the Court Meeting and/or SGM (as appropriate). If you are in any doubt as to any aspect of this Scheme Document or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

PAST PERFORMANCE AND FORWARD-LOOKING STATEMENTS

The performance and the results of operations of the Group contained in this Scheme Document are historical in nature and past performance is not a guarantee of the future results of the Group. This Scheme Document may contain forward-looking statements and opinions that involve risks and uncertainties. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions and you should not place undue reliance on such forward-looking statements and opinions. Subject to the requirements of applicable laws, rules and regulations, including the Takeovers Code, none of the Offeror, the Company, Honestum, SPDB International, Lego, any of their respective directors, officers, employees, agents, affiliates, associates or advisers or any other person involved in the Proposal assumes any obligation to correct or update the forward-looking statements or opinions contained in this Scheme Document.

CONTENTS

	<i>Page</i>
PART I – DEFINITIONS	1
PART II – EXPECTED TIMETABLE	8
PART III – LETTER FROM THE BOARD	12
PART IV – LETTER FROM THE INDEPENDENT BOARD COMMITTEE	22
PART V – LETTER FROM LEGO	24
PART VI – EXPLANATORY STATEMENT	46
APPENDIX I – FINANCIAL INFORMATION OF THE GROUP	I-1
APPENDIX II – PROPERTY VALUATION REPORT	II-1
APPENDIX III – GENERAL INFORMATION	III-1
APPENDIX IV – SCHEME OF ARRANGEMENT	IV-1
APPENDIX V – NOTICE OF COURT MEETING	V-1
APPENDIX VI – NOTICE OF SGM	VI-1
APPENDIX VII – FORM OF OPTION OFFER LETTER	VII-1

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

“acting in concert”	has the meaning given to it under the Takeovers Code
“Announcement Date”	18 April 2024, being the date of the Joint Announcement
“associate(s)”	has the meaning given to it under the Takeovers Code
“Authorisations”	all necessary notifications, registrations, applications, filings, authorisations, orders, recognitions, grants, waivers and consents, licences, confirmations, clearances, permissions, no-action relief, exemption relief orders and approvals (including without limitation any which are required or desirable under or in connection with any applicable laws and regulations or any licenses, permits or contractual obligations of the Company), and all appropriate waiting periods (including extensions thereof), in connection with the Proposal
“Beneficial Owner(s)”	any beneficial owner(s) of Shares whose Shares are registered in the name of a Registered Owner(s)
“Board”	the board of Directors
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“BVI”	British Virgin Islands
“Cancellation Price”	the cancellation price of HK\$0.72 per Scheme Share payable in cash to the Scheme Shareholders pursuant to the Scheme
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Participant(s)”	person(s) admitted to participate in CCASS as a direct clearing participant, general clearing participant, a custodian participant or an Investor Participant who may be an individual or joint individuals or a corporation
“Companies Act”	the Companies Act 1981 of Bermuda, as amended from time to time
“Company”	Kin Yat Holdings Limited, an exempted company incorporated in Bermuda with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 638)

“Condition(s)”	the condition(s) to the implementation of the Proposal and the Scheme as described in the section headed “3. CONDITIONS OF THE PROPOSAL AND THE SCHEME” in the Explanatory Statement in Part VI of this Scheme Document
“controlling shareholder”	has the meaning given to it under the Listing Rules
“Court”	the Supreme Court of Bermuda
“Court Hearing”	the hearing of the petition by the Court for the sanction of the Scheme
“Court Meeting”	a meeting of the Scheme Shareholders convened at the directions of the Court to be held at Montparnasse Room I-III, 2/F., Regal Kowloon Hotel, 71 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong on Friday, 26 July 2024 at 10:00 a.m., notice of which is set out in Appendix V to this Scheme Document, at which the Scheme (with or without modifications) will be voted upon, or any adjournment thereof
“Director(s)”	the director(s) of the Company
“Disinterested Scheme Shareholder(s)”	Scheme Shareholder(s) other than the Offeror and the Offeror Concert Parties
“E&E Segment”	the electrical and electronic products business segment of the Group
“Effective Date”	the date on which an office copy of the Order of the Court sanctioning the Scheme pursuant to Section 99 of the Companies Act shall have been delivered to the Registrar of Companies for registration, at which time the Scheme shall become effective
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate thereof
“Explanatory Statement”	the explanatory statement set out in Part VI of this Scheme Document issued in compliance with Section 100 of the Companies Act
“Facility”	the non-revolving term loan facility granted by Shanghai Pudong Development Bank Co., Ltd acting through its Hong Kong branch to the Offeror under the Facility Agreement, to finance the consideration payable for the Proposal

“Facility Agreement”	the facility agreement dated 26 March 2024 entered into between the Offeror as borrower and Shanghai Pudong Development Bank Co., Ltd acting through its Hong Kong branch as lender in respect of the Facility
“Form of Acceptance”	the form of acceptance despatched to the Option Holders in connection with the Option Offer
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Honestum”	Honestum International Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being one of the joint financial advisers to the Offeror in relation to the Proposal
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company (comprising all the independent non-executive Directors, namely Mr. Wong Chi Wai, Mr. Cheung Wang Ip and Mr. Chan Yim Por Bonnie) which has been established to advise the Disinterested Scheme Shareholders and the Option Holders on the Proposal
“Independent Financial Adviser” or “Lego”	Lego Corporate Finance Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee in relation to the Proposal
“Investor Participant(s)”	person(s) admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“Jardin Montsouris”	the residential and commercial property development project of the Group located in Dushan, the PRC
“Joint Announcement”	the joint announcement published by the Offeror and the Company on 18 April 2024 in relation to the Proposal
“Last Trading Date”	27 March 2024, being the last trading day in the Shares on the Stock Exchange immediately before the publication of the Joint Announcement

“Latest Option Exercise Date”	4:30 p.m. on 14 August 2024, being the expected latest time upon which Option Holders must lodge notices of exercise (accompanied by full payment of the exercise price) of their Options in order for the Option Holders to qualify for entitlements under the Scheme
“Latest Practicable Date”	25 June 2024, being the latest practicable date prior to the despatch of this Scheme Document for the purpose of ascertaining certain information contained in this Scheme Document
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 September 2024 or such later date as the Offeror and the Company may agree or, to the extent applicable, as the Court may direct and, in all cases, as permitted by the Executive and/or the Court
“Meeting Record Date”	26 July 2024 or such other date as shall have been announced to the Shareholders, being the record date for the purpose of determining the entitlements of Scheme Shareholders to attend and vote at the Court Meeting and the entitlements of Shareholders to attend and vote at the SGM
“Motors Segment”	the motors business segment of the Group
“NAV per Share”	the audited or unaudited consolidated net asset value attributable to Shareholders divided by the number of Shares in issue
“Offeror”	Resplendent Global Limited, a company incorporated in the BVI with liability limited by shares, which is ultimately beneficially owned as to 52% by Mr. Cheng Chor Kit, who is the chairman and chief executive officer of the Company, and as to 48% equally by his spouse, Mdm. Tsang Yuk Wan, and their two sons, namely, Mr. Cheng Tsz To and Mr. Cheng Tsz Hang, both also being executive Directors
“Offeror Concert Party(ies)”	persons acting, or presumed to be acting, in concert with the Offeror in relation to the Company (including (i) Mr. Cheng Chor Kit, who is the chairman and chief executive officer of the Company, and his spouse, Mdm. Tsang Yuk Wan, and their two sons, Mr. Cheng Tsz To and Mr. Cheng Tsz Hang, both also being executive Directors, all of whom are the ultimate beneficial owners of the Offeror; and (ii) Mr. Liu Tat Luen, an executive Director)

“Option(s)”	share option(s) granted by the Company under the Share Option Scheme from time to time
“Option Holder(s)”	holder(s) of the outstanding Option(s)
“Option Offer”	the offer being made by or on behalf of the Offeror to the Option Holders, details of which are set out in the section headed “2. THE PROPOSAL – 2.2 The Option Offer” in the Explanatory Statement in Part VI of this Scheme Document
“Option Offer Letter”	the letter dated 28 June 2024 setting out the terms and conditions of the Option Offer sent separately to the Option Holders, a form of which is set out in Appendix VII to this Scheme Document
“Option Offer Price”	a price of HK\$0.01 for cancellation of each outstanding Option payable in cash to the Option Holders pursuant to the Option Offer
“PRC”	the People’s Republic of China (for this Scheme Document, excluding Hong Kong, Macau Special Administrative Region and Taiwan)
“Proposal”	the proposal for the privatisation of the Company by the Offeror by way of the Scheme and the Option Offer, on the terms and subject to the Conditions set out in this Scheme Document
“Real Estate Development Business Segment”	the real estate development business segment of the Group
“Reassessed NAV per Share”	the unaudited consolidated net asset value attributable to Shareholders per Share of approximately HK\$1.69 as at 31 March 2024 (based on the audited consolidated net asset value attributable to Shareholders as at 31 March 2024 of HK\$855.6 million, having adjusted for the valuation deficit arising from the appraised value of the properties of HK\$112.0 million based on the valuation of the properties of the Group as at 31 March 2024 as set out in Appendix II to this Scheme Document, divided by 438,960,000 Shares in issue)
“Registered Owner(s)”	any person (including without limitation, a nominee, trustee, depository or any other authorised custodian or third party) whose name is entered in the register of members of the Company as the holder of the Shares
“Registrar of Companies”	the Registrar of Companies in Bermuda

“Relevant Authorities”	competent governments and/or governmental bodies, regulatory bodies, courts or institutions
“Relevant Period”	the period commencing on 18 October 2023, being the date falling six months prior to the Announcement Date, and ending on the Latest Practicable Date (both days inclusive)
“RMB”	Renminbi, the lawful currency of the PRC
“Scheme”	a scheme of arrangement proposed under Section 99 of the Companies Act between the Company and the Scheme Shareholders involving the cancellation of all the Scheme Shares with or subject to any modification, addition or condition which may be approved or imposed by the Court
“Scheme Document”	this composite scheme document, including each of the letters, statements, appendices and notices in it, as may be amended or supplemented from time to time
“Scheme Record Date”	21 August 2024 or such other date as shall have been announced to the Shareholders, being the record date for the purpose of determining the entitlements of the Scheme Shareholders under the Scheme and the Option Holders under the Option Offer
“Scheme Share(s)”	Shares in issue on the Scheme Record Date, other than those held by the Offeror, Mr. Cheng Chor Kit, who is the chairman and chief executive officer of the Company, and his spouse, Mdm. Tsang Yuk Wan
“Scheme Shareholder(s)”	registered holder(s) of Scheme Share(s) as at the Scheme Record Date
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	a special general meeting of the Company to be held at Montparnasse Room I-III, 2/F., Regal Kowloon Hotel, 71 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong on Friday, 26 July 2024 at 10:30 a.m. (or immediately after the conclusion or adjournment of the Court Meeting) for the purpose of passing all necessary resolutions for, amongst other things, the implementation of the Proposal, notice of which is set out in Appendix VI to this Scheme Document, or any adjournment thereof

“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Share Registrar”	Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, being the Company’s Hong Kong branch share registrar
“Shareholder(s)”	holder(s) of the Share(s)
“Share Option Scheme”	the share option scheme of the Company adopted on 20 August 2012
“Shelved Phases”	the further development of phases 1B, 1C, and 1D of the Jardin Montsouris which the management of the Group made a strategic decision to shelve
“SPDB International”	SPDB International Capital Limited (浦銀國際融資有限公司), a corporation licensed to carry out Type 1 (dealing securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being one of the joint financial advisers to the Offeror in relation to the Proposal
“Stamp Duty Ordinance”	Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning given to it under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“%”	per cent. or percentage

The timetable set out below is indicative only and is subject to change. Any changes to the timetable will be jointly announced by the Offeror and the Company. All references in this Scheme Document to times and dates are references to Hong Kong times and dates, other than references to the expected date of the Court Hearing and the Effective Date which are the relevant times and dates in Bermuda. For reference only, Bermuda time is 11 hours behind Hong Kong time as at the date of this Scheme Document.

**Hong Kong time
(unless otherwise stated)**

Date of despatch of this Scheme Document	Friday, 28 June 2024
Date of despatch of the Option Offer Letter for the Option Offer	Friday, 28 June 2024
Latest time for Option Holders to lodge notice of exercise (accompanied by full payment of the exercise price) of their Options in order to be entitled to attend and vote at the Court Meeting and the SGM	4:30 p.m. on Monday, 22 July 2024
Latest time for lodging transfers of Shares to qualify for the entitlements to attend and vote at the Court Meeting and the SGM	4:30 p.m. on Monday, 22 July 2024
Closure of the register of members of the Company for determining the entitlements to attend and vote at the Court Meeting and the SGM ⁽¹⁾	from Tuesday, 23 July 2024 to Friday, 26 July 2024 (both days inclusive)
Latest time for lodging forms of proxy in respect of:	
Court Meeting ⁽²⁾	10:00 a.m. on Wednesday, 24 July 2024
SGM ⁽²⁾	10:30 a.m. on Wednesday, 24 July 2024
Meeting Record Date for determining the entitlements to attend and vote at the Court Meeting and the SGM	Friday, 26 July 2024
Court Meeting ^{(2) & (3)}	10:00 a.m. on Friday, 26 July 2024
SGM ^{(2) & (3)}	10:30 a.m. on Friday, 26 July 2024 (or immediately after the conclusion or adjournment of the Court Meeting)

**Hong Kong time
(unless otherwise stated)**

Announcement of the results of the Court Meeting and
the SGM, published on the website of the Stock Exchange not later than 7:00 p.m. on
Friday, 26 July 2024

Expected latest time for trading in the Shares
on the Stock Exchange 4:10 p.m. on
Friday, 9 August 2024

Latest Option Exercise Date for Option Holders to
lodge notices of exercise (accompanied by full payment
of the exercise price) of their Options in order to qualify
for the entitlements under the Scheme⁽⁴⁾ 4:30 p.m. on
Wednesday, 14 August 2024

Latest time for lodging transfers of Shares in order
to qualify for the entitlements under the Scheme. 4:30 p.m. on
Wednesday, 14 August 2024

Closure of the register of members for determining
the entitlements under the Scheme⁽⁵⁾ from Thursday, 15 August 2024 onwards

Court Hearing Friday, 16 August 2024
(*Bermuda time*)

Announcement of (1) the results of the Court Hearing,
(2) the expected Effective Date and (3) the expected date of the
withdrawal of the listing of the Shares on the Stock
Exchange, published on the Stock Exchange's website on or before 8:30 a.m. on
Monday, 19 August 2024

Scheme Record Date Wednesday, 21 August 2024

Latest time and date for lodging the Form of Acceptance
in relation to the Option Offer⁽⁶⁾ 4:00 p.m. on
Wednesday, 21 August 2024

Effective Date⁽⁷⁾ and lapse of all Options⁽⁸⁾ Wednesday, 21 August 2024
(*Bermuda time*)

**Hong Kong time
(unless otherwise stated)**

Announcement of (1) the Effective Date,
(2) the withdrawal of listing of Shares on the
Stock Exchange and (3) the results of the
Option Offer, published on the Stock
Exchange's website no later than 8:30 a.m. on
Thursday, 22 August 2024

Expected withdrawal of listing of Shares
on the Stock Exchange 4:00 p.m on
Friday, 23 August 2024

Latest date to despatch:

(1) Cheques for payment of the Cancellation Price to
the Scheme Shareholders⁽⁹⁾ on or before Friday, 30 August 2024

(2) Cheques for payment of the Option Offer Price to
the Option Holders⁽¹⁰⁾ on or before
Friday, 30 August 2024

Notes:

- (1) The register of members of the Company will be closed during such period for the purpose of determining the entitlement of the Scheme Shareholders to attend and vote at the Court Meeting and of the Shareholders to attend and vote at the SGM. For the avoidance of doubt, this period of closure is not for determining the entitlements under the Scheme.
- (2) The **pink** form of proxy in respect of the Court Meeting and the **white** form of proxy in respect of the SGM should be completed and signed in accordance with the instructions respectively printed thereon and should be lodged with the Share Registrar, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by the times and dates stated above. In the case of the **pink** form of proxy in respect of the Court Meeting, it may alternatively be handed to the Chairman of the Court Meeting at the Court Meeting (who shall have absolute discretion as to whether or not to accept it) if it is not so lodged. The **white** form of proxy in respect of the SGM will not be valid if it is not so lodged. Completion and return of a form of proxy for the Court Meeting or the SGM will not preclude a Scheme Shareholder or a Shareholder (as the case may be) from attending and voting in person at the relevant meeting if he, she or it so wishes. In such event, the authority of your proxy will be deemed to be revoked.
- (3) If a tropical cyclone warning signal No.8 or above is or is expected to be hoisted or "extreme conditions" caused by super typhoons or a black rainstorm warning signal is or is expected to be in force at any time after 7:00 a.m. on the date of the Court Meeting and the SGM, the Court Meeting and the SGM will be adjourned or postponed. The Company will post an announcement on the respective websites of the Stock Exchange and the Company to notify the members of the date, time and venue of the rescheduled meetings.
- (4) If the Option Holders wish to be qualified for the entitlements under the Scheme, they must exercise their Options in accordance with the Share Option Scheme and lodge their notices of exercise before the time specified above on the Latest Option Exercise Date and, subject to the customary process for allotment and issue of Shares by the Company, become registered holders of Shares by the time of the Scheme Record Date.
- (5) The register of members of the Company will be closed during such period for the purpose of determining the Scheme Shareholders who are qualified for the entitlements under the Scheme.

- (6) The duly completed and executed Form of Acceptance must be lodged by the Option Holders to the Company at its principal office (being 7/F., Galaxy Factory Building, 25-27 Luk Hop Street, San Po Kong, Kowloon, Hong Kong), for the attention of the company secretary of the Company and marked “Kin Yat Holdings Limited – Option Offer”, by no later than 4:00 p.m. on Wednesday, 21 August 2024 (or such later date and time as may be notified to the Option Holders by the Offeror or by way of joint announcement by the Offeror and the Company on the website of the Stock Exchange).
- (7) The Scheme will become effective upon all the Conditions set out in the section headed “3. CONDITIONS OF THE PROPOSAL AND THE SCHEME” in the Explanatory Statement in Part VI of this Scheme Document having been fulfilled or waived (as applicable). Shareholders will be advised by an announcement of the exact date upon which the Scheme becomes effective. The withdrawal of listing of Shares will take place following the Scheme becoming effective on the Effective Date and it is expected that the listing of Shares will be withdrawn at 4:00 p.m. on Friday, 23 August 2024. All of the Conditions will have to be fulfilled or waived (as applicable) on or before 30 September 2024 (or such later date as the Offeror and the Company may agree or, to the extent applicable, as the Court may direct and, in all cases, as permitted by the Executive and/or the Court) (i.e. the Long Stop Date), failing which the Proposal and the Scheme will lapse.
- (8) All outstanding Options will lapse automatically and not be exercisable (to the extent not already exercised or lapsed) upon the Scheme becoming effective.
- (9) Cheques for the entitlements of the Scheme Shareholders will be despatched by ordinary post in postage pre-paid envelopes addressed to the Scheme Shareholders at their respective addresses as appearing in the register of members of the Company as at the Scheme Record Date or, in the case of joint holders, at the address appearing in the register of members of the Company as at the Scheme Record Date of the joint holder whose name then stands first in the register of members of the Company in respect of the relevant joint holding as soon as possible but in any event no later than seven Business Days following the Effective Date. Cheques shall be posted at the risk of the addressees and none of the Offeror, the Company, Honestum, SPDB International, Lego and the Share Registrar and their respective directors, employees, officers, agents, advisers, associates and affiliates and any other persons involved in the Proposal shall be responsible for any loss or delay in transmission.
- (10) Cheques for payment for acceptances under the Option Offer in respect of the outstanding Options as at the Scheme Record Date will be despatched no later than seven Business Days following the Effective Date by ordinary post in postage pre-paid envelopes addressed to the Option Holders at their respective last known addresses as notified by the Option Holders to the Company. Cheques shall be posted at the risk of the addressees and none of the Offeror, the Company, Honestum, SPDB International, Lego and the Share Registrar and their respective directors, employees, officers, agents, advisers, associates and affiliates and any other persons involved in the Proposal shall be responsible for any loss or delay in transmission.



KIN YAT HOLDINGS LIMITED
建溢集團有限公司

website: <http://www.kinyat.com.hk>

(Incorporated in Bermuda with limited liability)

(Stock Code: 638)

Board of Directors:

Executive Directors:

Mr. Cheng Chor Kit

(Chairman and Chief Executive Officer)

Mr. Liu Tat Luen

Mr. Cheng Tsz To

Mr. Cheng Tsz Hang

Independent Non-executive Directors:

Mr. Wong Chi Wai

Mr. Cheung Wang Ip

Mr. Chan Yim Por Bonnie

Registered Office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Head Office and Principal Place
of Business:*

7/F., Galaxy Factory Building

25-27 Luk Hop Street

San Po Kong, Kowloon

Hong Kong

28 June 2024

To the Shareholders

Dear Sir or Madam,

**(1) PROPOSED PRIVATISATION OF KIN YAT HOLDINGS LIMITED
BY RESPLENDENT GLOBAL LIMITED
BY WAY OF A SCHEME OF ARRANGEMENT
UNDER SECTION 99 OF THE COMPANIES ACT 1981 OF BERMUDA
AND
(2) PROPOSED WITHDRAWAL OF LISTING OF
KIN YAT HOLDINGS LIMITED**

1. INTRODUCTION

On 18 April 2024, the Offeror and the Company jointly announced that on 27 March 2024, after trading hours, the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders for the privatisation of the Company by way of a scheme of arrangement under Section 99 of the Companies Act.

The purpose of this Scheme Document is to provide you with further information regarding the Proposal and the expected timetable as well as to give you notices of the Court Meeting and the SGM (together with proxy forms in relation thereto). Your attention is drawn to the following sections of this Scheme Document: (i) the letter from the Independent Board Committee set out in Part IV; (ii) the letter from Lego set out in Part V; (iii) the Explanatory Statement set out in Part VI; (iv) the terms of the Scheme set out in Appendix IV to this Scheme Document; and (v) the Option Offer Letter, substantially in the form set out in Appendix VII to this Scheme Document.

2. TERMS OF THE PROPOSAL

The Scheme

If the Proposal is approved and implemented, all the Scheme Shares will be cancelled and extinguished in exchange for the Cancellation Price of HK\$0.72 in cash for every Scheme Share cancelled. Under the Scheme, the total consideration payable for the Scheme Shares will be payable by the Offeror.

The Cancellation Price will not be increased, and the Offeror does not reserve the right to do so. Shareholders, Option Holders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Cancellation Price.

If after the Latest Practicable Date, any dividend or other distribution is made or paid in respect of the Scheme Shares and the record date to be announced by the Board for determining the entitlements of such dividend or other distribution falls on a day which is on or before the Effective Date, the Cancellation Price will be reduced by an amount equal to the amount of such dividend or other distribution. The Company confirms that as at the Latest Practicable Date, (a) the Company has not declared any dividend which remained unpaid; and (b) the Company has no intention to declare any dividend or other distribution on or before the Effective Date, or the date on which the Scheme is not approved or the Proposal otherwise lapses (as the case may be).

The Cancellation Price of HK\$0.72 per Scheme Share represents:

- (a) a premium of approximately 33.3% over the closing price of HK\$0.54 per Share, as quoted on the Stock Exchange on the Last Trading Date;
- (b) a premium of approximately 43.4% over the average closing price of HK\$0.50 per Share, based on the daily closing prices as quoted on the Stock Exchange over the 5 trading days up to and including the Last Trading Date;
- (c) a premium of approximately 51.5% over the average closing price of HK\$0.48 per Share, based on the daily closing prices as quoted on the Stock Exchange over the 30 trading days up to and including the Last Trading Date;
- (d) a premium of approximately 53.6% over the average closing price of HK\$0.47 per Share, based on the daily closing prices as quoted on the Stock Exchange over the 60 trading days up to and including the Last Trading Date;

- (e) a premium of approximately 72.1% over the average closing price of HK\$0.42 per Share, based on the daily closing prices as quoted on the Stock Exchange over the 180 trading days up to and including the Last Trading Date;
- (f) a premium of approximately 7.5% over the closing price of HK\$0.67 per Share, as quoted on the Stock Exchange on the Latest Practicable Date;
- (g) a discount of approximately 63.1% to the audited consolidated net asset value attributable to Shareholders per Share of approximately HK\$1.95 as at 31 March 2024; and
- (h) a discount of approximately 57.4% to the Reassessed NAV per Share of approximately HK\$1.69.

The Cancellation Price has been determined after taking into account, among others, the prices at which the Shares have been traded on the Stock Exchange, and pricing premiums for recent privatisation transactions of companies listed on the Stock Exchange. Shareholders are advised to read the Explanatory Statement in Part VI of this Scheme Document for further details of the Scheme.

The Option Offer

As at the Latest Practicable Date, there were 700,000 outstanding Options granted under the Share Option Scheme, of which 500,000 outstanding Options are exercisable into 500,000 Shares at an exercise price of HK\$2.262 and 200,000 outstanding Options are exercisable into 200,000 Shares at an exercise price of HK\$2.470, and all such outstanding Options are vested. The exercise of all outstanding Options in full would result in the issue of 700,000 new Shares (representing approximately 0.16% of the issued share capital of the Company as at the Latest Practicable Date and approximately 0.16% of the issued share capital of the Company as enlarged by issue of such new Shares). The Company does not intend to grant any further Options between the Latest Practicable Date and the Effective Date.

The Offeror is making an appropriate offer to all the Option Holders for the cancellation of each Option in accordance with Rule 13 of the Takeovers Code. The Option Offer is conditional upon the Scheme becoming effective. Under the Option Offer, the Offeror is offering the Option Holders the Option Offer Price, which is a nominal amount of HK\$0.01 per outstanding Option, for cancellation of each outstanding Option they hold, as the exercise price of each Option exceeds the Cancellation Price and the “see-through” price (being the Cancellation Price minus the exercise price of each Option) is negative.

If any of the Options is exercised in accordance with the terms of the Share Option Scheme, as applicable, on or before the Latest Option Exercise Date, any Shares so issued will be subject to and eligible to participate in the Scheme. All outstanding Options will lapse automatically and not be exercisable (to the extent not already exercised or lapsed) upon the Scheme becoming effective.

Further information on the Option Offer is contained in the section headed “2. THE PROPOSAL – 2.2 The Option Offer” in the Explanatory Statement in Part VI of this Scheme Document and the Option Offer Letter, substantially in the form set out in Appendix VII.

3. FINANCIAL RESOURCES

As at the Latest Practicable Date, the total issued share capital of the Company comprises 438,960,000 Shares and 700,000 outstanding Options granted under the Share Option Scheme entitling the Option Holders to subscribe for an aggregate of 700,000 Shares.

On the assumption that (i) the Scheme has become effective; (ii) none of the outstanding Options are exercised as at the Scheme Record Date; and (iii) no further Shares are issued before the Scheme Record Date, there would be 155,706,000 Scheme Shares and 700,000 outstanding Options and accordingly, the amount of cash required for the Scheme is approximately HK\$112,108,320 and the amount of cash required for the Option Offer is approximately HK\$7,000.

On the assumption that (i) the Scheme has become effective; (ii) all the outstanding Options are exercised as at the Scheme Record Date and all the Option Holders of such outstanding Options become Scheme Shareholders; and (iii) no other Shares are issued before the Scheme Record Date, there would be 156,406,000 Scheme Shares and no Options outstanding and accordingly, the amount of cash required for the Scheme is approximately HK\$112,612,320 and nil for the Option Offer.

Consequently, on the basis described above, the maximum total cash consideration payable by the Offeror under the Proposal will amount to approximately HK\$112,612,320.

The Offeror intends to finance the cash required for the Proposal by the Facility made available by Shanghai Pudong Development Bank Co., Ltd acting through its Hong Kong branch to the Offeror.

Honestum and SPDB International, as the joint financial advisers to the Offeror in relation to the Proposal, are satisfied that sufficient financial resources are available to the Offeror to satisfy the maximum amount of cash consideration required for full implementation of the Proposal.

4. CONDITIONS OF THE PROPOSAL AND THE SCHEME

The Proposal is, and the Scheme will become effective and binding on the Company and all Scheme Shareholders, subject to the fulfilment or waiver (as applicable) of all the Conditions on or before the Long Stop Date, failing which the Proposal and the Scheme will lapse.

For details of the Conditions, your attention is drawn to the section headed “3. CONDITIONS OF THE PROPOSAL AND THE SCHEME” in the Explanatory Statement in Part VI of this Scheme Document.

Warning: Shareholders, Option Holders and potential investors of the Company should be aware that the Proposal is subject to the Conditions being fulfilled or waived, as applicable, and therefore the Proposal may or may not be implemented. Shareholders, Option Holders and potential investors of the Company should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

5. SHAREHOLDING STRUCTURE OF THE COMPANY

The table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) assuming full conversion of the Options prior to the Scheme Record Date; and (iii) assuming full conversion of the Options and upon the Scheme becoming effective, assuming that there are no other changes in the shareholding of the Company between the Latest Practicable Date and the Scheme Record Date:

	As at the Latest Practicable Date		Assume full conversion of the Options prior to the Scheme Record Date		Assume full conversion of the Options and upon the Scheme becoming effective	
	Number of Shares	Approximate % of the issued share capital of the Company ⁽⁶⁾	Number of Shares	Approximate % of the issued share capital of the Company ⁽⁶⁾	Number of Shares	Approximate % of the issued share capital of the Company ⁽⁶⁾
Offeror ⁽¹⁾	252,920,000	57.62%	252,920,000	57.53%	409,326,000	93.10%
Offeror Concert Parties not subject to the Scheme						
– Mr. Cheng Chor Kit ⁽²⁾	26,634,000	6.07%	26,634,000	6.06%	26,634,000	6.06%
– Mdm. Tsang Yuk Wan ⁽²⁾	3,700,000	0.84%	3,700,000	0.84%	3,700,000	0.84%
Offeror Concert Parties subject to the Scheme						
– Mr. Cheng Tsz To ⁽²⁾	3,000,000	0.68%	3,000,000	0.68%	–	–
– Mr. Cheng Tsz Hang ⁽²⁾	3,000,000	0.68%	3,000,000	0.68%	–	–
– Mr. Liu Tai Luen ⁽³⁾	2,000,000	0.46%	2,000,000	0.46%	–	–
Sub-total: Offeror and Offeror Concert Parties	<u>291,254,000</u>	<u>66.35%</u>	<u>291,254,000</u>	<u>66.25%</u>	<u>439,660,000</u>	<u>100.00%</u>
Disinterested Scheme Shareholders ⁽⁴⁾						
– Mr. Wong Chi Wai ^(4,5)	500,000	0.11%	1,100,000	0.25%	–	–
– Mr. Cheung Wang Ip ^(4,5)	200,000	0.05%	300,000	0.07%	–	–
– others	147,006,000	33.49%	147,006,000	33.43%	–	–
Sub-total: Disinterested Scheme Shareholders	<u>147,706,000</u>	<u>33.65%</u>	<u>148,406,000</u>	<u>33.75%</u>	<u>–</u>	<u>–</u>
Total	<u>438,960,000</u>	<u>100.00%</u>	<u>439,660,000</u>	<u>100.00%</u>	<u>439,660,000</u>	<u>100.00%</u>
Scheme Shareholders	<u>155,706,000</u>	<u>35.47%</u>	<u>156,406,000</u>	<u>35.57%</u>	<u>–</u>	<u>–</u>

Notes:

- (1) The Offeror is wholly-owned by Padora Global Inc., which is in turn owned as to 52% by Mr. Cheng Chor Kit, who is the chairman and chief executive officer of the Company, and as to 48% equally by his spouse, Mdm. Tsang Yuk Wan, and their two sons, namely, Mr. Cheng Tsz To and Mr. Cheng Tsz Hang, both also being executive Directors.
- (2) The Shares held by Mr. Cheng Chor Kit and his spouse, Mdm. Tsang Yuk Wan will not form part of the Scheme Shares and will not be cancelled and extinguished upon the Scheme becoming effective. Mr. Cheng Tsz To and Mr. Cheng Tsz Hang have expressed their desire to have their Shares subject to the Scheme and be cancelled and extinguished upon the Scheme becoming effective such that their interest in the Company will be consolidated on a holding company level in Padora Global Inc., the sole shareholder of the Offeror.
- (3) Mr. Liu Tat Luen is an executive Director and therefore presumed to be acting in concert with the Offeror under class (6) of the definition of “acting in concert” of the Takeovers Code. The Shares held by Mr. Liu Tat Luen will form part of the Scheme Shares and will be cancelled and extinguished upon the Scheme becoming effective.
- (4) Mr. Wong Chi Wai and Mr. Cheung Wang Ip are independent non-executive Directors. None of these Directors is acting in concert with the Offeror or was involved in the discussion or negotiation in relation to or has any interest in the Proposal (other than being a Shareholder subject to the Scheme and an Option Holder subject to the Option Offer). The Shares held by such Directors will form part of the Scheme Shares and will be cancelled and extinguished upon the Scheme becoming effective.
- (5) As at the Latest Practicable Date, 600,000 outstanding Options are held by Mr. Wong Chi Wai, and 100,000 outstanding Options are held by Mr. Cheung Wang Ip. The exercise of such outstanding Options in full on or before the Scheme Record Date will result in the issue of 700,000 new Shares in total (representing approximately 0.16% of the issued share capital of the Company as at the Latest Practicable Date and approximately 0.16% of the issued share capital of the Company as enlarged by issue of such new Shares) to them, and such new Shares, if issued, will form part of the Scheme Shares held by the Disinterested Scheme Shareholders.
- (6) All percentages in the above table are approximations and rounded to the nearest 2 decimal places and the aggregate percentages may not add up due to rounding.

6. REASONS FOR AND BENEFITS OF THE PROPOSAL

Your attention is drawn to the section headed “9. REASONS FOR AND BENEFITS OF THE PROPOSAL” in the Explanatory Statement in Part VI of this Scheme Document.

7. INFORMATION ON THE GROUP AND THE OFFEROR**The Group**

The Group is principally engaged in the development and production of niche, technology-driven and quality electrical and electronic products as well as a premier provider of electric motor drives and related products under its own house brand. It is also engaged in the real estate development businesses in the PRC.

The Offeror

The Offeror is a company incorporated in the BVI and is an investment holding company. The Offeror is ultimately beneficially owned as to 52% by Mr. Cheng Chor Kit, who is the executive Director, chairman and chief executive officer of the Company, and as to 48% equally by his spouse, Mdm. Tsang Yuk Wan, and their two sons, namely, Mr. Cheng Tsz To and Mr. Cheng Tsz Hang, both also being executive Directors. The main assets of the Offeror are the Shares it holds in the Company.

The directors of the Offeror are Mr. Cheng Chor Kit and Mdm. Tsang Yuk Wan.

8. INTENTIONS OF THE OFFEROR WITH REGARD TO THE GROUP

Your attention is drawn to the section headed “10. INTENTIONS OF THE OFFEROR WITH REGARD TO THE GROUP” in the Explanatory Statement in Part VI of this Scheme Document.

The Board welcomes the intentions of the Offeror in respect of the Company and its employees and will cooperate with and provide full support to the Offeror to facilitate the continued smooth business operations and management of the Group.

9. INDEPENDENT BOARD COMMITTEE

The Board has established the Independent Board Committee, which comprises all the independent non-executive Directors, namely, Mr. Wong Chi Wai, Mr. Cheung Wang Ip and Mr. Chan Yim Por Bonnie, to make a recommendation to the Disinterested Scheme Shareholders and the Option Holders as to whether the Proposal is or is not fair and reasonable, and as to voting by the Disinterested Scheme Shareholders at the Court Meeting and the SGM and as to acceptance of the Option Offer. As at the Latest Practicable Date, 500,000 Shares (representing approximately 0.11% of the issued share capital of the Company) are held by Mr. Wong Chi Wai and 200,000 Shares (representing approximately 0.05% of the issued share capital of the Company) are held by Mr. Cheung Wang Ip. In addition, as at the Latest Practicable Date, 600,000 outstanding Options are held by Mr. Wong Chi Wai and 100,000 outstanding Options are held by Mr. Cheung Wang Ip. The exercise of such outstanding Options in full on or before the Scheme Record Date will result in the issue of 700,000 new Shares in total (representing approximately 0.16% of the issued share capital of the Company as at the Latest Practicable Date and approximately 0.16% of the issued share capital of the Company as enlarged by issue of such new Shares) to Mr. Wong Chi Wai and Mr. Cheung Wang Ip.

The full text of the letter from the Independent Board Committee is set out in the “Letter from the Independent Board Committee” in Part IV of this Scheme Document.

10. INDEPENDENT FINANCIAL ADVISER

The Company has appointed Lego as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Proposal. Such appointment has been approved by the Independent Board Committee.

The full text of the letter from the Independent Financial Adviser is set out in the “Letter from Lego” in Part V of this Scheme Document.

11. WITHDRAWAL OF LISTING OF THE SHARES

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

The Company will make an application for the listing of the Shares to be withdrawn from the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules, subject to the Scheme becoming effective, immediately following the Effective Date.

12. IF THE PROPOSAL IS NOT APPROVED OR LAPSES

The Scheme will lapse if any of the Conditions has not been fulfilled or waived, as applicable, on or before the Long Stop Date. The listing of the Shares on the Stock Exchange will not be withdrawn if the Scheme does not become effective or the Proposal otherwise lapses, in which case the Board expects that the Company will continue to meet the minimum public float requirements under the Listing Rules given that there will be no cancellation of Scheme Shares and assuming there is no change in the shareholding of the Company.

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under Rule 31.1 of the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may, within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses, announce an offer or possible offer for the Company, except with the consent of the Executive. The Offeror has no intention to seek such consent.

If the Independent Board Committee or the Independent Financial Adviser does not recommend the Proposal, and the Scheme is not approved, all expenses incurred by the Company in connection therewith shall be borne by the Offeror in accordance with Rule 2.3 of the Takeovers Code. Since the Independent Board Committee and the Independent Financial Adviser have both recommended the Proposal, the Company and the Offeror have agreed that each party shall bear their own costs, charges and expenses of and incidental to the Scheme and the Proposal.

13. COURT MEETING AND SGM

Notices convening the Court Meeting and the SGM to be held at Montparnasse Room I-III, 2/F., Regal Kowloon Hotel, 71 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong on Friday, 26 July 2024 at 10:00 a.m. and 10:30 a.m. (or immediately after the conclusion or adjournment of the Court Meeting), respectively, are set out in Appendix V and Appendix VI to this Scheme Document.

The Court has directed the Court Meeting to be convened and held for the purpose of considering and, if thought fit, approving (with or without modifications) the Scheme. The Scheme is subject to the approval by the Scheme Shareholders at the Court Meeting in the manner referred to in Condition (a) in the section headed “3. CONDITIONS OF THE PROPOSAL AND THE SCHEME” in the Explanatory Statement in Part VI of this Scheme Document. The Scheme must also be sanctioned by the Court as required by Section 99 of the Companies Act.

Immediately after the conclusion or adjournment of the Court Meeting, the SGM will be held for the purpose of considering and, if thought fit, passing a special resolution for the implementation of the Proposal in the manner referred to in Condition (b) in the section headed “3. CONDITIONS OF THE PROPOSAL AND THE SCHEME” in the Explanatory Statement in Part VI of this Scheme Document.

An announcement will be made by the Company in relation to the results of the Court Meeting and the SGM. Such announcement will contain the information as required by Rule 19.1 of the Takeovers Code.

14. OVERSEAS SCHEME SHAREHOLDERS AND OPTION HOLDERS

Your attention is drawn to the section headed “17. OVERSEAS SCHEME SHAREHOLDERS AND OPTION HOLDERS” in the Explanatory Statement in Part VI of this Scheme Document.

15. ACTIONS TO BE TAKEN

Your attention is drawn to the section headed “IMPORTANT NOTICE AND ACTIONS TO BE TAKEN” of this Scheme Document for details of the actions you should take as a Shareholder, as a Beneficial Owner whose Shares are held by a Registered Owner, as a Beneficial Owner whose Shares are deposited in CCASS or as an Option Holder.

16. RECOMMENDATIONS

Your attention is drawn to (i) the recommendations of the Independent Board Committee in respect of the Proposal, the Scheme and the Option Offer as set out in the letter from the Independent Board Committee in Part IV of this Scheme Document; and (ii) the recommendations of the Independent Financial Adviser in respect of the Proposal, the Scheme and the Option Offer as set out in the letter from Lego in Part V of this Scheme Document which sets out the factors and reasons taken into account by Lego in arriving at its advice to the Independent Board Committee. We would advise you to read these letters carefully before you take any action in respect of the Proposal, the Scheme and the Option Offer.

17. TAXATION AND INDEPENDENT ADVICE

Your attention is drawn to the section headed “18. TAXATION” in the Explanatory Statement in Part VI of this Scheme Document.

It is emphasised that none of the Offeror, the Company, Honestum, SPDB International, Lego nor any of their respective directors, officers or associates or any other person involved in the Proposal accepts responsibility or has any liability for any taxation effects on, or liabilities of, any persons as a result of their approval or disapproval of the Proposal. All Scheme Shareholders and Option Holders are recommended to consult their professional advisers if in any doubt as to the taxation implications of the Proposal.

18. FURTHER INFORMATION

You are urged to read the whole of this Scheme Document, in particular:

- (i) the letter from the Independent Board Committee in Part IV of this Scheme Document;
- (ii) the letter from Lego in Part V of this Scheme Document;

- (iii) the Explanatory Statement in Part VI of this Scheme Document;
- (iv) the Appendices to this Scheme Document;
- (v) the Scheme as set out in Appendix IV to this Scheme Document; and
- (vi) the notice of Court Meeting and the notice of SGM as set out in Appendix V and Appendix VI to this Scheme Document.

In addition, a **pink** form of proxy for the Court Meeting and a **white** form of proxy for the SGM are enclosed with this Scheme Document.

Shareholders, Option Holders and potential investors of the Company should be aware that the Proposal is subject to the Conditions being fulfilled or waived (as applicable), and therefore the Proposal may or may not be implemented. Shareholders, Option Holders and potential investors of the Company should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

Option Holders are urged to read the Option Offer Letter carefully, which is being sent separately to Option Holders on the date of this Scheme Document and is substantially in the form set out in “Form of Option Offer Letter” in Appendix VII to this Scheme Document, and the Form of Acceptance in respect of the Option Offer.

Yours faithfully,
For and on behalf of
KIN YAT HOLDINGS LIMITED
Cheng Tsz To
Executive Director



KIN YAT HOLDINGS LIMITED
建溢集團有限公司

website: <http://www.kinyat.com.hk>

(Incorporated in Bermuda with limited liability)

(Stock Code: 638)

28 June 2024

To the Disinterested Scheme Shareholders and the Option Holders

Dear Sir or Madam,

**(1) PROPOSED PRIVATISATION OF KIN YAT HOLDINGS LIMITED
BY RESPLENDENT GLOBAL LIMITED
BY WAY OF A SCHEME OF ARRANGEMENT
UNDER SECTION 99 OF THE COMPANIES ACT 1981 OF BERMUDA
AND
(2) PROPOSED WITHDRAWAL OF LISTING OF
KIN YAT HOLDINGS LIMITED**

We refer to the document dated 28 June 2024 jointly issued by the Offeror and the Company in relation to the Proposal (the “**Scheme Document**”), of which this letter forms part. Terms defined in the Scheme Document shall have the same meanings in this letter unless the context otherwise requires.

We, being all the independent non-executive Directors, have been appointed by the Board as members of the Independent Board Committee to give a recommendation to the Disinterested Scheme Shareholders and the Option Holders as to whether the Proposal is or is not fair and reasonable, as to voting by the Disinterested Scheme Shareholders at the Court Meeting and the SGM and as to acceptance of the Option Offer.

Lego Corporate Finance Limited (“**Lego**”) has been appointed, with our approval, as the Independent Financial Adviser to advise us in respect of the Proposal. The details of its advice and the principal factors taken into consideration in arriving at its recommendations are set out in the “Letter from Lego” in Part V of the Scheme Document.

Having considered the terms of the Proposal and having taken into account the advice of Lego, and in particular, the factors, reasons and recommendations set out in the letter from Lego, we consider that the Proposal is fair and reasonable so far as the Disinterested Scheme Shareholders and the Option Holders are concerned.

PART IV LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend that:

- (i) the Disinterested Scheme Shareholders to vote **IN FAVOUR OF** the resolution to approve the Scheme at the Court Meeting;
- (ii) the Shareholders to vote **IN FAVOUR OF** the special resolution to approve the implementation of the Proposal at the SGM; and
- (iii) the Option Holders to **ACCEPT** the Option Offer.

We draw the attention of the Disinterested Scheme Shareholders and Option Holders to (1) the letter from the Board as set out in Part III of the Scheme Document; (2) the letter from Lego, which sets out the factors and reasons taken into account by the Independent Financial Adviser in arriving at its advice to the Independent Board Committee as set out in Part V of the Scheme Document; and (3) the Explanatory Statement as set out in Part VI of the Scheme Document.

Yours faithfully,
Independent Board Committee

Mr. Wong Chi Wai
*Independent Non-executive
Director*

Mr. Cheung Wang Ip
*Independent Non-executive
Director*

Mr. Chan Yim Por Bonnie
*Independent Non-executive
Director*

Set out below is the text of a letter received from Lego Corporate Finance Limited setting out its advice to the Independent Board Committee regarding the Proposal for the purpose of incorporation into the Scheme Document.



28 June 2024

To: The Independent Board Committee of Kin Yat Holdings Limited

Dear Sirs,

**(1) PROPOSED PRIVATISATION OF KIN YAT HOLDINGS LIMITED
BY RESPLENDENT GLOBAL LIMITED
BY WAY OF A SCHEME OF ARRANGEMENT
UNDER SECTION 99 OF THE COMPANIES ACT 1981 OF BERMUDA;
AND
(2) PROPOSED WITHDRAWAL OF LISTING OF
KIN YAT HOLDINGS LIMITED**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee on the Proposal, details of which are set out in the Scheme Document of the Company dated 28 June 2024, of which this letter forms part. Unless otherwise specified, terms used in this letter shall have the same meanings as those defined in the Scheme Document.

Reference is made to the Joint Announcement, pursuant to which on 27 March 2024, after trading hours, the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders for the privatisation of the Company by way of a scheme of arrangement under section 99 of the Companies Act. Under the Scheme, if the Proposal is approved and implemented, among others, all Scheme Shares held by the Scheme Shareholders will be cancelled and extinguished by way of the reduction of issued share capital of the Company on the Effective Date, in exchange for the payment of the Cancellation Price of HK\$0.72 in cash for each Scheme Share cancelled. On the other hand, as at the Latest Practicable Date, there were 700,000 outstanding Options granted under the Share Option Scheme with an exercise price of HK\$2.262 or HK\$2.470. The Offeror is making the Option Offer to all the Option Holders for the cancellation of each Option in accordance with Rule 13 of the Takeovers Code. Under the Option Offer, the Offeror is offering the Option Holders the Option Offer Price, which is a nominal amount of HK\$0.01 per outstanding Option, for the cancellation of each outstanding Option they hold, as the exercise price of each Option exceeds the Cancellation Price and the “see-through” price (being the Cancellation Price minus the exercise price of each Option) is negative. The Option Offer is conditional upon the Scheme becoming effective.

THE INDEPENDENT BOARD COMMITTEE

Pursuant to Rule 2.1 of the Takeovers Code, the Board has established the Independent Board Committee comprising all independent non-executive Directors, namely Mr. Wong Chi Wai, Mr. Cheung Wang Ip and Mr. Chan Yim Por Bonnie, to advise the Disinterested Scheme Shareholders and the Option Holders as to whether the Proposal is or is not fair and reasonable and as to the acceptance of the Option Offer, and as to voting by the Disinterested Scheme Shareholders at the Court Meeting and the SGM.

We, Lego Corporate Finance Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee in relation to the Proposal. Our appointment as the Independent Financial Adviser has been approved by the Independent Board Committee.

Apart from the normal professional fees for our services to the Company in connection with the Proposal, no other arrangement exists whereby we will receive any fees and/or benefits from the Group or the Offeror. We have not acted, within the past two years, as an independent financial adviser or a financial adviser to the Company or the Offeror. As at the Latest Practicable Date, we were not aware of any relationships or interests between us and the Group and the Offeror and their respective controlling shareholders, controlled companies and/or any party acting in concert with any of them that could reasonably be regarded as relevant to our independence. We are independent under the Takeovers Code to act as the independent financial adviser to the Independent Board Committee in connection with the Proposal.

BASIS OF OUR ADVICE

In arriving at our recommendation, we have reviewed, inter alia, the Joint Announcement, the annual report of the Group for the year ended 31 March 2022 (the “**2022 Annual Report**”), the 2023 Annual Report, the 2024 Results Announcement, and the independent valuation reports (the “**Valuation Reports**”) of properties interests of the Group (the “**Properties**”) located in the PRC and Hong Kong as conducted by Valplus Consulting Limited (the “**Principal Valuer**”), as well as those located in Malaysia as jointly conducted by the Principal Valuer and VPC Alliance (KL) Sdn. Bhd. (the “**Malaysian Valuer**”, or collectively with the Principal Valuer, the “**Valuers**”), as at 31 March 2024 (the “**Valuation Date**”). We have relied on the statements, information and representations contained or referred to the Joint Announcement, the Scheme Document and the information provided and representations made to us by the Directors and the management of the Company (the “**Management**”). We have assumed that all the statements, information and representations contained or referred to in the Joint Announcement, the Scheme Document and all information provided and representations made by the Directors and the Management for which they are solely responsible, are true and accurate at the time they were provided and made as at the Latest Practicable Date. Disinterested Scheme Shareholders and Option Holders will be notified of material changes as soon as possible, if any, to the information and representations provided and made to us as well as to the content of this letter after the Latest Practicable Date according to Rule 9.1 of the Takeovers Code. We have no reason to doubt the truth, accuracy and completeness of the information provided and representations made to us by the Directors and the Management. We consider that the information provided and representations made to us are sufficient for us to form a reasonable basis for our opinion. We are not aware of any reason to suspect any relevant information has been withheld; nor are we aware of any fact or circumstance which would render the information provided and representations made to us untrue, inaccurate or misleading. The Directors have

confirmed that, having made all reasonable enquiries and to the best of their knowledge, they believe that there are no other facts or representations the omission of which would make any statement in the Scheme Document, including this letter, incorrect or misleading. We have not carried out any independent verification of the information provided and representations made to us by the Directors and the Management; nor have we conducted any independent investigation into the business and affairs of the Group and the Offeror.

This letter is issued for the purpose of advising the Independent Board Committee regarding the Proposal, and except for its inclusion in the Scheme 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 giving our recommendations on the Proposal to the Independent Board Committee, we have taken into account the following principal factors and reasons:

1 Information of the Group

The Group is principally engaged in the development and production of electrical and electronic products as well as the provision of electric motor drives and related products under its own house brand. It is also engaged in the real estate development in the PRC.

1.1. Financial information of the Group

Set out in Table 1 below is certain financial information of the Group for each of the three years ended 31 March 2022, 31 March 2023 and 31 March 2024 as extracted from the 2023 Annual Report and the 2024 Results Announcement.

Table 1: Financial information of the Group

	For the year ended 31 March		
	2024 (audited) HK\$'000	2023 (audited) HK\$'000	2022 (audited) HK\$'000
Revenue	1,103,944	1,209,602	2,316,315
(Loss)/profit for the year attributable to owners of the Company	(212,132)	(294,169)	56,858

	As at 31 March		
	2024	2023	2022
	(audited) <i>HK\$'000</i>	(audited) <i>HK\$'000</i>	(audited) <i>HK\$'000</i>
Non-current assets	721,398	1,001,611	1,240,517
Current assets	1,102,940	1,094,602	1,677,566
Current liabilities	(921,948)	(836,697)	(1,151,842)
Net current assets	180,992	257,905	525,724
Non-current liabilities	(46,801)	(154,831)	(176,331)
Net assets	855,589	1,104,685	1,589,910

For the year ended 31 March 2022

For the year ended 31 March 2022, the Group recorded revenue of approximately HK\$2,316.3 million, representing a moderate decrease of approximately 14.0% as compared to that of approximately HK\$2,693.9 million recorded for the previous year. According to the 2022 Annual Report, such decrease in revenue was primarily attributable to the combination client mix optimisation and the adverse impacts of the COVID-19 pandemic such as the reduced consumer sentiment, significant increase in raw material and production costs as well as the supply chain disruptions during the year ended 31 March 2022.

For the year ended 31 March 2022, the Group recorded profit attributable to owners of the Company of approximately HK\$56.9 million, representing a substantial decrease of approximately 45.1% as compared to that of approximately HK\$103.6 million for the preceding year. With reference to the 2022 Annual Report, such decrease in profit attributable to owners of the Company was mainly due to the decrease in turnover, along with the impairment loss from changes in fair value of the Group's real estate development projects in Dushan County, PRC, as well as the absence of certain COVID-19-related grants and subsidies during the year ended 31 March 2022.

As at 31 March 2022, the Group recorded net current assets and net assets of approximately HK\$525.7 million and approximately HK\$1,589.9 million, respectively.

For the year ended 31 March 2023

For the year ended 31 March 2023, the Group recorded revenue of approximately HK\$1,209.6 million, representing a substantial decrease of approximately 47.8% as compared to that of approximately HK\$2,316.3 million recorded for the previous year. According to the 2023 Annual Report, such decrease in revenue was primarily attributable to the reduced global consumer sentiment caused by the uncertainties of supply chain brought by COVID-19 and the Russia-Ukraine conflict, a surge in commodity prices, rising interest rates and inflation, leading to a decrease in sales volume, especially for the E&E Segment.

For the year ended 31 March 2023, the Group recorded loss attributable to owners of the Company of approximately HK\$294.2 million, against the profit attributable to owners of the Company of approximately HK\$56.9 million recorded for the preceding year. With reference to the 2023 Annual Report, such decrease in the Group's earnings was mainly due to, among others, the significant decrease in revenue, as well as the non-recurring and non-cash impairment losses incurred by the Real Estate Development Business Segment and the manufacturing business segments (including the E&E Segment and the Motors Segment) of the Group due to the long-suffering China's property market and the tough manufacturing market landscape during the year ended 31 March 2023.

As at 31 March 2023, the Group recorded net current assets and net assets of approximately HK\$257.9 million and approximately HK\$1,104.7 million, respectively.

For the year ended 31 March 2024

For the year ended 31 March 2024, the Group recorded revenue of approximately HK\$1,103.9 million, representing a decrease of approximately 8.7% as compared to that of approximately HK\$1,209.6 million recorded for the previous year. According to the 2024 Results Announcement, such decrease in revenue was primarily attributable to slow order replenishment and delaying orders due to the prevailing consumer conservatism and sluggish demand for consumer products.

For the year ended 31 March 2024, the loss attributable to owners of the Company reduced to approximately HK\$212.1 million as compared to that of approximately HK\$294.2 million for the preceding year. With reference to the 2024 Results Announcement, such decrease in the Group's loss was mainly due to net effect of (i) the recognition of the impairment losses amounting to approximately HK\$152.6 million mainly incurred by the Motors segment; and (ii) the reduction in impairment loss incurred by the Real Estate Development Business Segment to approximately HK\$26.5 million for the year ended 31 March 2024 from approximately HK\$240.1 million in the previous year due to the absence of non-recurring loss arising from the write-off of the development and construction costs of the Shelved Phase of The Jardin Montsouris in the previous year.

As at 31 March 2024, the Group recorded net current assets and net assets of approximately HK\$181.0 million and approximately HK\$855.6 million, respectively.

1.2 *Prospect of the Group*

The Group focuses on, among others, the development and production of electrical and electronic products for orders from clients based primarily in the United States of America and other regions including Europe and Asia, as well as electric motor drives and related products for orders from clients primarily based in Asia. With the relevant production facilities located in the PRC and Malaysia, the E&E Segment and the Motors Segment represent the principal business segments of the Group that have collectively accounted for more than 99% of its respective corresponding total annual revenues for the year ended 31 March 2024. In assessing the future prospect of the Group, we have primarily taken into account the future prospects of the E&E Segment and the Motors Segment with reference to (i) the recent performances of such segments; and (ii) the recent trends as well as the future outlooks of the global economy and consumer sentiment, which have been closely associated with the demand for the electrical and electronic products as well as electric motors drives, and accordingly the sales performance of the E&E Segment and the Motors Segment.

(i) Recent performance of the E&E Segment and the Motors Segment

According to the 2023 Annual Report, since its first break-out in 2020, COVID-19 has continued to bring lingering impacts to both the demand and supply sides, and the then sustained lockdowns have created notable pressure on the Group's operation, affecting labour availability, raw material supply, production efficiency and export logistics. According to the 2024 Results Announcement, the global business landscape did not stabilise despite the world transitioning to the post-COVID era. Meanwhile, the Russia-Ukraine conflict has triggered a reshuffle in the global supply chain and a surge in commodity price, which, compounded by the then rising interest rates and inflation, have collectively made the global consumer to be more conservative and price sensitive over purchasing, adversely affecting the performances of both the E&E Segment and the Motors Segment. Besides, based on the updates on consumer confidence issued monthly in 2022 by Ipsos (<https://www.ipsos.com/>), a multinational market research and consulting firm with an establishment of over 45 years, the global consumer sentiment had been relatively low and generally on a downward path for most of the months in 2022 with a monthly average of approximately 47.0 throughout the year. From 2023 onwards, despite the global consumer sentiment had been generally improving amid the recovery of the COVID-19 pandemic, it is noted that the global consumer sentiment, which recorded at approximately 47.4 per month on average in 2023 and reached approximately 48.8 in May 2024, had not yet fully recovered back to the pre-pandemic levels of approximately 49.4 in 2019 and approximately 50.3 in 2018. For further details on the analysis of consumer sentiment with respect to specific relevant countries/region, please refer to the sub-section below headed "(ii) Recent trends and future outlooks of the global economy and consumer sentiment" of this letter.

Specifically, the E&E Segment exhibited a significant year-on-year decrease of approximately 63.7% in external revenue and recorded a loss of approximately HK\$15.2 million for the year ended 31 March 2023, against the segmental profits of approximately HK\$37.6 million recorded for the preceding year. With reference to the 2023 Annual Report, the deteriorated performance of the E&E Segment during the year ended 31 March 2023 was mainly contributed by the absence of a previous significant client whose service contract with the Group was completed by the year ended 31 December 2022, as well as the aforesaid decline in the global consumer sentiment. While the Group's client mix was transiting towards a set of diversified clients with margins at relatively normal market norms, and that the termination of the business cooperation with the previous significant client with lower margins would potentially free up the necessary production capacity and resources for new applications and new clients, it appears that the E&E Segment has thus far failed to fully pick up the performance. With reference to the 2024 Results Announcement, the E&E Segment exhibited a year-on-year decrease of approximately 4.6% in external revenue. The deteriorated performance of the E&E Segment during the year ended 31 March 2024 was mainly contributed by the conservative orders from existing clients and slow product development across sectors, due to the weaker consumer appetite and challenging macroeconomic environment. Although there were signs of recovery in the latest quarter of the financial year, the order levels led to a relatively low-capacity utilisation rate. Despite stringent cost control and streamlining measures, the drop in business scale was larger than expected, resulting in an operating loss. However, after the one-off disposal gain of assets in Shaoguan, the PRC under the Three Old Renovation amounting to HK\$61.8 million and specific impairment provisions of property, plant and equipment of approximately HK\$11.1 million, the E&E segment recorded a profit of approximately HK\$51.5 million for the year ended 31 March 2024 against a loss of approximately HK\$15.2 million in the previous year.

In respect of the Motors Segment, for the year ended 31 March 2023, the segment generated external revenue and profits of approximately HK\$745.5 million and approximately HK\$0.3 million, respectively, representing respective significant year-on-year decreases of approximately 28.6% and approximately 99.5% as compared to those generated for the preceding year. According to the 2023 Annual Report, the aforesaid notably affected global consumer sentiment and the resulted contraction in downstream demand for motors have caused the customers of the Group, who are mostly brand owners, to become more prudent in placing orders and new product development, leading to a decrease in sales volume and revenue of the Motors Segment during the year ended 31 March 2023. For the year ended 31 March 2024, the segment generated external revenue of approximately HK\$660.2 million, representing a year-on-year decrease of approximately 11.5% as compared to those generated for the preceding year. Furthermore, the segment recorded a loss of approximately HK\$163.1 million for the year ended 31 March 2024, representing a deteriorating performance against the profit recorded for the preceding year. According to the 2024 Results Announcement, the Motors Segment faced challenges such as geopolitical incidents, high interest and inflation rates, weaker-than-expected household consumer sentiment, and overconsumption during the pandemic. Product throughput has been slow and branded partners generally reduced or delayed new orders and new product development due to the global economic slowdown during the year ended 31 March 2024. The decline in segmental results was mainly attributable to the decrease in segmental revenue, rising raw material costs and the appreciation of major operating expenses, partially offset by benefits of the RMB depreciation.

(ii) *Recent trends and future outlooks of the global economy and consumer sentiment*

According to the report named “Global economics intelligence executive summary, January 2024” issued on 21 February 2024 by McKinsey & Company (<https://www.mckinsey.com/>), an American multinational strategy and management consulting firm founded in 1926 that offers professional services to customers including corporations and governments, the mixed economic indicators have pointed to an uncertain global economic outlook for 2024. It is suggested in the report that with positives such as, among others, growth in services and stability across multiple indicators including unemployment, the global economy is juxtaposed with a subdued manufacturing environment, a decline in global trade flows, renewed uncertainties about supply chains and lingering inflation.

In fact, it is noted that similar viewpoints have been set out in the report named “World economic outlook” issued on 16 April 2024 by International Monetary Fund (<https://www.imf.org/>), a global organisation founded by 44 member countries and established in 1944 that sought to build a framework for economic cooperations. According to the report, global economic growth, estimated at 3.2% in 2023, is projected to remain the same for 2024 and 2025, and such pace of expansion is relatively low as compared to the recorded historical annual average of 3.8%, owing to both near-term factors such as still-high borrowing costs and withdrawal of fiscal support, as well as longer-term effects from the COVID-19 pandemic and Russia’s invasion of Ukraine, weak growth in productivity and increasing geoeconomic fragmentation. The medium-term projection for the global economic growth, on the other hand, has been consistently revised downward, and is anticipated to reach its lowest of 3.1% in 2029, primarily attributable to a significant decrease in total factor productivity, slower capital formation and the consistent decline in labour contribution. It is suggested in the report that despite the generally resilient global economy recently, there remain prominent risks and uncertainties to the global growth such as the slower-than-expected decline in core inflation in major economies as a result of the renewed tensions in supply chains, and the intensifying geoeconomic fragmentation which could reduce foreign direct investment flows, slow the pace of innovation and technology adoption and constrain the flow of commodities, resulting in large output loss and commodity price volatility.

On the other hand, for the purpose of our assessment, we have specifically made reference to the recent patterns of the consumer sentiment and business sentiment of the PRC, the United States of America and Europe according to the statistics released by the Organisation for Economic Co-operation and Development (“OECD”) (<http://www.oecd.org/>), an intergovernmental organisation with 38 member countries founded in 1961 with an aim to stimulate economic progress, on the basis that such countries/region represent the most significant geographical locations of revenue in respect of the E&E Segment and/or the Motors Segment. With reference to the website of OECD, consumer confidence index provides an indication of future developments of households’ consumption and saving based upon the expectations over the financial situations, general economic situation and major purchases for the next 12 months, whereby an indicator above 100 indicates a boost in the consumer’s confidence towards the future economic situation, as a consequence of which consumers are less prone to save and more inclined to spend money in the next 12 months, and an indicator below 100 indicates a pessimistic attitude towards the future economic developments, possibly resulting in a tendency to save more and consume less. Based on the statistics released by OECD, the consumer confidence indices of the United States of America and Europe had remained at levels below 100 since April 2020 and December 2021, respectively, towards May 2024, whereas that of the PRC had remained at a level below 100 since March 2022 towards April 2024 (being the latest month of which the index level in respect of the PRC was released by OECD as at the Latest Practicable Date), demonstrating a generally negative consumer confidence towards the economic developments of such countries/region in the near future. On the other hand, according to OECD, business confidence index provides indication on future developments based upon developments in production, orders and stock of finished goods in the industry sector and can be used to monitor output growth and to anticipate turning points in economic activities, whereby an indicator above 100 suggests an increased confidence in the near future business performance and an indicator below 100 indicates pessimism towards the near future business performance. It is noted that the business confidence indices of the United States of America and Europe had been generally decreasing since around December 2021 and remained at levels below 100 since July 2022 and May 2023, respectively. In respect of the PRC, the business confidence index had been generally oscillating downwards and remained at a level below 100 since December 2020 towards May 2024. The above patterns accordingly demonstrate the general pessimism towards the business performances of each of the PRC, the United States of America and Europe in the near future.

Accordingly, taking into account (i) the recent performance of the Group's principal businesses, in particular the deteriorating revenue of both the E&E Segment and the Motors Segment; and (ii) the uncertain global economic outlook featured with, among others, the relatively flat projected trend of the global economic growth in the next two years and the even weakened projection in the medium term, the generally negative recent consumer sentiment and business confidence of the PRC, the United States of America and Europe, as well as the supply chain disruptions, we are of the view that the prospects of the E&E Segment and the Motors Segment, and accordingly that of the Group, would be generally uncertain in the future.

1.3 Assessment of the Valuation Reports

In formulating our recommendations on the Proposal, we have reviewed the Valuation Reports, further details of which are set out in Appendix II to the Scheme Document, and conducted interviews with the Valuers regarding, among others, their relevant qualifications and experiences, independence and principal bases and assumptions adopted therein. According to the relevant information provided by the Valuers and our independent research conducted from the public domain, the Principal Valuer is a comprehensive corporate consultancy and financial services provider offering a wide range of services including but not limited to valuation, mergers and acquisitions advisory, digital asset consultation and industry researches to customers in Hong Kong, Southeast Asia and around the world. On the other hand, as a subsidiary of VPC Asia Pacific Ltd. (collectively with subsidiaries, the “**VPC Group**”) (<https://www.vpcasiapacific.com/>) being an established firm of international property consultants and advisers with more than 35 offices and staff of over 450 peoples spread in seven countries in Asia Pacific including but not limited to Malaysia, Singapore and Japan, the Malaysian Valuer, which is based in Kuala Lumpur, represents one of the 10 offices of the VPC Group throughout Malaysia and offers different services including but not limited to valuation, property management, market survey and feasibility studies, as well as estate agency and investment. In particular, we noted that Mr. Damon S.T. Wan, being the responsible person in charge of the Valuation Reports, is a charter holder of Chartered Financial Analyst, a certified Financial Risk Manager and a member of Royal Institution of Chartered Surveyors (“**RICS**”), who has been working in the professional valuation field for over 15 years and possesses experience in performing properties, financial instruments, intangible assets and business valuations for the purposes of corporate advisory, merger and acquisition and public listing. It is further noted that the Principal Valuer and members of the VPC Group including the Malaysian Valuer have previous experience in performing valuations of property interests of listed companies in Hong Kong. Based on the above, as well as during the course of our review of the Valuation Reports and discussions with the Valuers, we were not aware of any material facts that would cause us to cast doubts on the qualifications of the Valuers for conducting the Valuation Reports. We have also reviewed the relevant engagement letter between the Company and the Principal Valuer and between the Principal Valuer and the Malaysian Valuer and noted that the scope of work is appropriate to the opinion required to be given, and there are no limitations on the scope of work which might adversely affect the degree of assurance given by the Principal Valuer in the Valuation Reports. In addition, each of the Principal Valuer and the Malaysian Valuer confirmed that it was an independent third party to the Group, the Offeror and their respective connected persons and any parties acting in concert with any of them as at the Latest Practicable Date.

In addition, we have reviewed the Valuation Reports and discussed with the Valuers the methodologies, bases and assumptions adopted in arriving at the appraised value of the Properties as at the Valuation Date. With reference to the Valuation Report, the Properties consists of 13 properties located in Hong Kong, the PRC and Malaysia, each of which either comprises property unit(s) and/or car parking spaces or land parcel(s), or is a combination of land parcel(s) with building(s) and structure(s) erected thereon. In appraising the Properties, the Valuers have adopted (i) direct comparison method by making reference to comparable market evidence; or (ii) a combination of direct comparison method and cost method; or (iii) investment method, where appropriate, subject to factors such as the nature of the underlying Properties and the availability of the relevant market evidence. The cost method considers the cost to reproduce or replace in new conditions the Properties in accordance with the current market prices for similar assets, as evidenced by observed condition or obsolescence present arising from physical, functional or economic causes, as well as the actual costs incurred for upgrading the Properties. Investment method, on the other hand, has considered the capitalisation of rental income potential of the Properties. As advised by the Valuers, each of the direct comparison method, cost method and investment method is commonly adopted valuation approaches for valuing properties of similar nature as the Properties.

As stated in the Valuation Reports, the valuations of the Properties were prepared in accordance with the requirements set out in Rule 11 of the Takeovers Code, Chapter 5 and Practice Note 12 of the Listing Rules, the International Valuation Standards published by the International Valuation Standards Council and the RICS Valuation – Global Standards published by the RICS and where applicable, the Malaysian Valuation Standards 6th Edition issued by the Board of Valuers, Appraisers, Estate Agents and Property Managers, Malaysia.

Based on the above, we consider that the principal bases and assumptions adopted by the Valuers in respect of the valuation of the Properties are appropriate. According to the Valuation Reports, the appraised values of the Properties located in Hong Kong, the PRC and Malaysia amounted to approximately HK\$18.2 million, approximately RMB696.1 million (equivalent to approximately HK\$767.1 million) and approximately 12.8 million Ringgit (equivalent to approximately HK\$21.0 million), respectively, as at the Valuation Date, which collectively led to an aggregated appraised value of the Properties as at the Valuation Date in the amount of approximately HK\$806.3 million. With reference to the Scheme Document, taking into account of (i) the consolidated net asset value of the Group attributable to Shareholders of approximately HK\$855.6 million as at 31 March 2024; and (ii) adjustments made for revaluation deficit of the Group, the reassessed net asset value of the Group attributable to the Shareholders as at 31 March 2024 (the “**Reassessed NAV**”) amounted to approximately HK\$743.6 million.

2. Analysis of the Cancellation Price

The Cancellation Price of HK\$0.72 per Scheme Share represents:

- (a) a premium of approximately 33.3% over the closing price of HK\$0.54 per Share as quoted on the Stock Exchange on the Last Trading Date (the “**Last Trading Price**”);
- (b) a premium of approximately 43.4% over the average closing price of approximately HK\$0.50 per Share, based on the daily closing prices as quoted on the Stock Exchange over the 5 trading days up to and including the Last Trading Date (the “**5-Day Average Price**”);
- (c) a premium of approximately 51.5% over the average closing price of approximately HK\$0.48 per Share, based on the daily closing prices as quoted on the Stock Exchange over the 30 trading days up to and including the Last Trading Date (the “**30-Day Average Price**”);
- (d) a premium of approximately 53.6% over the average closing price of approximately HK\$0.47 per Share, based on the daily closing prices as quoted on the Stock Exchange over the 60 trading days up to and including the Last Trading Date (the “**60-Day Average Price**”);
- (e) a premium of approximately 72.1% over the average closing price of approximately HK\$0.42 per Share, based on the daily closing prices as quoted on the Stock Exchange over the 180 trading days up to and including the Last Trading Date (the “**180-Day Average Price**”);
- (f) a premium of approximately 7.5% over the closing price of HK\$0.67 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (g) a discount of approximately 63.1% to the audited consolidated net asset value attributable to Shareholders per Share of approximately HK\$1.95 as at 31 March 2024; and
- (h) a discount of approximately 57.4% to the Reassessed NAV per Share of approximately HK\$1.69.

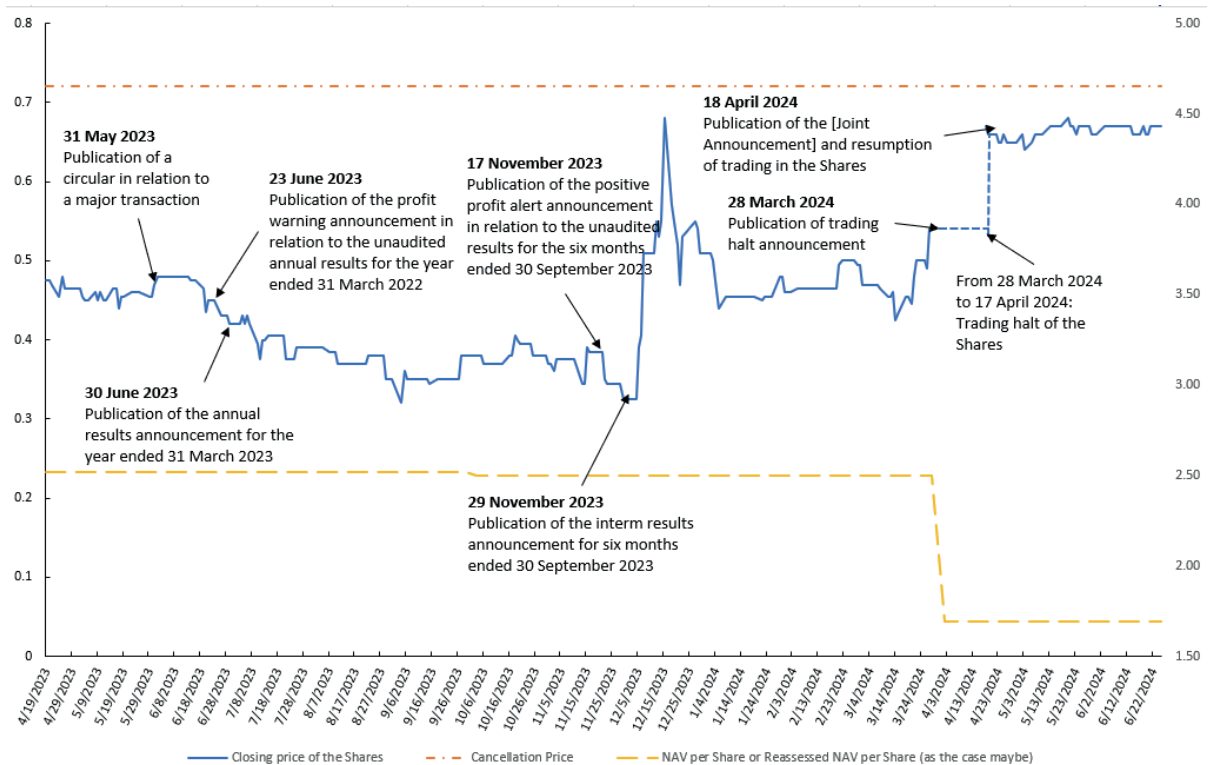
For other terms and conditions of the Proposal, please refer to the Letter from the Board contained in the Scheme Document.

In assessing the fairness and reasonableness of the Cancellation Price, we have primarily taken into account (i) the historical price performance of the Shares; (ii) the historical trading liquidity of the Shares; and (iii) comparison with other comparable privatisation exercises, with an attempt to make reference with the comparison with other comparable companies, details of the analyses of which are respectively set out below.

2.1. Historical price performance of the Shares

Set out in the Chart 1 below shows the historical movements of daily closing price of the Shares during the period from 19 April 2023, being the date falling one year prior to the Announcement Date, up to and including the Latest Practicable Date (the “Review Period”), as well as the NAV per Share as at 31 March 2023, 30 September 2023 and 31 March 2024, respectively, being all year/interim period end dates during the Review Period. We consider the Review Period, which is of approximately 14 months covering the year prior to the Announcement Date and the period thereafter up to and including the Latest Practicable Date, reasonable and representative for the purpose of our analysis as it covers a sufficiently long period reflecting the performance of the Share price surrounding the announcements of financial results of the Company from time to time as well as smoothing out the distortions which may have been caused by short-term volatility in the overall stock market.

Chart 1: Daily closing price of the Shares during the Review Period



Source: the website of the Stock Exchange (<http://www.hkex.com.hk>)

During the Review Period, closing price of the Shares ranged from the lowest of HK\$0.32 per Share on 4 September 2023 to the highest of HK\$0.68 per Share on 15 December 2023 and 20 May 2024, with an average closing price of approximately HK\$0.47 per Share during the Review Period. Accordingly, the Cancellation Price of HK\$0.72 per Scheme Share represents a premium over the closing price of the Shares throughout the entire Review Period, whereby it represents a premium of 125.0% over the lowest closing share price of HK\$0.32 per Share, a premium of approximately 5.9% to the highest closing share price of HK\$0.68 per Share and a premium of approximately 53.2% to the average closing share price of HK\$0.47 per Share during the Review Period.

Since the beginning of the Review Period, closing price of the Shares had been fluctuating downward until around the end of November 2023. Following the publication of the interim results announcement by the Company for the six months ended 30 September 2023 on 29 November 2023, closing price of the Shares had been trending upward and reached its peak of HK\$0.68 per Share on 15 December 2023, upon which it had been decreasing and reached HK\$0.47 per Share on 21 December 2023. Thereafter, closing price of the Shares had been generally oscillating between HK\$0.425 per Share and HK\$0.55 per Share towards 27 March 2024, being the Last Trading Date before commencement of the trading halt of the Shares on 28 March 2024. Immediately following the publication of the Joint Announcement and resumption of trading in the Shares on 18 April 2024, closing price of the Shares surged to HK\$0.67 per Share on the same date, and had then been maintained at a similar level ranging from HK\$0.64 per Share to HK\$0.68 per Share thereafter towards the end of the Review Period. Save for the publication of announcements of the Company as described above, the Directors were not aware of any specific reasons which may have led to the abovementioned fluctuations of the closing price of the Shares during the Review Period.

Accordingly, notwithstanding that the Cancellation Price of HK\$0.72 per Scheme Share represents a discount of approximately 57.4% to the Reassessed NAV per Share, it is worth noting that the Cancellation Price represents a premium over the closing price of the Shares throughout the entire Review Period, and the surge in the closing price of the Shares immediately after publication of the Joint Announcement was potentially contributed by the market reactions towards the Proposal. Considering the continuous loss-making performance of the Group for the two years ended 31 March 2024, as well as the uncertain prospect of the Group as analysed in the sub-section headed “1.2 Prospect of the Group” above of this letter, we are of the view that it remains uncertain as to whether the recent level of closing price of the Shares will remain sustainable or even rise to a level over the Cancellation Price in the future.

2.2. Historical trading liquidity of the Shares

Table 2 below sets out the average daily trading statistics of the Shares during the Review Period.

Table 2: Average daily trading statistics of the Shares during the Review Period

Month/period	Average trading volume (Approximate number of Shares) (Note 1)	Percentage of average daily trading volume of the Shares over the total number of issued Shares (Approximate %) (Note 2)	Percentage of average daily trading volume of the Shares over total number of issued Shares held by the Disinterested Shareholders as at the Latest Practicable Date (Approximate %) (Note 3)
2023			
April (from 19 April 2023)	486,750	0.111	0.330
May	342,476	0.078	0.232
June	83,619	0.019	0.057
July	52,200	0.012	0.035
August	22,609	0.005	0.015
September	49,895	0.011	0.034
October	64,100	0.015	0.043
November	28,636	0.007	0.019
December	398,316	0.091	0.270
2024			
January	48,545	0.011	0.033
February	67,895	0.015	0.046
March	134,200	0.031	0.091
April	2,686,667	0.612	1.819
May	823,524	0.188	0.558
June (Up to and including the Latest Practicable Date)	114,750	0.026	0.078

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

Notes:

1. Calculated by dividing the total trading volume of the Shares for the respective corresponding months/periods by the total numbers of trading days of the Shares in the respective corresponding months/periods.
2. Based on total number of Shares in issue at the end of each of the respective corresponding months/periods.
3. Based on the total number of Shares in issue of 147,706,000 Shares held by the Disinterested Scheme Shareholders as at the Latest Practicable Date.

As illustrated in the above table, the trading liquidity of the Shares was generally thin during the Review Period, with the average daily trading volumes of the Shares having accounted for a range from approximately 0.005% to 0.612% over the total number of Shares in issue as at the end of the relevant month/period and a range from approximately 0.015% to approximately 1.819% of the total number of Shares in issue held by the Disinterested Scheme Shareholders as at the Latest Practicable Date.

Given the thin historical average daily trading volume of the Shares, it is uncertain as to whether there would be sufficient liquidity in the Shares for the Disinterested Scheme Shareholders to dispose of a significant number of Shares in the open market without exerting a downward pressure on the Share price. Considering the above and that the Cancellation Price represents a premium over the closing price of the Shares throughout the entire Review Period, we are of the view that the Proposal provides the Disinterested Scheme Shareholders with an assured exit if they wish to realise their investments in the Shares without exerting downward pressure on the trading price of the Shares.

2.3. Comparable analysis

In assessing the fairness and reasonableness of the Cancellation Price, in light of the loss-making performance of the Group for the year ended 31 March 2024, we have initially attempted to carry out a comparable analysis with reference to the valuation of other comparable companies by using commonly adopted valuation methods including price-to-book ratio and price-to-sale ratio.

For the purpose of our assessment, we have initially attempted to identify companies which were, as at the Latest Practicable Date, (i) listed on the Stock Exchange; and (ii) principally engaged in the same principal businesses as the Group, namely development and production of electrical and electronic products with the principal geographical location of revenue being the United States of America as well as motor drives and related products business with the principal geographical location of revenue being Asia, whereby the total annual revenue for these business segments having accounted for more than 50% of the total consolidated revenue during the respective latest financial years. However, according to our search conducted from the website of the Stock Exchange (<https://www.hkex.com.hk/>) and the LSEG Workspace, a financial data platform operated by the London Stock Exchange Group (“LSEG”) (<https://www.lseg.com/>), based on the aforesaid selection criteria, we have failed to identify any comparables having met all of the aforesaid selection criteria.

Accordingly, we have subsequently relaxed the selection criteria to identify companies which were, as at the Latest Practicable Date, (i) listed on the Stock Exchange; and (ii) principally engaged in the development and production of electrical and electronic products as well as the motor drives and related products business, with such segments having collectively accounted for more than 50% of the total consolidated revenue during the respective latest financial years, regardless of the relevant principal geographical locations of revenue. Yet, based on our search conducted from the website of the Stock Exchange and the LSEG Workspace, we have failed to identify any comparables having met all of the aforesaid extended selection criteria.

In assessing the fairness and reasonableness of the Cancellation Price, we have further identified comparable privatisation exercises which, as at the date of the Joint Announcement, (i) were initially announced by companies listed on the Stock Exchange at the relevant time during the Relevant Period; (ii) involved cash considerations only; and (iii) had been completed or approved by the relevant disinterested scheme shareholders or the required acceptance level had been achieved, as the case may be. It is worth noting that the underlying listed issuers may or may not be identical to the Company in terms of principal business, operations and financial positions. Nevertheless, we consider that the comparable analysis could provide us with a general reference for the common market practice for determining the cancellation price under the recent successful privatisation exercises.

According to our research conducted from the website of the Stock Exchange based on the aforesaid selection criteria, an exhaustive list of 12 comparable privatisation exercises (the “**Comparable Transactions**”) has been identified to have met the aforesaid selection criteria. Details of the Comparable Transactions are summarised in Table 3 below.

Table 3: A summary of the Comparable Transactions

Date of the first announcement issued pursuant to Rule 3.5 of the Takeovers Code	Company (Stock code)	Premium/ (discount) of the cancellation price/offer price over/(to) the closing price/average closing price					Premium/ (discount) of the cancellation price/offer price over/(to) the latest net asset value ("NAV")/ reassessed NAV per share (Note 1)
		for the 5 trading days prior to and including the last trading day	for the 30 trading days prior to and including the last trading day	for the 60 trading days prior to and including the last trading day	for the 180 trading days prior to and including the last trading day	for the latest net asset value ("NAV")/ reassessed NAV per share (Note 1)	
		(Approximate %)	(Approximate %)	(Approximate %)	(Approximate %)	(Approximate %)	(Approximate %)
08/05/2023	Hailan Holdings Limited (2278.HK)	5.0	5.0	5.0	5.1	3.8	(60.2)
28/05/2023	Golden Eagle Retail Group Limited (3308.HK)	63.4	66.6	55.3	49.9	45.2	(47.4)
11/06/2023	Mason Group Holdings Limited (273.HK)	20.7	20.7	19.0	16.2	19.0	(60.1)
23/06/2023	Yongsheng Advanced Materials Company Limited (3608.HK)	58.7	55.8	52.9	38.5	28.7	(46.5)
27/06/2023	Poly Culture Group Corporation Limited (3636.HK)	77.6	112.5	133.1	129.8	138.4	(30.9)
27/06/2023	Dali Foods Group Company Limited (3799.HK)	37.9	36.4	30.2	21.8	14.7	151.7
01/09/2023	CST Group Limited (985.HK)	61.3	24.4	36.6	(1.4)	(33.8)	(60.7)
15/09/2023	Lansen Pharmaceutical Holdings Limited (503.HK)	26.8	24.1	20.0	15.4	23.3	(22.1)
06/10/2023	Pine Care Group Limited (1989.HK)	(1.1)	0.7	1.5	8.94	43.8	(7.9)
06/10/2023	Haitong International Securities Group Limited (665.HK)	114.1	111.1	126.5	122.2	110.5	(39.3)
04/12/2023	Weiqiao Textile Company Limited (2698.HK)	104.7	104.9	111.1	142.9	144.9	(78.3)
14/12/2023	Sinosoft Technology Group Limited (1297.HK)	29.4	30.4	31.1	22.5	14.2	(78.9)
	Minimum	(1.1)	0.7	1.5	(1.4)	(33.8)	(78.9)
	Maximum	114.1	112.5	133.1	142.9	144.9	151.7
	Median	48.3	33.4	33.9	22.2	26.0	(47.0)
	Average	49.9	49.4	51.9	47.6	46.1	(31.7)
18/04/2024	The Company	33.3	43.4	51.5	53.6	72.1	(57.4) (Note 2)

Sources: The website of the Stock Exchange (<https://www.hkex.com.hk/>) and the LSEG Workspace

Notes:

- Based on the latest NAV per share or reassessed NAV per share (where applicable) extracted from the relevant scheme documents of the Comparable Transactions.
- The Reassessed NAV per Share was used.
- The premiums/discounts over/to the respective last closing share prices/average closing share prices on/up to and including the respective last trading days were extracted from the respective relevant initial announcements/privatisation documents published on the website of the Stock Exchange; and in the event that such information were not disclosed therein, the aforesaid premiums/discounts were then computed based on the respective underlying cancellation prices or offer prices as extracted from the respective relevant initial announcement/privatisation documents published on the website of the Stock Exchange, as well as the respective relevant closing share prices as extracted from the LSEG Workspace due to the unavailability of historical closing share prices of delisted companies from the website of the Stock Exchange.

As shown in the table above, the premiums of the Cancellation Price over the Last Trading Price, the 5-Day Average Price, the 30-Day Average Price, the 60-Day Average Price and the 180-Day Average Price, respectively, are all within the respective corresponding ranges of the Comparable Transactions. In particular, the respective premiums represented by the Cancellation Price over the 5-Day Average Price, the 30-Day Average Price, the 60-Day Average Price and the 180-Day Average Price of approximately 43.4%, approximately 51.5%, approximately 53.6% and approximately 72.1% are above the respective corresponding medians of the premiums represented by the Comparable Transactions, and the respective premiums represented by the Cancellation Price over the 60-Day Average Price and the 180-Day Average Price are above the corresponding averages of the premiums represented by the Comparable Transactions.

On the other hand, we have assessed the historical NAV per Share against the closing price of the Shares during the Review Period. As observed in Chart 1 set out in section “2.1 Historical price performance of the Shares” above, the closing price of the Shares had been fluctuating downward until November 2023 and had been generally oscillating in an upward trend thereafter. On the other hand, the NAV per Share were approximately HK\$2.52 per Share, HK\$2.50 per Share as at 31 March 2023 and 30 September 2023, respectively, which were consistently stable, but then dropped to HK\$1.95 per Share or approximately HK\$1.69 per Share based on the Reassessed NAV as at 31 March 2024, opposing to the trend of the closing price of the Shares. Accordingly, it is considered that the Reassessed NAV per Share might not accurately reflect the intrinsic value of the Shares, and that the comparison with the closing price of the Shares during the Review Period, which in fact has incorporated the public sentiment towards the Group and represents the price at which the Shares were actually trading in the market, would be more relevant to the assessment of the fairness and reasonableness of the Cancellation Price. Nevertheless, for general reference purpose, we have conducted a comparison of the Cancellation Price with the Reassessed NAV per Share. As shown in Table 3 above, the Cancellation Price represents a discount of approximately 57.4% to the Reassessed NAV per Share of approximately HK\$1.69, as opposed to the corresponding median of a discount of approximately 47.0% and the corresponding average of a discount of approximately 31.7% as respectively represented by the Comparable Transactions, which falls within the corresponding range of the Comparable Transactions.

Accordingly, notwithstanding that the Cancellation Price of HK\$0.72 per Scheme Share represents a discount of approximately 57.4% to the Reassessed NAV per Share, taking into consideration (i) the Cancellation Price represents a premium over the closing price of the Shares throughout the entire Review Period, which in our view represents a more relevant factor when assessing the fairness and reasonableness of the Cancellation Price, as the NAV per Share might not accurately reflect the intrinsic value of the Shares, and the surge in the closing price of the Shares immediately after publication of the Joint Announcement was potentially contributed by the market reactions towards the Proposal and may not be sustainable; (ii) the generally thin trading liquidity of the Shares during the Review Period; (iii) all of the respective premiums of the Cancellation Price over the Last Trading Price, the 5-Day Average Price, the 30-Day Average Price, the 60-Day Average Price and the 180-Day Average Price are within the respective corresponding ranges of the Comparable Transactions, whereby in particular, the respective premiums represented by the Cancellation Price over the 5-Day Average Price, the 30-Day Average Price, the 60-Day Average Price and the 180-Day Average Price are above the respective corresponding medians of the premiums represented by the Comparable Transactions, and the respective premiums represented by the Cancellation Price over the 60-Day Average Price and the 180-Day Average Price are above the corresponding averages of the premiums represented by the Comparable Transactions; and (iv) the discount of the Cancellation Price to the Reassessed NAV per Share falls within the corresponding range of the Comparable Transactions, we are of the view that the Cancellation Price is fair and reasonable as far as the Disinterested Scheme Shareholders are concerned.

3. Analysis of the Option Offer Price

As at the Latest Practicable Date, there were 700,000 outstanding Options granted under the Share Option Scheme, of which 500,000 outstanding Options were exercisable into 500,000 Shares at an exercise price of HK\$2.262 and 200,000 outstanding Options were exercisable into 200,000 Shares at an exercise price of HK\$2.470, and all such outstanding Options were vested. The exercise of all outstanding Options in full would result in the issue of 700,000 new Shares (representing approximately 0.16% of the issued share capital of the Company as at the Latest Practicable Date and approximately 0.16% of the issued share capital of the Company as enlarged by issue of such new Shares). The Company does not intend to grant any further Options between the Latest Practicable Date and the Effective Date.

As set out in the Letter from the Board, under the Option Offer, the Offeror is making an appropriate offer to all the Option Holders for the cancellation of each Option in accordance with Rule 13 of the Takeovers Code. As the exercise price of each outstanding Option under the Share Option Scheme is above the Cancellation Price, which in our view is fair and reasonable as analysed above, the “see-through” price is negative and accordingly the Option Offer Price, which is a nominal amount of HK\$0.01 per outstanding Option, is being made for the cancellation of each Option. In light of the above, we are of the view that the Option Offer Price is fair and reasonable as far as the Option Holders are concerned.

RECOMMENDATIONS**The Scheme**

Notwithstanding that the Cancellation Price of HK\$0.72 per Scheme Share represents a discount of approximately 57.4% to the Reassessed NAV per Share and failure to identify any comparable companies in terms of principal businesses that meet all of selection criteria set out in section “2.3 Comparable analysis” above, taking into consideration the above principal factors and reasons as set out in this letter, in particular:

- (i) with reference to the sub-section headed “1.2 Prospect of the Group” of this letter, the uncertain future prospect of the Group considering (1) the recent performance of the E&E Segment and the Motors Segment, in particular the deteriorating revenue of both segments; and (2) the uncertain global economic outlook featured with, among others, the relatively weakening projected trend of the global economic growth in the near future, the generally negative consumer sentiment and business confidence of the PRC, the United States of America and Europe, as well as the supply chain disruptions;
- (ii) the Cancellation Price represents a premium over the closing price of the Shares throughout the entire Review Period, and the surge in the closing price of the Shares immediately after publication of the Joint Announcement was potentially contributed by the market reactions towards the Proposal which may or may not be sustainable in the long run;
- (iii) the generally thin trading liquidity of the Shares during the Review Period, which implies the potential difficulties for the Disinterested Scheme Shareholders to dispose of a significant number of Shares in the open market without exerting a downward pressure on the Share price; and
- (iv) all of the respective premiums of the Cancellation Price over the Last Trading Price, the 5-Day Average Price, the 30-Day Average Price, the 60-Day Average Price and the 180-Day Average Price are within the respective corresponding ranges of the Comparable Transactions, whereby in particular, the respective premiums represented by Cancellation Price over the 5-Day Average Price, the 30-Day Average Price, the 60-Day Average Price and the 180-Day Average Price are above the respective corresponding medians of the premiums represented by the Comparable Transactions, and the respective premiums represented by the Cancellation Price over the 60-Day Average Price and the 180-Day Average Price are above the corresponding averages of the premiums represented by the Comparable Transactions;

we are of the view that the terms of the Proposal including the Cancellation Price are fair and reasonable as far as the Disinterested Scheme Shareholders are concerned, and we recommend the Independent Board Committee to advise the Disinterested Scheme Shareholders to vote in favour of the relevant resolutions to be proposed at the Court Meeting and the SGM to approve and implement the Proposal.

The Option Offer

Taking into consideration that the Option Offer Price of HK\$0.01 per outstanding Option was determined in accordance with Rule 13 of the Takeovers Code as the “see-through price” on the basis that the exercise price of each outstanding Option is above the Cancellation Price, which in our view is fair and reasonable, we are of the view that the Option Offer Price and Option Offer are fair and reasonable so far as the Option Holders are concerned, and we recommend the Independent Board Committee to advise the Option Holders to accept the Option Offer.

Disinterested Scheme Shareholders are reminded to closely observe and monitor the market price and liquidity of the Shares (in particular, when the closing price of the Shares are trading at a price close to the Cancellation Price) and consider selling their Shares in the open market, where possible, if the net proceeds (after deducting all transaction costs) exceed the net amount to be received under the Scheme.

Option Holders are reminded to closely monitor the market price and liquidity of the Shares and consider exercising the Options and selling their Shares accordingly in the market, where possible, if the net proceeds (after deducting all transaction costs) exceed the net amount to be received under the Option Offer.

Disinterested Scheme Shareholders and Option Holders are reminded that their investments in the Shares and/or their rights in the Options, as the case may be, are subject to their individual circumstances and investment objectives. Disinterested Scheme Shareholders and Option Holders are advised to read the Scheme Document carefully before taking any actions in respect of the Scheme and/or the Option Offer.

Yours faithfully,
For and on behalf of
Lego Corporate Finance Limited

Billy Tang
Managing Director

Note: Mr. Billy Tang is a licensed person registered with the SFC and a responsible officer of Lego Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 25 years of experience in the accounting and investment banking professions.

This explanatory statement constitutes the statement required under Section 100 of the Companies Act.

1. INTRODUCTION

On 18 April 2024, the Offeror and the Company jointly announced that on 27 March 2024, after trading hours, the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders for the privatisation of the Company by way of a scheme of arrangement under Section 99 of the Companies Act.

If the Proposal is approved and implemented, on the Effective Date:

- (a) all Scheme Shares held by the Scheme Shareholders will be cancelled and extinguished by way of the reduction of issued share capital of the Company, in exchange for the payment of the Cancellation Price of HK\$0.72 in cash for each Scheme Share cancelled;
- (b) immediately after the cancellation and extinguishment of the Scheme Shares, the issued share capital of the Company will be increased to the amount immediately prior to the cancellation and extinguishment of the Scheme Shares by applying the credit amount arising in the books of account of the Company as a result of the aforesaid reduction of issued share capital of the Company in paying up in full at par such number of new Shares (credited as fully paid) as is equal to the number of the Scheme Shares cancelled and extinguished as aforesaid, to be allotted and issued to the Offeror;
- (c) the Company will be owned as to (i) approximately 93.1% by the Offeror; and (ii) approximately 6.06% held by Mr. Cheng Chor Kit and approximately 0.84% held by his spouse, Mdm. Tsang Yuk Wan; and
- (d) the Company will apply to the Stock Exchange for the withdrawal of listing of the Shares on the Stock Exchange pursuant to Rule 6.15(2) of the Listing Rules so that such withdrawal is to take place immediately following the Effective Date.

The Offeror is also making the Option Offer to the Option Holders for cancellation of each Option they hold in accordance with Rule 13 of the Takeovers Code on the terms and conditions set out in the Option Offer Letter, which is substantially in the form set out in Appendix VII to this Scheme Document. The Option Offer is conditional upon the Scheme becoming effective.

The purpose of this Explanatory Statement is to explain the terms and effects of the Proposal and to provide Scheme Shareholders and the Option Holders with other relevant information in relation to the Proposal, in particular, to provide the intentions of the Offeror with regard to the Group and the shareholding structure of the Company before and after the Scheme.

Particular attention is drawn to the following sections of this Scheme Document: (i) the letter from the Board in Part III of this Scheme Document; (ii) the letter from the Independent Board Committee in Part IV of this Scheme Document; (iii) the letter from Lego in Part V of this Scheme Document; (iv) the terms of the Scheme as set out in Appendix IV to this Scheme Document; and (v) the Option Offer Letter, substantially in the form set out in Appendix VII to this Scheme Document.

2. THE PROPOSAL

The Proposal will be implemented by way of the Scheme.

2.1 The Scheme

Upon the Scheme becoming effective, the Scheme Shares will be cancelled in exchange for the Cancellation Price of HK\$0.72 in cash for every Scheme Share. Under the Scheme, the total consideration payable for the Scheme Shares will be payable by the Offeror.

As at the Latest Practicable Date, the Company had 438,960,000 Shares in issue and 700,000 outstanding Options granted under the Share Option Scheme entitling the Option Holders to subscribe for an aggregate of 700,000 Shares (representing approximately 0.16% of the issued share capital of the Company as at the Latest Practicable Date and approximately 0.16% of the issued share capital of the Company as enlarged by issue of such new Shares). The Scheme Shares, comprising 155,706,000 Shares, represented approximately 35.47% of the issued share capital of the Company.

Save as disclosed above, the Company has no other outstanding options, warrants, derivatives or other securities that are convertible or exchangeable into Shares or other types of securities in the Company as at the Latest Practicable Date.

The Cancellation Price of HK\$0.72 per Scheme Share represents:

- (a) a premium of approximately 33.3% over the closing price of HK\$0.54 per Share, as quoted on the Stock Exchange on the Last Trading Date;
- (b) a premium of approximately 43.4% over the average closing price of HK\$0.50 per Share, based on the daily closing prices as quoted on the Stock Exchange over the 5 trading days up to and including the Last Trading Date;
- (c) a premium of approximately 51.5% over the average closing price of HK\$0.48 per Share, based on the daily closing prices as quoted on the Stock Exchange over the 30 trading days up to and including the Last Trading Date;
- (d) a premium of approximately 53.6% over the average closing price of HK\$0.47 per Share, based on the daily closing prices as quoted on the Stock Exchange over the 60 trading days up to and including the Last Trading Date;
- (e) a premium of approximately 72.1% over the average closing price of HK\$0.42 per Share, based on the daily closing prices as quoted on the Stock Exchange over the 180 trading days up to and including the Last Trading Date;

- (f) a premium of approximately 7.5% over the closing price of HK\$0.67 per Share, as quoted on the Stock Exchange on the Latest Practicable Date;
- (g) a discount of approximately 63.1% to the audited consolidated net asset value attributable to Shareholders per Share of approximately HK\$1.95 as at 31 March 2024; and
- (h) a discount of approximately 57.4% to the Reassessed NAV per Share of approximately HK\$1.69.

During the six-month period preceding the Last Trading Date and ending on the Latest Practicable Date, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.68 each on 15 December 2023 and 20 May 2024, and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.33 each on 29 November 2023, 30 November 2023, 1 December 2023 and 4 December 2023.

The Cancellation Price has been determined after taking into account, among others, the prices at which the Shares have been traded on the Stock Exchange, and pricing premiums for recent privatisation transactions of companies listed on the Stock Exchange.

The Cancellation Price of HK\$0.72 per Scheme Share will not be increased, and the Offeror does not reserve the right to do so. Shareholders, Option Holders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Cancellation Price.

If after the Latest Practicable Date, any dividend or other distribution is made or paid in respect of the Scheme Shares and the record date to be announced by the Board for determining the entitlements of such dividend or other distribution falls on a day which is on or before the Effective Date, the Cancellation Price will be reduced by an amount equal to the amount of such dividend or other distribution. The Company confirms that as at the Latest Practicable Date, (a) the Company has not declared any dividend which remained unpaid; and (b) the Company has no intention to declare any dividend or other distribution on or before the Effective Date, or the date on which the Scheme is not approved or the Proposal otherwise lapses (as the case may be).

2.2 The Option Offer

As at the Latest Practicable Date, there were 700,000 outstanding Options granted under the Share Option Scheme, of which 500,000 outstanding Options are exercisable into 500,000 Shares at an exercise price of HK\$2.262 and 200,000 outstanding Options are exercisable into 200,000 Shares at an exercise price of HK\$2.470, and all such outstanding Options are vested. The exercise of all outstanding Options in full would result in the issue of 700,000 new Shares (representing approximately 0.16% of the issued share capital of the Company as at the Latest Practicable Date and approximately 0.16% of the issued share capital of the Company as enlarged by issue of such new Shares). The Company does not intend to grant any further Options between the Latest Practicable Date and the Effective Date.

The Offeror is making an appropriate offer to all the Option Holders for the cancellation of each Option in accordance with Rule 13 of the Takeovers Code. The Option Offer is conditional upon the Scheme becoming effective. Under the Option Offer, the Offeror is offering the Option Holders the Option Offer Price, which is a nominal amount of HK\$0.01 per outstanding Option, for cancellation of each outstanding Option they hold, as the exercise price of each Option exceeds the Cancellation Price and the “see-through” price (being the Cancellation Price minus the exercise price of each Option) is negative.

If any of the Options is exercised in accordance with the terms of the Share Option Scheme, as applicable, on or before the Latest Option Exercise Date, any Shares so issued will be subject to and eligible to participate in the Scheme. All outstanding Options will lapse automatically and not be exercisable (to the extent not already exercised or lapsed) upon the Scheme becoming effective.

Further information on the Option Offer is contained in the Option Offer Letter, substantially in the form set out in Appendix VII.

2.3 Total consideration and financial resources

As at the Latest Practicable Date, the total issued share capital of the Company comprises 438,960,000 Shares and 700,000 outstanding Options granted under the Share Option Scheme entitling the Option Holders to subscribe for an aggregate of 700,000 Shares.

On the assumption that (i) the Scheme has become effective; (ii) none of the outstanding Options are exercised as at the Scheme Record Date; and (iii) no further Shares are issued before the Scheme Record Date, there would be 155,706,000 Scheme Shares and 700,000 outstanding Options and accordingly, the amount of cash required for the Scheme is approximately HK\$112,108,320 and the amount of cash required for the Option Offer is approximately HK\$7,000.

On the assumption that (i) the Scheme has become effective; (ii) all the outstanding Options are exercised as at the Scheme Record Date and all the Option Holders of such outstanding Options become Scheme Shareholders; and (iii) no other Shares are issued before the Scheme Record Date, there would be 156,406,000 Scheme Shares and no Options outstanding and accordingly, the amount of cash required for the Scheme is approximately HK\$112,612,320 and nil for the Option Offer.

Consequently, on the basis described above, the maximum total cash consideration payable by the Offeror under the Proposal will amount to approximately HK\$112,612,320.

The Offeror intends to finance the cash required for the Proposal by the Facility made available by Shanghai Pudong Development Bank Co., Ltd acting through its Hong Kong branch to the Offeror.

Honestum and SPDB International, as the joint financial advisers to the Offeror in relation to the Proposal, are satisfied that sufficient financial resources are available to the Offeror to satisfy the maximum amount of cash consideration required for full implementation of the Proposal.

3. CONDITIONS OF THE PROPOSAL AND THE SCHEME

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

- (a) (i) the approval of the Scheme (by way of poll) at the Court Meeting by a majority in number of the Scheme Shareholders representing not less than three-fourths in value of the Scheme Shares held by the Scheme Shareholders entitled to vote at the Court Meeting, present and voting either in person or by proxy at the Court Meeting (with the Offeror and the Offeror Concert Parties having provided an undertaking to the Court not to attend and vote at the Court Meeting); and
 - (ii) (1) the approval of the Scheme (by way of poll) by not less than 75% of the votes attaching to the Scheme Shares held by the Disinterested Scheme Shareholders cast by the Disinterested Scheme Shareholders either in person or by proxy at the Court Meeting; and (2) the number of votes cast (by way of poll) by the Disinterested Scheme Shareholders present and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all the Scheme Shares held by all the Disinterested Scheme Shareholders;
- (b) the passing of a special resolution by a majority of not less than three-fourths of the votes cast by the Shareholders present and voting, in person or by proxy, at the SGM, to approve and give effect to the reduction of the issued share capital of the Company by cancelling and extinguishing the Scheme Shares and, immediately thereafter, to approve and give effect to the increase of the issued share capital of the Company to its former amount by applying the credit amount arising in the books of account of the Company as a result of the aforesaid reduction of the issued share capital of the Company in paying up in full at par such number of new Shares (credited as fully paid) as is equal to the number of the Scheme Shares cancelled and extinguished as aforesaid, to be issued and allotted to the Offeror;
- (c) the sanction of the Scheme (with or without modifications) by the Court and the delivery to the Registrar of Companies in Bermuda of a copy of the order of the Court for registration;
- (d) compliance with the procedural requirements and conditions, if any, under Section 46 of the Companies Act in relation to the Scheme and the reduction of the issued share capital of the Company in respect of the cancellation and the extinguishment of the Scheme Shares respectively;
- (e) all Authorisations (if any) remaining in full force and effect without variation, and all necessary statutory or regulatory obligations in all relevant jurisdictions having been complied with and no requirement having been imposed by any Relevant Authorities which is not expressly provided for, or is in addition to requirements expressly provided for, in the relevant laws, rules, regulations or codes in connection with the Proposal or any matters, documents (including circulars) or things relating thereto, in each aforesaid case up to and at the time when the Scheme becomes effective;

- (f) no government, governmental, quasi-governmental, statutory or regulatory body, court or agency in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry (enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order), in each case, which would make the Proposal or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material conditions or obligations with respect to the Proposal or its implementation in accordance with its terms), other than such actions, proceedings, suits, investigations or enquiries as would not have a material adverse effect on the legal ability of the Offeror to proceed with the Proposal;
- (g) all necessary consents in connection with the Proposal and the withdrawal of listing of the Shares on the Stock Exchange which may be required under any existing contractual obligations of any member of the Group being obtained and remaining in effect; and
- (h) all necessary legal or regulatory obligations in all relevant jurisdictions having been complied with and no legal or regulatory requirement having been imposed which is not expressly provided for, or is in addition to the requirements expressly provided for, in the relevant laws or regulations in connection with the Proposal or its implementation in accordance with its terms.

Conditions (a) to (d) cannot be waived. The Offeror reserves the right to waive all or any of Conditions (e) to (h), to the extent permissible by relevant laws and regulations, the Listing Rules and the Takeovers Code, either in whole or in respect of any particular matter. The Company does not have the right to waive any of the Conditions.

With reference to the Condition in paragraph (e), as at the Latest Practicable Date, each of the Offeror and the Company is not aware of any requirement for such Authorisations other than those set out in the Conditions in paragraphs (a) to (d).

With reference to the Condition in paragraph (f), as at the Latest Practicable Date, each of the Offeror and the Company is not aware of any such action, proceeding, suit, investigation, enquiry, statute, regulation, demand or order.

With reference to the Condition in paragraph (g), as at the Latest Practicable Date, each of the Offeror and the Company is not aware of any such consents.

With reference to the Condition in paragraph (h), as at the Latest Practicable Date, each of the Offeror and the Company is not aware of any such non-compliance or such legal or regulatory requirement other than those set out in the Conditions in paragraphs (a) to (e).

All of the Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date, failing which the Proposal and the Scheme will lapse. If the Scheme is withdrawn, not approved or lapses, the listing of the Shares on the Stock Exchange will not be withdrawn. Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions as a basis for not proceeding with the Proposal if the circumstances which give rise to a right to invoke any such Condition are of material significance to the Offeror in the context of the Proposal. As at the Latest Practicable Date, the Offeror is not aware of any such circumstances.

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

Assuming that all of the Conditions are fulfilled or waived (as applicable), the Scheme will become effective on Wednesday, 21 August 2024 (Bermuda time) and the listing of the Shares on the Stock Exchange will be withdrawn at 4:00 p.m. on Friday, 23 August 2024 pursuant to Rule 6.15(2) of the Listing Rules. Further announcements will be made in relation to the results of the Court Meeting and the SGM and, if all of the requisite resolutions to approve the Scheme are passed at those meetings, the results of the Court Hearing and the SGM, the Effective Date and the date of withdrawal of the listing of the Shares on the Stock Exchange.

WARNING: Shareholders, Option Holders and potential investors of the Company should be aware that the Proposal is subject to the Conditions being fulfilled or waived, as applicable, and therefore the Proposal may or may not be implemented. Shareholders, Option Holders and potential investors of the Company should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

4. THE SCHEME AND THE COURT MEETING

Pursuant to Section 99 of the Companies Act, where an arrangement is proposed between a company and its members or any class of them, the Court may, on the application of the company or any member of the company, order a meeting of the members of the company or class of members, as the case may be, to be summoned in such manner as the Court directs.

It is expressly provided in Section 99 of the Companies Act that if a majority in number representing three-fourths in value of the members or class of members, as the case may be, present and voting either in person or by proxy at the meeting (or meetings, as the case may be, summoned as directed by the Court as aforesaid), agree to any arrangement, the arrangement shall, if sanctioned by the Court, be binding on all members or class of members, as the case may be, and also on the company.

5. ADDITIONAL REQUIREMENTS AS IMPOSED BY RULE 2.10 OF THE TAKEOVERS CODE

In addition to satisfying any requirements imposed by law as summarised above, other than with the consent of the Executive to dispense with compliance or strict compliance therewith, Rule 2.10 of the Takeovers Code requires that the Scheme may only be implemented if:

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

6. BINDING EFFECT OF THE SCHEME

If the Scheme is approved at the Court Meeting in accordance with the requirements of Section 99 of the Companies Act and Rule 2.10 of the Takeovers Code, as described above, and is sanctioned by the Court and the other Conditions are either fulfilled or (to the extent permitted) waived, the Scheme will be binding on the Company and all Scheme Shareholders, regardless of how they voted (or whether they voted) at the Court Meeting and/or the SGM.

7. EFFECT OF THE PROPOSAL ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, the issued share capital of the Company comprises 438,960,000 Shares and 700,000 outstanding Options granted under the Share Option Scheme entitling the Option Holders to subscribe for an aggregate of 700,000 Shares (representing approximately 0.16% of the issued share capital of the Company as at the Latest Practicable Date and approximately 0.16% of the issued share capital of the Company as enlarged by issue of such new Shares).

As at the Latest Practicable Date, (a) the Offeror beneficially owns or controls 252,920,000 Shares, representing approximately 57.62% of the issued share capital of the Company; and (b) the Offeror Concert Parties were interested in 38,334,000 Shares, representing approximately 8.73% of the issued share capital of the Company, of which (i) the 26,634,000 Shares held by Mr. Cheng Chor Kit (being the chairman and chief executive officer of the Company) and the 3,700,000 Shares held by his spouse Mdm. Tsang Yuk Wan will not form part of the Scheme Shares and will not be cancelled upon the Scheme becoming effective, whereas (ii) the 3,000,000 Shares held by Mr. Cheng Tsz To (being an executive Director), the 3,000,000 Shares held by Mr. Cheng Tsz Hang (being an executive Director) and the 2,000,000 Shares held by Mr. Liu Tat Luen (being an executive Director) will form part of the Scheme Shares.

As at the Latest Practicable Date, save as disclosed in the section headed “5. SHAREHOLDING STRUCTURE OF THE COMPANY” in the letter from the Board in Part III of this Scheme Document, none of the Offeror or any member of the Offeror Concert Parties own, control or have direction over any Shares, convertible securities, warrants, options and derivatives in respect of the Shares. During the Relevant Period, neither the Offeror nor any member of the Offeror Concert Parties had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares.

In any event, none of the Shares held by the Offeror and any member of the Offeror Concert Parties will be voted at the Court Meeting. Each of the Offeror and the Offeror Concert Parties has provided an undertaking to the Court not to attend and vote at the Court Meeting. The Offeror and the Offeror Concert Parties have also undertaken to the Court to be bound by the Scheme, so as to ensure that they will comply with and be subject to the terms and conditions of the Scheme.

As at the Latest Practicable Date, the Disinterested Scheme Shareholders were interested in 147,706,000 Shares, representing approximately 33.65% of the issued share capital of the Company. Such Shares will form part of the Scheme Shares.

The table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) assuming full conversion of the Options prior to the Scheme Record Date; and (iii) assuming full conversion of the Options and upon the Scheme becoming effective, assuming that there are no other changes in the shareholding of the Company between the Latest Practicable Date and the Scheme Record Date:

	As at the Latest Practicable Date		Assume full conversion of the Options prior to the Scheme Record Date		Assume full conversion of the Options and upon the Scheme becoming effective	
	Number of Shares	Approximate % of the issued share capital of the Company ⁽⁶⁾	Number of Shares	Approximate % of the issued share capital of the Company ⁽⁶⁾	Number of Shares	Approximate % of the issued share capital of the Company ⁽⁶⁾
Offeror ⁽¹⁾	252,920,000	57.62%	252,920,000	57.53%	409,326,000	93.10%
Offeror Concert Parties not subject to the Scheme						
– Mr. Cheng Chor Kit ⁽²⁾	26,634,000	6.07%	26,634,000	6.06%	26,634,000	6.06%
– Mdm. Tsang Yuk Wan ⁽²⁾	3,700,000	0.84%	3,700,000	0.84%	3,700,000	0.84%
Offeror Concert Parties subject to the Scheme						
– Mr. Cheng Tsz To ⁽²⁾	3,000,000	0.68%	3,000,000	0.68%	–	–
– Mr. Cheng Tsz Huang ⁽²⁾	3,000,000	0.68%	3,000,000	0.68%	–	–
– Mr. Liu Tat Luen ⁽³⁾	2,000,000	0.46%	2,000,000	0.46%	–	–
Sub-total: Offeror and Offeror Concert Parties	291,254,000	66.35%	291,254,000	66.25%	439,660,000	100.00%
Disinterested Scheme Shareholder ⁽²⁾						
– Mr. Wong Chi Wai ^(4,5)	500,000	0.11%	1,100,000	0.25%	–	–
– Mr. Cheung Wang Ip ^(4,5)	200,000	0.05%	300,000	0.07%	–	–
– others	147,006,000	33.49%	147,006,000	33.43%	–	–
Sub-total: Disinterested Scheme Shareholders	147,706,000	33.65%	148,406,000	33.75%	–	–
Total	438,960,000	100.00%	439,660,000	100.00%	439,660,000	100.00%
Scheme Shareholders	155,706,000	35.47%	156,406,000	35.57%	–	–

Notes:

- (1) The Offeror is wholly-owned by Padora Global Inc., which is in turn owned as to 52% by Mr. Cheng Chor Kit, who is the chairman and chief executive officer of the Company, and as to 48% equally by his spouse, Mdm. Tsang Yuk Wan, and their two sons, namely, Mr. Cheng Tsz To and Mr. Cheng Tsz Hang, both also being executive Directors.
- (2) The Shares held by Mr. Cheng Chor Kit and his spouse, Mdm. Tsang Yuk Wan will not form part of the Scheme Shares and will not be cancelled and extinguished upon the Scheme becoming effective. Mr. Cheng Tsz To and Mr. Cheng Tsz Hang have expressed their desire to have their Shares subject to the Scheme and be cancelled and extinguished upon the Scheme becoming effective such that their interest in the Company will be consolidated on a holding company level in Padora Global Inc., the sole shareholder of the Offeror.
- (3) Mr. Liu Tat Luen is an executive Director and therefore presumed to be acting in concert with the Offeror under class (6) of the definition of “acting in concert” of the Takeovers Code. The Shares held by Mr. Liu Tat Luen will form part of the Scheme Shares and will be cancelled and extinguished upon the Scheme becoming effective.
- (4) Mr. Wong Chi Wai and Mr. Cheung Wang Ip are independent non-executive Directors. None of these Directors is acting in concert with the Offeror or was involved in the discussion or negotiation in relation to or has any interest in the Proposal (other than being a Shareholder subject to the Scheme and an Option Holder subject to the Option Offer). The Shares held by such Directors will form part of the Scheme Shares and will be cancelled and extinguished upon the Scheme becoming effective.
- (5) As at the Latest Practicable Date, 600,000 outstanding Options are held by Mr. Wong Chi Wai, and 100,000 outstanding Options are held by Mr. Cheung Wang Ip. The exercise of such outstanding Options in full on or before the Scheme Record Date will result in the issue of 700,000 new Shares in total (representing approximately 0.16% of the issued share capital of the Company as at the Latest Practicable Date and approximately 0.16% of the issued share capital of the Company as enlarged by issue of such new Shares) to them, and such new Shares, if issued, will form part of the Scheme Shares held by the Disinterested Scheme Shareholder.
- (6) All percentages in the above table are approximations and rounded to the nearest 2 decimal places and the aggregate percentages may not add up due to rounding.

8. IRREVOCABLE UNDERTAKINGS TO ACCEPT THE PROPOSAL

As at the Latest Practicable Date, none of the Offeror and any member of the Offeror Concert Parties had received any irrevocable commitment from any Shareholders in respect of voting at the Court Meeting and/or the SGM.

9. REASONS FOR AND BENEFITS OF THE PROPOSAL**9.1 For the Scheme Shareholders: an attractive opportunity to monetise their investment in the Company at a price with a compelling premium*****(a) in light of the low liquidity of Shares***

The average daily trading volume of the Shares for the 24 months up to and including the Last Trading Date was approximately 215,778 Shares per day, representing only approximately 0.0492% of the issued Shares as at the Announcement Date. The low trading liquidity of the Shares could make it difficult for Shareholders to execute substantial on-market disposals without adversely affecting the price of the Shares and also make it difficult for Shareholders to dispose of a large number of Shares when any event that has an adverse impact on the Company's share price occurs. Low liquidity in the trading of the Shares has also hindered the Company's ability to raise funds from the equity market, which makes the Company's current listing platform no longer an effective fund-raising platform for the Company's business and future growth.

(b) in light of the historical discounts to NAV per Share

The Shares have been traded at significant discounts to the NAV per Share as at 31 March 2024, ranging from 65.1% to 83.6% in the past twelve months prior to the Last Trading Date. The Company is therefore unable to effect any meaningful equity capital fund raising without diluting its NAV per Share. This is not a favourable situation from the perspective of either the Company or the Shareholders. The Proposal will therefore provide the Scheme Shareholders an opportunity to monetise their investment in the Company at a narrower discount to the NAV per Share, than they have been able to obtain in the market. The Cancellation Price represents a discount of 63.1% to the NAV per Share as at 31 March 2024. Your attention is drawn to the property valuation reports from Valplus Consulting Limited and VPC Alliance (KL) Sdn. Bhd., the text of which is set out in Appendix II to this Scheme Document, which sets out its opinion of the value of the property interests of the Group as at 31 March 2024.

(c) in light of the increased uncertainties over business outlook

Since the year ended 31 March 2014, the Group has been investing resources in the real estate development businesses in the PRC. As disclosed in the Company's annual report for the year ended 31 March 2023, the PRC property market remained sluggish and the property market in Dushan, being an underprivileged county in the PRC, was even more adversely affected. The management of the Group made a strategic decision to shelve the further development of phases 1B, 1C, and 1D of the Jardin Montsouris, after taking into account the evaluation of the segment's valuation and prospect.

As a result, the whole finance, development, and construction costs attributable to the Shelved Phases in the amount of approximately HK\$120.4 million were fully written off during the year ended 31 March 2023. Furthermore, given the sluggish property market sentiment in Dushan, an aggregate impairment loss of approximately HK\$119.7 million of both the unsold inventory of the completed properties for sale and the properties under development due to diminution in value was incurred and recognized during the year ended 31 March 2023. As a result, the Real Estate Development Business Segment recorded a loss of approximately HK\$257.5 million during the year ended 31 March 2023, mainly attributable to the impairment provision mentioned above of approximately HK\$240.1 million. In addition, as disclosed in the Company's annual results announcement for the year ended 31 March 2024, the demand of the property market suffered from the broader economic slowdown in PRC, while notable industry players faced financial weaknesses, raising concerns about potential defaults and heightened credit risks. The Group continued to record a loss of approximately HK\$39.7 million in the Real Estate Development Business Segment for the year ended 31 March 2024, mainly attributable to the impairment provision of approximately HK\$26.5 million given the sluggish property market condition. However, the Real Estate Development Business Segment will prioritise completing the remaining minor construction and auxiliary works of phase 1A of the Jardin Montsouris and the management will explore the possibility of realising the projects as a whole for an appropriate consideration to liquidate investments sooner.

For the E&E Segment, as disclosed in the Company's annual report for the year ended 31 March 2023, the Group recorded a decrease in revenue from the E&E Segment by approximately 63.7%, from approximately HK\$1,268.0 million to approximately HK\$459.8 million for the year ended 31 March 2023, as the Group has completed its service contract with the significant customer by the year ended 31 March 2022. In the absence of such a significant customer, the Group was undergoing a transitional period from high single-client contributions with low margins, to a set of diversified clients from various applications that can offer margins at normal market norms. As a result, the overall E&E Segment's profit was turned from a profit of approximately HK\$37.6 million in prior year to a loss of approximately HK\$15.2 million during the year ended 31 March 2023. Furthermore, as disclosed in the Company's annual results announcement for the year ended 31 March 2024, the Group recorded a decrease in revenue from the E&E Segment of approximately 4.6% during the year, from approximately HK\$459.8 million to approximately HK\$438.6 million since the consumer sentiment remained relatively weak. Although the Group has taken stringent cost control and streamlining measures, the drop in business scale was larger than expected. However, the E&E Segment recorded a profit of approximately HK\$51.5 million, which was mainly attributable to the one-off gain on disposal of assets in Shaoguan, the PRC of approximately HK\$61.8 million and partially offset by a specific impairment provision of property, plant and equipment of approximately HK\$11.1 million.

Regarding the Motors Segment, as disclosed in the Company's annual report for the year ended 31 March 2023, the consumer sentiment has been affected by the long-tail effects of the supply chain crisis from COVID-19 and the Russia-Ukraine conflict. As a result, the clients have also decided to adjust their orders to avoid over-investment and excess inventory. Thus, the revenue for the Motors Segment decreased by approximately 28.6%, from approximately HK\$1,044.1 million to approximately HK\$745.5 million for the year ended 31 March 2023. After taking into account the significant impairments on property, plant and equipment of approximately HK\$36.7 million related to the consolidation of production facilities and optimization of product mix, the Motors Segment recorded profit of approximately HK\$0.3 million for the year ended 31 March 2023 as compared to the profit of approximately HK\$71.4 million in prior year. In addition, as disclosed in the Company's annual results announcement for the year ended 31 March 2024, product throughput has been slow, as downstream players have reported unsatisfactory sales performance and the branded partners generally reduced or delayed new orders and new product development. The Group therefore recorded a decrease in revenue from the Motors Segment by approximately 11.5% during the year, from approximately HK\$745.5 million to approximately HK\$660.2 million. In view of the decrease in customer's orders, the Group adjusted its production schedule and inventory levels to help mitigate rising operating costs. Despite such efforts, the Motors Segment recorded a loss of approximately HK\$163.1 million for the year ended 31 March 2024 instead of a profit of approximately HK\$0.3 million as compared to prior year, which was mainly due to the decrease in revenue together with the impairment of non-financial assets (comprising property, plant and equipment, right-of-use assets and goodwill) of approximately HK\$139.4 million.

In conclusion, the operating performance fluctuations have contributed to the depression of the Share price due to the uncertainties mentioned above. The Proposal provides the Scheme Shareholders with a timely opportunity to realise their investments in the Company amid the increased uncertainties over its business outlook.

9.2 For the Company: a proposal to facilitate flexibility in formulating long-term business development strategy and reducing costs incurred from maintaining a listing platform

The privatisation of the Company will permit the Offeror and the Company to make strategic decisions focused on long-term growth and benefits, free from the pressure of market expectations and share price fluctuations which arise from the Company being a publicly listed company.

The Proposal, which entails the delisting of the Company, is also expected to reduce the administrative costs and management resources associated with maintaining the Company's listing status and compliance with regulatory requirements and, in turn, allow greater flexibility for the Offeror and the Company to manage the Group's business.

10. INTENTIONS OF THE OFFEROR WITH REGARD TO THE GROUP

Following the implementation of the Proposal, the Offeror intends that the Group will continue to carry on its business through the E&E Segment, Motors Segment and Real Estate Development Business Segment. The Offeror has no intention to have the Shares listed in other stock markets and to make major changes to the business of the Group and the employment of the employees of the Group, save for those changes which the Offeror may from time to time implement following the review of its strategy relating the business, structure and/or direction of the Group. The Offeror does not intend to continue the listing of the Company on the Stock Exchange upon the Scheme becoming effective.

The Board welcomes the intentions of the Offeror in respect of the Group and its employees and will cooperate with and provide full support to the Offeror to facilitate the continued smooth business operations and management of the Group.

11. INFORMATION ON THE OFFEROR

The Offeror is a company incorporated in the BVI and is an investment holding company. The Offeror is ultimately beneficially owned as to 52% by Mr. Cheng Chor Kit, who is the executive Director, chairman and chief executive officer of the Company, and as to 48% equally by his spouse, Mdm. Tsang Yuk Wan, and their two sons, namely, Mr. Cheng Tsz To and Mr. Cheng Tsz Hang, both also being executive Directors. The main assets of the Offeror are the Shares it holds in the Company.

The directors of the Offeror are Mr. Cheng Chor Kit and Mdm. Tsang Yuk Wan.

12. INFORMATION ON THE GROUP

The Group is principally engaged in the development and production of niche, technology-driven and quality electrical and electronic products as well as a premier provider of electric motor drives and related products under its own house brand. It is also engaged in the real estate development businesses in the PRC.

13. SHARE CERTIFICATES, DEALINGS AND LISTING

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

The Company will apply to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange so that such withdrawal is to take place immediately following the Effective Date.

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

14. IF THE PROPOSAL IS NOT APPROVED OR LAPSES

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

If the Scheme is not approved by the Scheme Shareholders, or sanctioned by the Court, or the Proposal otherwise lapses, there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may, within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses, announce an offer or possible offer for the Company, except with the consent of the Executive. The Offeror has no intention to seek such consent.

15. COSTS OF THE SCHEME

If the Independent Board Committee does not recommend the Proposal or the Independent Financial Adviser does not recommend the Proposal as fair and reasonable, and the Scheme is not approved, all expenses incurred by the Company in connection therewith shall be borne by the Offeror in accordance with Rule 2.3 of the Takeovers Code. Since the Independent Board Committee has recommended the Proposal and the Independent Financial Adviser has recommended the Proposal as fair and reasonable, Rule 2.3 of the Takeovers Code is not applicable. The Company and the Offeror have agreed that each party shall bear their own costs, charges and expenses of and incidental to the Proposal and the Scheme.

16. REGISTRATION AND PAYMENT**16.1 Closure of the register of members of the Company**

In order to determine the entitlement of the Scheme Shareholders to the Cancellation Price under the Scheme, the register of members of the Company will be closed from Thursday, 15 August 2024 onwards (or such other date as may be notified to the Scheme Shareholders by announcement). In order to qualify for entitlements under the Scheme, the Scheme Shareholders should ensure that their Shares are registered or lodged for registration in their names before the latest time for lodging transfer of Shares to qualify for entitlement to the Cancellation Price under the Scheme, being 4:30 p.m. on Wednesday, 14 August 2024. The Share Registrar is Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

16.2 Payment of the Cancellation Price to the Scheme Shareholders

Upon the Scheme becoming effective, payment of the Cancellation Price for the Scheme Shares will be made to the Scheme Shareholders whose names appear on the register of members of the Company as at the Scheme Record Date as soon as possible but in any event no later than seven Business Days following the Scheme becoming effective. On the basis that the Scheme becomes effective on Wednesday, 21 August 2024 (Bermuda time), cheques for payment of the Cancellation Price payable under the Scheme are expected to be despatched on or before Friday, 30 August 2024.

Cheques for the payment of the Cancellation Price will be sent by posting the same by ordinary post in postage pre-paid envelopes addressed to the persons entitled thereto at their respective registered addresses or, in the case of joint holders, to the registered address of that joint holder whose name stands first in the register of members of the Company in respect of the joint holding. For Beneficial Owners that hold Scheme Shares through a nominee (other than HKSCC Nominees Limited), cheques made out in the name of the Registered Owner will be sent by posting the same by ordinary post in postage pre-paid envelopes addressed to the Registered Owner. For Beneficial Owners whose Scheme Shares are deposited in CCASS and registered under the name of HKSCC Nominees Limited, the Cancellation Price will be paid to HKSCC Nominees Limited by cheque and such payment will be caused to be credited to the designated bank accounts of the relevant CCASS Participants in accordance with the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All such cheques will be posted at the risk of the addressees and other person(s) entitled thereto and none of the Offeror, the Company, Honestum, SPDB International, Lego, the Share Registrar or any of their respective directors, officers, employees, agents, affiliates, associates or advisers or any other persons involved in the Proposal will be responsible for any loss or delay in transmission.

On or after the day being six calendar months after the posting of such cheques, the Offeror shall have the right to cancel or countermand payment of any such cheque which has not been cashed or has been returned uncashed, and shall place all monies represented thereby in a deposit account in the Offeror with a licensed bank in Hong Kong selected by the Offeror.

The Offeror shall hold such monies until the expiry of six years from the Effective Date and shall, prior to such date, make payments from such monies of the sums payable to persons who satisfy the Offeror that they are respectively entitled thereto, provided that the cheques of which they are payees have not been cashed. Any payments made by the Offeror shall not include any interest accrued on the sums to which the respective persons are entitled pursuant to the Scheme and are subject to, if applicable, the deduction of interest, tax or any withholding tax or any other deduction required by law. The Offeror shall exercise its absolute discretion in determining whether or not it is satisfied that any person is so entitled, and a certificate of the Offeror to the effect that any particular person is so entitled or not so entitled, as the case may be, shall be conclusive and binding upon all persons claiming an interest in the relevant monies.

On the expiry of six years from the Effective Date, the Offeror shall be released from any further obligation to make any payments under the Scheme and the Offeror shall be absolutely entitled to the balance (if any) of the sums then standing to the credit of the deposit account in its name, including accrued interest subject to any deduction required by law and expenses incurred.

Assuming that the Scheme becomes effective, all existing certificates representing the Scheme Shares will cease to have effect as documents or evidence of title as from the Effective Date, which is expected to be on Wednesday, 21 August 2024 (Bermuda time).

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

16.3 Payment of the Option Offer Price to Option Holders

Upon the Scheme becoming effective, cheques for payment of the Option Offer Price payable under the Option Offer are expected to be despatched as soon as possible but in any event no later than seven Business Days following the Scheme becoming effective. On the basis that the Scheme becomes effective on Wednesday, 21 August 2024 (Bermuda time), cheques for payment of the Option Offer Price payable under the Option Offer are expected to be despatched on or before Friday, 30 August 2024. Cheques will be sent by posting the same by ordinary post in postage pre-paid envelopes addressed to the Option Holders at their respective last known addresses as notified by the Option Holders to the Company. All such cheques will be posted at the risk of the addressees and other person(s) entitled thereto and none of the Offeror, the Company, Honestum, SPDB International, Lego, the Share Registrar or any of their respective directors, officers, employees, agents, associates, affiliates or advisers or any other persons involved in the Proposal will be responsible for any loss or delay in transmission.

The Offeror (or its nominee) shall hold such monies for those entitled under the Option Offer until the expiry of six years from the Effective Date and shall, prior to such date, make payments from such monies of the sums payable to persons who satisfy the Offeror (or its nominee) that they are respectively entitled thereto, provided that the cheques of which they are payees have not been cashed. Any payments made by the Offeror (or its nominee) shall not include any interest accrued on the sums to which the respective persons are entitled under the terms of the Option Offer. On the expiry of six years from the Effective Date, the Offeror (or its nominee) shall be released from any further obligation to make any payments under the Option Offer.

Settlement of the Option Offer Price to which Option Holders are 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 which the Offeror may otherwise be, or claim to be, entitled against any such Option holder.

17. OVERSEAS SCHEME SHAREHOLDERS AND OPTION HOLDERS

This Scheme 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 that which would have been disclosed if this Scheme Document had been prepared in accordance with the laws of jurisdictions outside Hong Kong.

This Scheme Document does not constitute an offer to buy or sell Shares or the solicitation of an offer to buy or subscribe for the Shares in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction.

The making and implementation of the Proposal to the Scheme Shareholders or the Option Holders who are not residents in Hong Kong may be affected by the applicable laws of the relevant jurisdictions in which such Scheme Shareholders or Option Holders are located. Any Scheme Shareholders or Option Holders who are not resident in Hong Kong should inform themselves about and observe any applicable legal, tax and regulatory requirements in their own jurisdictions. The Offeror and the Company do not represent that this Scheme Document may be lawfully distributed in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Offeror and the Company which is intended to permit a public offering or the distribution of this Scheme Document in any jurisdiction (other than Hong Kong) where action for that purpose is required. Accordingly, it is prohibited to (i) copy, distribute or publish all or part of this Scheme Document or any advertisement or other offering material in any jurisdiction; (ii) disclose its content; or (iii) use information contained therein for any purpose other than assessment of the Proposal, unless the information is already publicly available in another form.

It is the responsibility of any overseas Scheme Shareholders and overseas Option Holders wishing to take any action in relation to the Proposal to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, the compliance with the necessary formalities and the payment of any issue, transfer or other taxes or expenses due from such Shareholder in such jurisdiction. The Offeror and the Company expressly decline any liability for breach of any of these restrictions by any persons.

As at the Latest Practicable Date, there was (a) no Shareholder whose address as shown in the register of members of the Company was outside Hong Kong; and (b) no Option Holder whose address as shown in the register of option holders of the Company was outside Hong Kong.

Any acceptance by the overseas Scheme Shareholders and overseas Option Holders will be deemed to constitute a representation and warranty from such persons to the Offeror, the Company and their respective advisers, including Honestum, SPDB International and Lego, that those laws and regulatory requirements have been complied with. If you are in doubt as to your position, you should consult your professional advisers.

18. TAXATION

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

The Scheme Shareholders and the Option Holders, whether in Hong Kong or in other jurisdictions, are encouraged to consult their professional advisers if they are in any doubt as to the taxation implications of the Proposal and in particular, whether (i) the receipt of the Cancellation Price under the Scheme; and (ii) the receipt of the Option Offer Price under the Option Offer, would make such Scheme Shareholders and Option Holders liable to taxation in Hong Kong or in other jurisdictions.

It is emphasised that none of the Offeror, the Company, Honestum, SPDB International, Lego, any of their respective directors, officers, employees, agents, affiliates, associates or advisers or any other person involved in the Proposal accepts any responsibility in relation to any tax or other effects on, or liabilities of, any person as a result of their approval or disapproval of the Proposal. All Scheme Shareholders and/or Beneficial Owners and Option Holders shall be solely responsible for their liabilities (including tax liabilities) in relation to the Proposal.

19. COURT MEETING AND SGM

In accordance with the directions of the Court, the Court Meeting will be convened for the purpose of considering and, if thought fit, passing a resolution to approve the Scheme (with or without modifications).

Such resolution will be passed under the Companies Act if a majority in number representing not less than three-fourths in value of the Scheme Shares held by the Scheme Shareholders present and voting either in person or by proxy at the Court Meeting vote in favour of the Scheme. However, the Scheme will only be considered to have been approved under the Takeovers Code if (i) the Scheme is approved (by way of a poll) by at least 75% of the votes attaching to the Scheme Shares held by the Disinterested Scheme Shareholders that are voted either in person or by proxy at the Court Meeting; and (ii) the number of votes cast (by way of a poll) against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all the Scheme Shares held by the Disinterested Scheme Shareholders.

Only Scheme Shareholders whose Scheme Shares are registered in their own names in the register of members of the Company on the Meeting Record Date may attend and vote at the Court Meeting and be counted as members of the Company for the purpose of calculating whether or not a majority in number of members of the Company have approved the Scheme at the Court Meeting under Section 99 of the Companies Act. In accordance with the directions from the Court, HKSCC Nominees Limited will be counted as one Scheme Shareholder and may vote for or against the Scheme according to the majority of voting instructions as represented by the Scheme Shares it receives. The number of votes cast in favour of the Scheme and the number of CCASS Participants on whose instructions they are cast and the number of votes cast against the Scheme and the number of CCASS Participants on whose instructions they are cast will be disclosed to the Court and may be taken into account in deciding whether or not the Court should exercise its discretion to sanction the Scheme.

All Scheme Shareholders will be entitled to attend the Court Meeting and vote on the Scheme, but only the votes of the Disinterested Scheme Shareholders will be taken into account in determining if Condition (a)(ii) set out in the section headed “3. CONDITIONS OF THE PROPOSAL AND THE SCHEME” above is satisfied, and therefore the Shares held by the Offeror and the Offeror Concert Parties will not be taken into account in this respect. In any event, none of the Shares held by the Offeror and the Offeror Concert Parties will be voted at the Court Meeting. Each of the Offeror and the Offeror Concert Parties has provided an undertaking to the Court not to attend and vote at the Court Meeting. The Offeror and the Offeror Concert Parties have also undertaken to the Court to be bound by the Scheme, so as to ensure that they will comply with and be subject to the terms and conditions of the Scheme.

The SGM will be held for the purpose of considering and, if thought fit, passing a special resolution to approve and give effect to, among other things, the reduction of the issued share capital of the Company by cancelling and extinguishing the Scheme Shares and, immediately thereafter, to approve and give effect to the increase of the issued share capital of the Company to its former amount by applying the credit amount arising in the books of account of the Company as a result of the aforesaid reduction of the issued share capital of the Company in paying up in full at par such number of new Shares (credited as fully paid) as is equal to the number of the Scheme Shares cancelled and extinguished as aforesaid, to be allotted and issued to the Offeror. The Offeror and the Offeror Concert Parties have indicated that they will vote in favour of the special resolution to be proposed at the SGM.

All Shareholders whose names appear in the register of members of the Company as at the Meeting Record Date will be entitled to attend and vote, in person or by proxy, at the SGM.

Voting at the Court Meeting and at the SGM will be taken by poll as required under the bye-laws of the Company, the Listing Rules and the Takeovers Code.

Announcement(s) will be made by the Company and the Offeror in relation to the results of the Court Meeting and the SGM in accordance with Rule 19.1 of the Takeovers Code to the extent applicable. Information on the number of votes cast for and the number of votes cast against the Scheme and the number of CCASS Participants on whose instructions they are cast will be included in such announcement(s).

Notices of the Court Meeting and the SGM are set out in Appendix V and Appendix VI of this Scheme Document, respectively.

20. RECOMMENDATIONS

Your attention is drawn to the following:

- (a) the letter from the Independent Board Committee in Part IV of this Scheme Document; and
- (b) the letter from Lego in Part V of this Scheme Document which sets out the factors and reasons taken into account by Lego in arriving at its advice to the Independent Board Committee.

21. ACTIONS TO BE TAKEN

Actions to be taken by the Scheme Shareholders and the Option Holders are set out in the section headed "IMPORTANT NOTICE AND ACTIONS TO BE TAKEN" of this Scheme Document.

22. FURTHER INFORMATION

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

You should rely only on the information contained in this Scheme Document in order to vote your Shares at the Court Meeting and the SGM. None of the Offeror, the Company, Honestum, SPDB International, Lego, any of their respective directors, officers, employees, agents, affiliates, associates or advisers or any other person involved in the Proposal has authorised anyone to provide you with information that is different from what is contained in this Scheme Document.

23. GENERAL

In case of any inconsistency, the English language text of this Scheme Document and the accompanying forms of proxy and Form of Acceptance shall prevail over the Chinese language text.

1. FINANCIAL SUMMARY

The following summary financial information for each of the three years ended 31 March 2022, 2023 and 2024 is extracted from the annual reports of the Company for the years ended 31 March 2022 (the “**2022 Annual Report**”) and 2023 (the “**2023 Annual Report**”), and the results announcement for the year ended 31 March 2024 published by the Company on 21 June 2024 (the “**2024 Results Announcement**”) respectively.

The audited consolidated financial statements of the Group for the years ended 31 March 2022 and 2023, and the financial information in the results announcement of the Group for the year ended 31 March 2024, have been audited by PricewaterhouseCoopers, did not contain any modified opinion, emphasis of matter or material uncertainty related to going concern.

Save as disclosed below, there were no items of any income or expense which were material in respect of the consolidated financial results of the Group for three years ended 31 March 2022, 2023 and 2024.

	For the year ended 31 March		
	2024	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	1,103,944	1,209,602	2,316,315
Cost of sales	(963,234)	(1,082,937)	(2,070,783)
Gross profit before impairment	140,710	126,665	245,532
Cost of sales – Impairment loss on property, plant and equipment and right-of-use assets	(152,639)	(50,790)	–
Cost of sales – Impairment of properties under development and completed properties held for sale	(26,482)	(240,078)	–
Gross (loss)/profit after impairment	(38,411)	(164,203)	245,532
Other income and gains, net	64,474	36,579	67,030
Selling and distribution expenses	(34,449)	(38,185)	(64,916)
Administrative expenses	(154,044)	(119,183)	(162,847)
Impairment loss on goodwill	(4,650)	(6,207)	–
(Impairment losses)/reversal of impairment losses on financial assets	(7,607)	5,139	(1,786)
Operating (loss)/profit	(174,687)	(286,060)	83,013
Finance costs, net	(15,884)	(11,663)	(8,606)

	For the year ended 31 March		
	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000
(Loss)/profit before income tax	(190,571)	(297,723)	74,407
Income tax (expense)/credit	<u>(21,561)</u>	<u>3,554</u>	<u>(17,549)</u>
(Loss)/profit for the year attributable to equity holders of the Company (Note 2)	<u>(212,132)</u>	<u>(294,169)</u>	<u>56,858</u>
(Loss)/profit for the year	(212,132)	(294,169)	56,858
Other comprehensive income arisen from continuing operations:			
<i>Items that may be reclassified to the income statement:</i>			
Exchange translation reserve on translation of foreign operations	(34,711)	(156,631)	51,929
Release of exchange translation reserve upon disposal of a subsidiary	<u>3,174</u>	<u>–</u>	<u>–</u>
	(31,537)	(156,631)	51,929
<i>Other comprehensive (loss)/income not to be reclassified to the income statement in subsequent periods:</i>			
Deficit on revaluation of land and buildings	(13,002)	(43,527)	(23,859)
Deferred tax credited to asset revaluation reserve	3,045	9,102	5,486
Deferred tax credited to asset revaluation reserve upon disposal of property, plant and equipment	<u>4,530</u>	<u>–</u>	<u>–</u>
	(5,427)	(34,425)	(18,373)

	For the year ended 31 March		
	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Other comprehensive (loss)/income for the year, net of tax	(36,964)	(191,056)	33,556
Total comprehensive (loss)/income for the year attributable to equity holders of the Company (<i>Note 2</i>)	<u>(249,096)</u>	<u>(485,225)</u>	<u>90,414</u>
(Loss)/earning per share attributable to equity holders of the Company			
Basic and diluted	<u>HK(48.33) cents</u>	<u>HK(67.01) cents</u>	<u>HK12.95 cents</u>

Notes:

1. No dividend was declared by the Company for the years ended 31 March 2022, 2023 and 2024.
2. No (loss)/profit for the period attributable to non-controlling interests and total comprehensive (loss)/income attributable to non-controlling interests were recorded for the years ended 31 March 2024, 2023 and 2022.

2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

The Company is required to set out or refer to in this Scheme Document the consolidated statement of financial position, consolidated statement of cash flows (if provided) and any other primary statement as shown in (i) the audited consolidated financial statements of the Group for the year ended 31 March 2022 (the “**2022 Financial Statements**”); (ii) the audited consolidated financial statements of the Group for the year ended 31 March 2023 (the “**2023 Financial Statements**”); and (iii) the audited consolidated financial statements of the Group for the year ended 31 March 2024 ((the “**2024 Financial Statements**”), together with the notes to the relevant published financial statements which are of major relevance to the appreciation of the above financial information.

The 2022 Financial Statements can be found on pages 86 to 93 of the 2022 Annual Report published on 20 July 2022.

The 2022 Annual Report is posted on the Company’s website at www.kinyat.com.hk. Please also see below a direct link to the 2022 Annual Report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0720/2022072001184.pdf>

The 2023 Financial Statements can be found on pages 93 to 99 of the 2023 Annual Report published on 27 July 2023.

The 2023 Annual Report is posted on the Company’s website at www.kinyat.com.hk. Please also see below a direct link to the 2023 Annual Report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0727/2023072700590.pdf>

The 2024 Financial Statements can be found on pages 1 to 4 of the 2024 Results Announcement published on 21 June 2024.

The 2024 Results Announcement is posted on the Company’s website at www.kinyat.com.hk. Please see below a direct link to the 2024 Results Announcement:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0623/2024062300031.pdf>

The 2022 Financial Statements (but not any other part of the 2022 Annual Report), the 2023 Financial Statements (but not any other part of the 2023 Annual Report) and the 2024 Financial Statements (but not any other part of the 2024 Results Announcement) are incorporated by reference into this Scheme Document and form part of this Scheme Document.

3. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 March 2024, being the latest practicable date for the purpose of determining the indebtedness of the Group prior to the printing of this Scheme Document, the indebtedness of the Group was as follows:

Bank loans

As at 31 March 2024, which was the latest practicable date for the purpose of determining the amount of indebtedness, the Group has outstanding interest-bearing secured and guaranteed bank loans of approximately HK\$369,146,000, of which would be matured within 1 year.

Other borrowings

As at 31 March 2024, which was the latest practicable date for the purpose of determining the amount of indebtedness, the Group had outstanding interest-bearing other borrowings of approximately HK\$24,333,000, of which approximately HK\$9,000,000 are unsecured and unguaranteed, approximately HK\$9,493,000 are unguaranteed but secured by certain properties under development of the Group and approximately HK\$5,840,000 are unguaranteed but secured by certain completed properties held for sale of the Group.

The Group's other borrowings comprised of approximately HK\$12,365,000 under current portion and approximately HK\$11,968,000 under non-current portion.

Lease liabilities

As at 31 March 2024, which was the latest practicable date for the purpose of determining the amount of indebtedness, the Group had lease liabilities of approximately HK\$12,375,000, of which approximately HK\$7,282,000 is current portion and approximately HK\$5,093,000 is non-current portion.

Save as aforesaid and apart from intra-group liabilities and normal trade and other payables in the ordinary course of business, the Group did not have any outstanding mortgages, charges, debts securities issued and outstanding or authorised or otherwise created but unissued or other similar borrowings or indebtedness in the nature of borrowings including bank overdrafts, loans, hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, any guarantees or other material contingent liabilities as at the close of business on 31 March 2024.

4. MATERIAL CHANGE

The Directors confirm that there had been no material changes in the financial or trading position or outlook of the Group since 31 March 2024, 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.

5. REASSESSED NAV OF THE GROUP

Property interests held by the Group, include eleven properties located in the PRC, one property located in Hong Kong, and one property located in Malaysia. The Group has engaged (i) Valplus Consulting Limited to prepare a report in connection with its opinion of the value of the properties held by the Group in Hong Kong and the PRC; and (ii) Valplus Consulting Limited and VPC Alliance (KL) Sdn. Bhd. to jointly prepare a report in connection with the opinion of the value of the property held by the Group in Malaysia, the text of which are set out in Appendix II to this Scheme Document (the “**Property Valuation Reports**”). Details of the property interests held by the Group are set out in Appendix II to this Scheme Document.

Having reviewed (i) the qualification and the experience of the responsible staff of Valplus Consulting Limited and VPC Alliance (KL) Sdn. Bhd. in relation to the preparation of the Property Valuation Reports, (ii) the track records of Valplus Consulting Limited and VPC Alliance (KL) Sdn. Bhd. on other property valuations for other companies listed on the Stock Exchange, and (iii) the terms of the engagement with Valplus Consulting Limited and VPC Alliance (KL) Sdn. Bhd., in particular the scope of work in relation to the valuation of the property interests, and having enquired into (i) the bases, methodology and assumptions adopted by Valplus Consulting Limited and VPC Alliance (KL) Sdn. Bhd. for the Property Valuation Reports and (ii) save for the engagement performed by Valplus Consulting Limited for the valuation of property interest in relation to a major disposal transaction as disclosed in the circular issued by the Company on 31 May 2023, there has not been any past or current relationship between Valplus Consulting Limited and VPC Alliance (KL) Sdn. Bhd. with the Group, the Offeror, the Offeror Concert Parties or their respective directors, and therefore the Board is of the view that Valplus Consulting Limited and VPC Alliance (KL) Sdn. Bhd. are competent and independent in performing the property valuations and providing a reliable opinion in respect of the property interests.

*Approximately
HK\$ million*

Net asset value of the Group as at 31 March 2024 as set out in the 2024 Results Announcement.	855.6
<i>Adjustments:</i>	
– Revaluation deficit of the Group (<i>Note 1</i>)	(112.0)
Reassessed NAV of the Group	743.6
Reassessed NAV of the Group per Share (<i>Note 2</i>)	1.69

Notes:

1. The revaluation deficit is calculated as the difference between the market valuation of the property interests attributable to the Group of HK\$806.3 million as at 31 March 2024 (which was based on the independent property valuation of the property interests attributable to the Group as at 31 March 2024 as set out in the Property Valuation Reports and exchange rates of 1RMB = HK\$1.1019 and 1 Ringgit = HK\$1.6424) and audited book value of the property interests attributable to the Group of HK\$918.3 million as at 31 March 2024.
2. Based on 438,960,000 Shares in issue as at the Latest Practicable Date.

The following is the text of the letter, a summary of valuations and the valuation report prepared for the purpose of incorporation in this Scheme Document received from Valplus Consulting Limited, an independent property valuer, in connection with its opinion on value of the property interests of the Group in Hong Kong and the PRC as at 31 March 2024.



Valplus Consulting Limited
Unit 907, 9/F, Houston Centre
63 Mody Road, Tsim Sha Tsui East
Hong Kong

28 June 2024

The Board of Directors
Kin Yat Holdings Limited
7th Floor, Galaxy Factory Building
25-27 Luk Hop Street
San Po Kong, Kowloon
Hong Kong

Dear Sirs/Madams,

Re : Valuation of various properties interests located in Hong Kong and the People's Republic of China

In accordance with the instructions from Kin Yat Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) for us to value the certain property interests (details of the property interests are more particularly listed in the Summary of Values of this report and hereinafter collectively, the “**Properties**”) held by the Group located in Hong Kong and the People's Republic of China (“**China**” or the “**PRC**”), we confirm that we have made relevant enquires and obtained such further information as we consider necessary for providing you with our opinion on market value of such property interests in existing state as at 31 March 2024 (the “**Valuation Date**”).

This letter, forming part of our valuation report, identifies the property interests being valued, explains the basis and methodology of our valuation, and lists out the assumptions and title investigation, which we have made in the course of our valuation, as well as the limiting conditions.

1. PURPOSE OF VALUATION

This report is being solely prepared for the directors and management of the Company for reference and incorporation into the Scheme Document of the Company in connection with the proposed privatisation (the “**Proposed Privatisation**”) of the Company by Resplendent Global Limited by way of a scheme of arrangement under Section 99 of the Companies Act of Bermuda, and under the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited (the “**SEHK**”) and the Hong Kong Code on Takeovers and Mergers issued by The Securities and Futures Commission (the “**SFC**”).

2. BASIS OF VALUATION

Our valuation represents our opinion on the market value which we would define to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

Market value is understood as the value of a property estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

In valuing the Properties, we have complied with all the requirements set out in the Rule 11 of The Code on Takeovers and Mergers (the “**Takeover Code**”) issued by SFC, the Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by the SEHK, the International Valuation Standards published by the International Valuation Standards Council and the RICS Valuation – Global Standards published by the Royal Institution of Chartered Surveyors.

3. SOURCE OF INFORMATION

In undertaking our valuation of the Properties, we have relied on advice, documents, information and materials provided by the management of the Group and its representatives (together, the “**Management**”). The major documents and information include but not limited to (i) title certificates; (ii) construction permits; (iii) pre-sale permits; and (iv) legal opinions dated 28 June 2024 (the “**Legal Opinions**”) provided by the Group’s PRC legal adviser, namely 北京市競天公誠（廣州）律師事務所 (unofficially translated as “**Beijing City Jingtian & Gongcheng (Guangzhou) Law Firm**”), all of which are set out in the notes of this valuation report.

4. VALUATION METHODOLOGIES

In valuing the Property No. 1 and 2 which are held for owner-occupation by the Group, the Property No. 9 and 10 which are held for sale by the Group, and the Property No. 11 and 12 which are held for future development by the Group, we have adopted the direct comparison approach by making reference to comparable sale evidence as available in the relevant market or, where appropriate, the investment method by taking capitalization of rental income potential of the property interests. The market approach provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available.

In valuing the Property No. 3, 4, 5, 6, 7 and 8 which are held for owner-occupation by the Group, we have adopted a combination of market and cost approach in assessing the land portion and the buildings and structures standing on the land respectively. Hence, the sum of the two results represents the market value of the property as a whole.

In respect of the land portion, we have adopted the direct comparison method by making reference to comparable sales evidence as available in the relevant market. The market approach provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available.

In respect of the buildings and structures portion, as the nature of the buildings and structures cannot be valued by comparison with open market transactions, they have therefore been valued by using cost approach. The cost approach considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, as evidenced by observed condition or obsolescence present, whether arising from physical, functional or economic causes. Actual costs incurred for upgrading of the assets to be appraised will also be considered in this approach. The cost approach generally furnishes the most reliable indication of value for assets without a known market of comparable sales.

5. TITLE INVESTIGATION

For the property No. 1 which is located in Hong Kong, we have caused land searches at the Land Registry regarding the title of the subject property interest.

For the Property No. 2, 3, 4, 5, 6, 7, 8, 9, 10, 11 and 12 which are located in the PRC, we have not caused land searches regarding the title of the Properties but have been provided by the Group with copies of certain extracts on title documents and other documents in relation to the subject property interests. However, we have not searched and examined the original documents to verify ownership or to ascertain the existence of any amendments which may not appear on the copies handed to us.

In the course of our valuation, we have relied on the Legal Opinions regarding the title to and the interests in the Properties. No responsibility is assumed for legal matters in nature and no investigation has been made to the title of or any liabilities against the property valued.

6. SITE INSPECTION

The site inspection of the Properties was conducted in May 2024 by our Mr. Alfred Wong, with over 3 years of relevant experience in valuation of properties in Hong Kong, Macau, the PRC and the Asia-Pacific Rim. No structural survey has been made and it was not possible to inspect the woodwork and other parts of the structures which were covered, unexposed or inaccessible. We are therefore unable to report whether the property interests are free from rot, infestation or any other defects. No test was carried out on any of the services.

7. VALUATION ASSUMPTIONS

- Our valuation has been made on the assumption that the owner sells the property interests on the open market in its existing state without the benefit of deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which could serve to affect the values of the property interests. No forced sale situation in any manner is assumed in our valuation; and
- No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property interests or for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of any onerous nature which could affect their values.

8. LIMITING CONDITIONS

We have relied to a considerable extent on the information provided by and have accepted advice from the Company on such matters as planning approvals, statutory notices, easements, tenures, occupancy, lettings, site, floor areas, rooms, facilities, identifications and all other relevant materials regarding the property interests.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We were also advised by the Company that no material facts have been omitted from the information provided. All documents have been used as reference only. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

We have not carried out detailed measurement to verify the correctness of the areas of the property interests but have assumed that the areas shown on the documents and floor plans available to us are correct. Dimensions, measurements and areas included in the attached valuation report are based on information contained in the documents provided to us for reference only and, therefore are only approximations.

We have not carried out investigation to determine the suitability of the ground conditions or the services for any property developments to be erected thereon. Our valuation is on the basis that these aspects are satisfactory and that no extraordinary expense or delay will be incurred during the construction period. Moreover, it is assumed that the utilization of the land and improvements will be within the boundaries of the sites held by the owner or permitted to be occupied by the owner. In addition, we assumed that no encroachment or trespass exist, unless noted in the valuation report.

No environmental impact study has been ordered or made. Full compliance with applicable national, provincial and local environmental regulations and laws is assumed unless otherwise stated, defined and considered in the valuation report.

9. POTENTIAL TAX LIABILITIES

For the purpose of compliance with Rule 11.3 of the Takeovers Code and as advised by the Management, the potential tax liabilities which will arise on direct disposal of the Properties held by the Group at amount valued by us mainly comprise the following:

Hong Kong property

Profit tax Assessable profits up to HK\$2 million: 8.25%; and any part of assessable profits over HK\$2 million: 16.5%

Stamp duty (of which both the seller and the buyer are jointly and severally liable)

Exceeds	Does not exceed	Rates
	HK\$3,000,000	HK\$100
HK\$3,000,000	HK\$3,528,240	HK\$100 + 10% of excess over HK\$3,000,000
HK\$3,528,240	HK\$4,500,000	1.50%
HK\$4,500,000	HK\$4,935,480	HK\$67,500 + 10% of excess over HK\$4,500,000
HK\$4,935,480	HK\$6,000,000	2.25%
HK\$6,000,000	HK\$6,642,860	HK\$135,000 + 10% of excess over HK\$6,000,000
HK\$6,642,860	HK\$9,000,000	3.00%
HK\$9,000,000	HK\$10,080,000	HK\$270,000 + 10% of excess over HK\$9,000,000
HK\$10,080,000	HK\$20,000,000	3.75%
HK\$20,000,000	HK\$21,739,120	HK\$750,000 + 10% of excess over HK\$20,000,000
HK\$21,739,120		4.25%

PRC properties

- Enterprise income tax at 25% on profit before tax of the subject entity;
- Land appreciation tax at progressive rates from 30% to 60% on the appreciation of in property value;
- Stamp duty at 0.05% on the transaction amount;
- Value added tax (“VAT”) at 5% (a small-scale VAT taxpayer) or 9% (a general VAT taxpayer) on the transaction amount; and
- Other surcharges at approximately 12% of VAT amount payable.

As advised by the Company, the likelihood of any potential tax liabilities for the properties (except for the properties which are held for sale) being crystalized is remote as the Group has no intention to sell the properties.

10. REMARKS

The Company has reviewed and agreed on the report and confirmed the factual content of the report.

Unless otherwise stated, all monetary amounts stated in this report are in Hong Kong Dollar (“**HK\$**”) for the properties in Hong Kong and Renminbi (“**RMB**”) for the properties in the PRC.

We hereby confirm that we have neither present nor prospective interests in the Properties, the Group or the value reported herein.

We confirm that we are independent qualified valuer, as referred to Rule 5.08 of the Listing Rules Governing the Listing of Securities on the SEHK and Rule 11.1(b) and Note to Rule 11 of the Takeover Code.

Our Valuation Report is enclosed herewith.

Respectfully submitted,
For and on behalf of
VALPLUS CONSULTING LIMITED

Damon S.T. Wan, *CFA, FRM, MRICS*
Director

Mr. Damon S.T. Wan is a CFA Charterholder, a Certified FRM and a member of Royal Institution of Chartered Surveyors. Mr. Wan has been working in the professional valuation field since 2008. He is experienced and specialized in performing properties, financial instruments, intangible assets and business valuations for the purposes of corporate advisory, merger & acquisition and public listing. He has over 7 years of experience in the valuation of properties in Hong Kong, Macau, China and the overseas.

SUMMARY OF VALUES

Property	Market value in existing state as at 31 March 2024
Group I – Properties held by the Group for owner-occupation	
1 Unit A on 10th Floor, Galaxy Factory Building, Nos. 25 and 27 Luk Hop Street, Kowloon	HK\$18,200,000
2 Industrial buildings, ancillary buildings and structures located at No.5 Xiangshan Avenue Songgang Town, Bao An District, Shenzhen, The PRC	No commercial value
3 Industrial buildings and an ancillary structure located at Huang Hua Yuan Industrial Zone, Tai Ping Town, Shi Xing County, Guangdong Province, The PRC	RMB12,267,000
4 Industrial buildings and ancillary buildings and structures in No. 5 Huang Hua Yuan Street, Tai Ping Town, Shi Xing County, Guangdong Province, The PRC	RMB35,802,000
5 Industrial buildings, ancillary buildings and structures in No.190 Muxi Avenue Muxi Industrial Zone, Wujiang District, Shaoguan City, Guangdong Province, The PRC	RMB9,604,000

		Market value in existing state as at 31 March 2024
6	Industrial buildings in No.188 Muxi Avenue, Muxi Industrial Zone, Wujiang District, Shaoguan City, Guangdong Province, The PRC	RMB28,963,000
7	Industrial buildings, ancillary buildings and structures in No. 8 Muxi 2nd Road, Muxi Industrial Zone, Wujiang District, Shaoguan City, Guangdong Province, The PRC	RMB40,925,000
8	Industrial buildings, ancillary buildings and structures in Tong Gu Nan Road, Dushan Economic Development Zone, Dushan County, Guizhou Province, The PRC	RMB23,268,000
Group II – Properties held by the Group for sale		
9	Phase 1A of The Jardin Montsouris (蒙蘇里花園), Bei Da Men Road, Ma Wan Town, Dushan County, Guizhou Province, The PRC	RMB248,880,000
10	Developed site of The Royale Cambridge Residences (劍橋皇家花園), Bei Da Men Road, Dushan Economic Development Zone, Dushan County, Guizhou Province, The PRC	RMB155,556,000

Property	Market value in existing state as at 31 March 2024
Group III – Properties held by the Group for future development	
11 Remaining undeveloped portion of the site of The Jardin Montsouris (蒙蘇里花園), Bei Da Men Road, Ma Wan Town, Dushan County, Guizhou Province, The PRC	RMB64,012,000
12 Remaining undeveloped portion of the site of The Royale Cambridge Residences (劍橋皇家花園), Bei Da Men Road, Dushan Economic Development Zone, Dushan County, Guizhou Province, The PRC	RMB76,842,000

VALUATION REPORT

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2024
1	Unit A on 10th Floor, Galaxy Factory Building, Nos. 25 and 27 Luk Hop Street, Kowloon Portion of 4/210 share of and in New Kowloon Inland Lot Nos.: 5135 and 5136	The property comprises a workshop unit on 10th Floor of a 21-storey industrial building completed in about 1971. The total gross floor area and saleable area of the property are approximately 5,200 sq. ft. and 4,320 sq. ft., respectively. The property is held under Conditions of Sale No. UB9543 and UB9544 for a term of 99 years commencing on 1 July 1898 and is statutorily extended until 30 June 2047.	The property was occupied by the Company for workshop use as at the Valuation Date.	HK\$18,200,000

Notes:

- 1) The current registered owner of the property is Standard Electric (Hong Kong) Corporation Limited, a wholly-owned subsidiary of the Company, via memorial no. 18090502260156 dated 6 August 2018.
- 2) Pursuant to the Management, the property was held by the Group for owner occupation in Hong Kong.
- 3) The property is subject to a Superseding Order No. C/TC/002391/23/K by The Building Authority under Section 24(1) of The Buildings Ordinance via memorial no. 23091501500277 dated 7 July 2023 regarding certain building works which were found to be in violation of certain regulations in relation to fire services requirements, and therefore were subject to a removal order.
- 4) We have made reference to sale transaction comparable in the locality and the unit rate of the comparable is in the range from HK\$3,573 per sq.ft. to HK\$4,817 per sq.ft.. Appropriate adjustments to the unit rate have been considered to reflect factors including but not limited to building age, size and loading in arriving at our opinion on value. In the course of our valuation, we have adopted an average unit rate of approximately HK\$4,210 per sq.ft., which is consistent with the range of comparable transactions and is thus considered to be fair and reasonable.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2024
2 Industrial buildings, ancillary buildings and structures located at No.5 Xiangshan Avenue Songgang Town, Bao An District, Shenzhen, The PRC	<p>The properties comprise two parcels of land together with eleven single to 7-storey buildings and other ancillary buildings and structures erected thereon and completed in between 1996 and 2012.</p> <p>The total aggregated site area and gross floor area of the properties are 35,232.25 sq.m. and 62,543.67 sq.m. respectively.</p> <p>The land use rights of the properties were granted for a term of 50 years expiring on 15 November 2042 and 1 January 2061 for industrial use.</p>	The properties were occupied by the Company for industrial use as at the Valuation Date.	No commercial value (Refer to notes 4, 5 & 6)

Notes:

- Pursuant to (i) Land Use Rights Transfer Contract (土地出讓(有償)使用合同書) entered into between 深圳市羅田股份合作公司 (unofficially translated as “**Shenzhen Luotian Cooperative Stock Company**”) and 五福企業有限公司 (officially translated as “Penta Blesses Enterprises Ltd.” and hereinafter, “**Penta Blesses**”), a wholly-owned subsidiary of the Company, and dated 20 December 2010; and (ii) 39 Property Ownership and Land Use Rights Certificates 《深房地字第 7223171、7223169、7223170、7223168、7223167、7223165、7223148、7223163、7223161、7223159、7223157、7223155、7223154、7223166、7223164、7223162、7223160、7223158、7223156、7223153、7223152、7223151、7223145、7223143、7223142、7223140、7223138、7223136、7223134、7223133、7223146、7223144、7223141、7223139、7223137、7223135、7223150、7223149及7223147號》 (Document No.: Shen Fang Di Zi Nos. 7223171、7223169、7223170、7223168、7223167、7223165、7223148、7223163、7223161、7223159、7223157、7223155、7223154、7223166、7223164、7223162、7223160、7223158、7223156、7223153、7223152、7223151、7223145、7223143、7223142、7223140、7223138、7223136、7223134、7223133、7223146、7223144、7223141、7223139、7223137、7223135、7223150、7223149 and 7223147) dated 29 September 1997, the land use rights of two parcels of land of the properties with total aggregated site area of approximately 35,232.25 sq.m. were granted to Penta Blesses for a term of 50 years expiring on 15 November 2042 and 1 January 2061 for industrial use respectively.
- Pursuant to the aforesaid 39 Property Ownership and Land Use Rights Certificates, the ownership of 3 blocks of dormitories, 1 block of generator room and 4 block of industrial buildings of the properties with total aggregated gross floor area of approximately 35,045.20 sq.m. were vested in Penta Blesses for a term of 50 years expiring on 15 November 2042 for industrial use. The particulars of the Property Ownership and Land Use Rights Certificates are set forth below:

Property Ownership and Land Use Rights Certificates (Document No.)	Usage	No. of storey	GFA (sq.m.)
深房地字第7223148、7223165、7223167、7223168、 7223169、7223170及7223171號	Dormitory	7	3,203.30
深房地字第7223154、7223155、7223157、7223159、 7223161、7223163及7223166號	Dormitory	7	3,203.30
深房地字第7223164號	Generator room	1	412.00
深房地字第7223152、7223153、7223156、7223158、 7223160及7223162號	Dormitory	6	743.90
深房地字第7223140、7223142、7223143、7223145及 7223151號	Industrial	5	6,200.40
深房地字第7223133、7223134、7223136及7223138號	Industrial	4	7,517.30
深房地字第7223139、7223141、7223144及7223146號	Industrial	4	7,564.60
深房地字第7223135、7223137、7223147、7223149及 7223150號	Industrial	5	6,200.40

* *Figures above are subject to rounding.*

- 3) Pursuant to the Management, the properties were held by the Group for owner occupation in the PRC.
- 4) Pursuant to the Legal Opinions, certain portion of the lands of the properties covering site area of approximately 22,912.50 sq.m. and the aforesaid 8 blocks of the generator room, dormitories and industrial buildings of the properties with relevant title certificates covering total aggregated gross floor area of approximately 35,045.20 sq.m. are subject to restrictions that are not entitled to be traded and leased. In the course of our valuation, we have ascribed no commercial value to the aforesaid land portion and buildings of the properties as they are not legally and freely transferrable in the market.
- 5) Pursuant to the Legal Opinions, the title ownership of certain portion of lands of the properties covering site area of approximately 12,320.00 sq.m. and other ancillary buildings and structures of the properties covering total aggregated gross floor area of approximately 27,498.47 sq.m. have not been registered by Penta Blesses. Further confirmed by the Management, Penta Blesses has not obtained the relevant title certificates of the aforesaid land portion and other ancillary buildings and structures of the properties. In the course of our valuation, we have ascribed no commercial value to the aforesaid land portion and other ancillary buildings and structures of the properties without relevant title certificates as they are not legally and freely transferrable in the market.
- 6) For illustrative purpose, the market value of the aforesaid land portion, the buildings and other ancillary buildings and structures of the properties in the notes 4 and 5 in their existing state as at the Valuation Date would be approximately RMB269,796,000 on the assumption that they are legally and freely transferrable in the market.
- 7) We have made reference to rental comparable in the locality and the unit rate of monthly rental of the comparable is in the range from RMB26 per sq.m. to RMB30 per sq.m.. Appropriate adjustments to the unit rate have been considered to reflect factors including but not limited to time and size in arriving at our opinion on value. In the course of our valuation, we have adopted an average unit rate of approximately RMB28 per sq.m., which is consistent with the range of comparable transactions and is thus considered to be fair and reasonable
- 8) The properties are situated at Luotian Industrial Zone in Shenzhen. The subject area is mainly surrounded by industrial buildings. Shenzhen Baoan International Airport is about an hour driving distance away from the properties. Taxis and buses are also accessible to the properties.
- 9) We have been provided with the Legal Opinions, which contains, inter alia, the following information that has been translated from Chinese. If there are any inconsistencies, the Chinese version shall prevail:
 - a) The properties comprising (i) the land with total site area of approximately 22,912.50 sq.m.; and (ii) the buildings with total gross floor area of approximately 35,045.20 sq.m. have been registered with the Property Ownership and Land Use Rights Certificates;
 - b) Penta Blesses is the holder of the Property Ownership and Land Use Rights Certificates of the properties comprising (i) the land with total site area of approximately 22,912.50 sq.m.; and (ii) the buildings with total gross floor area of approximately 35,045.20 sq.m.;
 - c) Pursuant to the maximum mortgage contract dated 10 November 2023, buildings with total gross floor area of approximately 35,045.20 are subject a mortgage loan of RMB110 million in favour of 上海浦東發展銀行股份有限公司深圳分行 (unofficially translated as and hereinafter, "SPD Bank Shenzhen Branch") for a term of 1 year from 25 October 2023 to 25 October 2024, save for the above, the properties are free from any mortgage; and
 - d) The following legal documents are obtained:

Land Use Rights Transfer Contract	Yes
Property Ownership and Land Use Rights Certificates	Yes

			Market value in existing state as at 31 March 2024
Property	Description and tenure	Particulars of occupancy	
3	<p>Industrial buildings and an ancillary structure located at Huang Hua Yuan Industrial Zone, Tai Ping Town, Shi Xing County, Guangdong Province, The PRC</p> <p>The properties comprise five parcels of land together with six single to 4-storey buildings and structures erected thereon and completed in between 1995 and 2004.</p> <p>The total site area and gross floor area of the property are 23,622.00 sq. m. and 19,721.59 sq.m. respectively.</p> <p>The land use rights of the properties were granted for a term of 50 years expiring on 28 December 2045, 9 October 2048 and 25 March 2049 for industrial use.</p>	<p>The properties were occupied by the Company for industrial use as at the Valuation Date.</p>	RMB12,267,000

Notes:

- 1) Pursuant to 2 State-owned Land Use Rights Certificates 《始國用(2013)第0044及0045號》 (Document No.: Shi Guo Yong (2013) Nos. 0044 and 0045) and 7 Real Estate Title Certificates 《粵(2018)始興縣不動產權第0000915號、粵(2023)始興縣不動產權第0006375、0006440、0006441、0006442、0006443及0006444號》 (Document No.: Yue (2018) Shi Xing Xian Bu Dong Chan Quan Di No. 0000915, Yue (2023) Shi Xing Xian Bu Dong Chan Quan Di Nos. 0006375, 0006440, 0006441, 0006442, 0006443 and 0006444) dated 8 May 2013, 9 February 2018, 14 December 2023 and 18 December 2023, the land use rights of the properties with total site area of approximately 23,622.00 sq.m. were granted to 始興縣新法實業有限公司 (unofficially translated as “Shixing Newway Industries Company Limited” and hereinafter, “**Shixing Newway**”), a wholly-owned subsidiary of the Company, for various term expiring on 28 December 2045, 9 October 2048 and 25 March 2049 for industrial use.
- 2) Pursuant to the aforesaid 6 Real Estate Title Certificates, the ownership of 6 buildings of the properties with total aggregated gross floor area of approximately 16,513.60 sq.m. were vested in Shixing Newway for a term of 50 years expiring on 28 December 2045 and 9 October 2048 for industrial use. The particulars of the Real Estate Title Certificates are set forth below:

Real Estate Title Certificate (Document No.)	Usage	No. of storey	GFA (sq.m.)
粵(2023)始興縣不動產權第0006375號	Workshop	4	5,576.30
粵(2023)始興縣不動產權第0006440號	Workshop	3	4,036.20
粵(2023)始興縣不動產權第0006441號	Godown	1	1,962.52
粵(2023)始興縣不動產權第0006442號	Workshop	3	2,227.32
粵(2023)始興縣不動產權第0006443號	Godown	1	2,541.24
粵(2023)始興縣不動產權第0006444號	Godown	1	170.02

* *Figures above are subject to rounding.*

- 3) Pursuant to the Management, the properties were held by the Group for owner occupation in the PRC.

- 4) Pursuant to the Legal Opinions, the title ownership of an ancillary structure with total gross floor area of approximately 3,207.99 sq.m. has not been registered by Shixing Newway. Further confirmed by the Management, Shixing Newway has not obtained the relevant title certificates of the aforesaid ancillary structure of the properties. In the course of our valuation, we have ascribed no commercial value to the aforesaid ancillary structure of the properties without relevant title certificates as it is not legally and freely transferrable in the market. However, for illustrative purpose, the market value of the aforesaid ancillary structure of the properties in their existing state as at the Valuation Date would be approximately RMB884,000 on the assumption that it is legally and freely transferrable in the market.

- 5) The accommodation value of land parcels of similar industrial premises in the locality as at the Valuation Date is in the range of around RMB238.96 per sq.m. to RMB358.06 per sq.m. and the average unit rate of comparable land parcel of approximately RMB239.99 per sq.m.. Appropriate adjustments to the unit rate have been considered to reflect factors including but not limited to land level and size in arriving at our opinion on value. In the course of our valuation, after taking into account the remaining tenure of the title ownership, we have adopted a range of unit rates from approximately RMB176.00 to RMB189.00 per sq.m. for the land parcels of the properties.

- 6) The properties are situated in the Huang Hua Yuan Industrial Zone of Shaoguan City. The subject area is mainly surrounded by low to medium-rise residential and industrial buildings. Shixing Railway Station is just near to the properties. Shaoguan railway station is about an hour driving distance away from the properties. Taxis and buses are also accessible to the properties.

- 7) We have been provided with the Legal Opinions, which contains, inter alia, the following information that has been translated from Chinese. If there are any inconsistencies, the Chinese version shall prevail:
 - a) The properties comprising (i) the land with total site area of approximately 23,622.00 sq.m.; and (ii) the buildings with total gross floor area of approximately 16,513.60 sq.m. have been registered with the State-owned Land Use Rights Certificates and the Real Estate Title Certificates;

 - b) Shixing Newway is the holder of the land use right and the Real Estate Title Certificates of the properties comprising (i) the land with total site area of approximately 23,622.00 sq.m.; and (ii) the buildings with total gross floor area of approximately 16,513.60 sq.m.;

 - c) Pursuant to the maximum mortgage contract dated 28 December 2023, buildings with total gross floor area of approximately 12,009.84 sq.m. are subject a mortgage loan of RMB200 million in favour of SPD Bank Shenzhen Branch for a term of 1 year from 25 October 2023 to 25 October 2024;

 - d) Shixing Newway is entitled to occupy, use, transfer, lease and mortgage the properties comprising (i) the land with total site area of approximately 23,622.00 sq.m.; and (ii) the buildings with total gross floor area of approximately 16,513.60 sq.m.;

 - e) Save for the above disclosure, the properties are free from any mortgages, seizure, other's orders and other legal encumbrances which may cause adverse effect to the title of the aforesaid properties; and

 - f) The following legal documents are obtained:

State-owned Land Use Rights Certificates	Yes
Real Estate Title Certificates	Yes

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2024
4	Industrial buildings and ancillary buildings structures in No. 5 Huang Hua Yuan Street, Tai Ping Town, Shi Xing County, Guangdong Province, The PRC	<p>The properties comprise two parcels of land together with nine single to 7-storey buildings erected thereon and completed in between 2001 and 2006.</p> <p>The total site area and gross floor area of the properties are 50,670.00 sq. m. and 40,820.44 sq.m. respectively.</p> <p>The land use rights of the properties were granted for a term of 50 years expiring on 28 December 2045 and 14 November 2051 for industrial use.</p>	The properties were occupied by the Company for industrial use as at the Valuation Date.	RMB35,802,000

Notes:

- Pursuant to 9 Real Estate Title Certificates 《粵(2023)始興縣不動產權第0000048、0000049、0000050、0000051、0000052、0000054、0000055、0000056及0000057號》(Document No.: Yue (2023) Shi Xing Xian Bu Dong Chan Quan Di Nos. 0000048, 0000049, 0000050, 0000051, 0000052, 0000054, 0000055, 0000056 and 0000057) dated 6 January 2023, the land use rights of the properties with total site area of approximately 50,670.00 sq.m. were granted to 廣東標準電機科技有限公司 (unofficially translated as “Guangdong Standard Motor Technology Company Limited” and hereinafter, “**Guangdong Standard Motor**”), a wholly-owned subsidiary of the Company, for a term of 50 years expiring on 28 December 2045 and 14 November 2051 for industrial use.
- Pursuant to the aforesaid 9 Real Estate Title Certificates, the ownership of 9 buildings of the properties with total aggregated gross floor area of approximately 40,820.44 sq.m. were vested in Guangdong Standard Motor for a term of 50 years expiring on 28 December 2045 and 14 November 2051 for industrial use. The particulars of the Real Estate Title Certificates are set forth below:

Real Estate Title Certificate (Document No.)	Usage	No. of storey	GFA (sq.m.)
粵(2023)始興縣不動產權第0000048號	Guard room	1	170.02
粵(2023)始興縣不動產權第0000049號	Godown	1	164.71
粵(2023)始興縣不動產權第0000050號	Workshop	4	5,575.44
粵(2023)始興縣不動產權第0000051號	Workshop	4	8,584.00
粵(2023)始興縣不動產權第0000052號	Dormitory	7	2,740.55
粵(2023)始興縣不動產權第0000054號	Dormitory	7	2,740.55
粵(2023)始興縣不動產權第0000055號	Workshop	4	10,223.01
粵(2023)始興縣不動產權第0000056號	Heating ventilation & air conditioning plant room	1	798.00
粵(2023)始興縣不動產權第0000057號	Workshop	4	9,824.16

* *Figures above are subject to rounding.*

- 3) Pursuant to the Management, the properties were held by the Group for owner occupation in the PRC.
- 4) The accommodation value of land parcels of similar industrial premises in the locality as at the Valuation Date is in the range of around RMB238.79 per sq.m. to RMB357.68 per sq.m. and the average unit rate of comparable land parcel of approximately RMB239.83 per sq.m.. Appropriate adjustments to the unit rate have been considered to reflect factors including but not limited to land level and size in arriving at our opinion on value. In the course of our valuation, after taking into account the remaining tenure of the title ownership, we have adopted unit rates of approximately RMB176.00 per sq.m. and RMB197.00 sq.m. for the land parcels of the properties.
- 5) The properties are situated in the Huang Hua Yuan Industrial Zone of Shaoguan City. The subject area is mainly surrounded by low to medium-rise residential and industrial buildings. Shixing Railway Station is just near to the properties. Shaoguan railway station is about an hour driving distance away from the properties. Taxis and buses are also accessible to the properties.
- 6) We have been provided with the Legal Opinions, which contains, inter alia, the following information that has been translated from Chinese. If there are any inconsistencies, the Chinese version shall prevail:
- a) The properties comprising (i) the land with total site area of approximately 50,670.00 sq.m.; and (ii) the buildings with total gross floor area of approximately 40,820.44 sq.m. have been registered with the Real Estate Title Certificates;
 - b) Guangdong Standard Motor is the holder of the land use right and the Real Estate Title Certificates of the properties comprising (i) the land with total site area of approximately 50,670.00 sq.m.; and (ii) the buildings with total gross floor area of approximately 40,820.44 sq.m.;
 - c) Pursuant to the maximum mortgage contract dated 27 November 2023, buildings with total gross floor area of approximately 19,975.27 sq.m. are subject a mortgage loan of RMB200 million in favour of SPD Bank Shenzhen Branch for a term of 1 year from 25 October 2023 to 25 October 2024;
 - d) Guangdong Standard Motor is entitled to occupy, use, transfer, lease and mortgage the properties comprising (i) the land with total site area of approximately 50,670.00 sq.m.; and (ii) the buildings with total gross floor area of approximately 40,820.44 sq.m.;
 - e) Save for the above disclosure, the properties are free from any mortgages, seizure, other's orders and other legal encumbrances which may cause adverse effect to the title of the aforesaid properties; and
 - f) The following legal document is obtained:

Real Estate Title Certificates	Yes
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	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2024
5	Industrial buildings, ancillary buildings and structures in No.190 Muxi Avenue Muxi Industrial Zone, Wujiang District, Shaoguan City, Guangdong Province, The PRC	<p>The properties comprise a parcel of land together with one 2-storey building, one 6-storey dormitory and other ancillary buildings and structures erected thereon and completed in between 2004 and 2005.</p> <p>The site area and gross floor area of the properties are approximately 28,800.00 sq.m. and 17,448.39 sq.m. respectively.</p> <p>The land use rights of the properties were granted for a term of 50 years expiring on 5 January 2053 for other commercial, residential, industrial or non-residential uses.</p>	The properties were occupied by the Company for industrial use as at the Valuation Date.	RMB9,604,000
1)		Pursuant to 2 Real Estate Title Certificates 《粵(2017)始興縣不動產權第0006452及粵(2020)始興縣不動產權第0065066號》 (Document No.: Yue (2017) Shi Xing Xian Bu Dong Chan Quan Di Nos. 0006452 and Yue (2020) Shi Xing Xian Bu Dong Chan Quan Di Nos. 0065066) dated 7 April 2017 and 2 December 2020, the land use rights of the properties with total site area of approximately 28,800.00 sq.m. were granted to Lun Sing Paper Products Company Limited (“Lun Sing”), a wholly-owned subsidiary of the Company, for a term of 50 years expiring on 5 January 2053 for other commercial, residential industrial or non-residential uses.		
2)		Pursuant to the aforesaid 2 Real Estate Title Certificates, the ownership of 2 buildings of the properties with total aggregated gross floor area of approximately 6,454.82 sq.m. were vested in Lun Sing for a term of 50 years expiring on 5 January 2053 for other commercial, residential, industrial or non-residential uses. The particulars of the Real Estate Title Certificates are set forth below:		
	Real Estate Title Certificate (Document No.)	Usage	No. of storey	GFA (sq.m.)
	粵(2017)始興縣不動產權第0006452號	Workshop	2	5,075.00
	粵(2020)始興縣不動產權第0065066號	Dormitory	6	1,379.82
	* Figures above are subject to rounding.			
3)	Pursuant to the Management, the properties were held by the Group for owner occupation in the PRC.			

- 4) Pursuant to the Legal Opinions, the title ownership of other ancillary buildings and structures with total gross floor area of approximately 10,993.57 sq.m. have not been registered by Lun Sing. Further confirmed by the Management, Lun Sing has not obtained the relevant title certificates of the aforesaid other ancillary buildings and structures of the properties. In the course of our valuation, we have ascribed no commercial value to the aforesaid other ancillary buildings and structures of the properties without relevant title certificates as they are not legally and freely transferrable in the market. However, for illustrative purpose, the market value of the aforesaid other ancillary buildings and structures of the properties in their existing state as at the Valuation Date would be approximately RMB7,273,000 on the assumption that they are legally and freely transferrable in the market.
- 5) The accommodation value of land parcels of similar industrial premises in the locality as at the Valuation Date is in the range of around RMB213.57 per sq.m. to RMB347.46 per sq.m. and the average unit rate of comparable land parcel of approximately RMB251.28 per sq.m.. Appropriate adjustments to the unit rate have been considered to reflect factors including but not limited to land level and size in arriving at our opinion on value. In the course of our valuation, after taking into account the remaining tenure of the title ownership, we have adopted an unit rate of approximately RMB211.00 per sq.m. for the land parcel of the properties.
- 6) The properties are situated in the Muxi Industrial Zone of Shaoguan City. The subject area is mainly surrounded by low to medium-rise residential and industrial buildings. Shaoguan Railway Station is just near to the properties. Shaoguan railway station is about 15-minutes driving distance away from the properties. Taxis and buses are also accessible to the properties.
- 7) We have been provided with the Legal Opinions, which contains, inter alia, the following information that has been translated from Chinese. If there are any inconsistencies, the Chinese version shall prevail:
- a) The properties comprising (i) the land with total site area of approximately 28,800.00 sq.m.; and (ii) the buildings with total gross floor area of approximately 6,454.82 sq.m. have been registered with the Real Estate Title Certificates;
 - b) Lun Sing is the holder of the land use right and the Real Estate Title Certificates of the properties comprising (i) the land with total site area of approximately 28,800.00 sq.m.; and (ii) the buildings with total gross floor area of approximately 6,454.82 sq.m.;
 - c) Pursuant to the maximum mortgage contract dated 27 November 2023, buildings with total gross floor area of approximately 6,454.82 sq.m. are subject a mortgage loan of RMB200 million in favour of SPD Bank Shenzhen Branch for a term of 1 year from 25 October 2023 to 25 October 2024;
 - d) Lun Sing is entitled to occupy, use, transfer, lease and mortgage the properties comprising (i) the land with total site area of approximately 28,800.00 sq.m.; and (ii) the buildings with total gross floor area of approximately 6,454.82 sq.m.;
 - e) Save for the above disclosure, the properties are free from any mortgages, seizure, other's orders and other legal encumbrances which may cause adverse effect to the title of the aforesaid properties; and
 - f) The following legal document is obtained:

Real Estate Title Certificates	Yes
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			Market value in existing state as at 31 March 2024
Property	Description and tenure	Particulars of occupancy	
6	<p>Industrial buildings in No.188 Muxi Avenue Muxi Industrial Zone, Wujiang District, Shaoguan City, Guangdong Province, The PRC</p> <p>The properties comprise a parcel of land together with four 2 to 6-storey buildings erected thereon and completed in between 2004 and 2012.</p> <p>The site area and gross floor area of the properties are approximately 19,200.00 sq.m. and 27,390.49 sq.m. respectively.</p> <p>The land use rights of the properties were granted for a term of 50 years expiring on 5 January 2053 and 21 February 2053 for residential, industrial or non-residential uses.</p>	<p>The properties were occupied by the Company for industrial use as at the Valuation Date.</p>	RMB28,963,000

Notes:

- Pursuant to 4 Real Estate Title Certificates 《粵(2017)始興縣不動產權第0006446及粵(2021)始興縣不動產權第0000026、0035308及0035428號》 (Document No.: Yue (2017) Shi Xing Xian Bu Dong Chan Quan Di No. 0006446 and Yue (2021) Shi Xing Xian Bu Dong Chan Quan Di Nos. 0000026, 0035308 and 0035428) dated 7 April 2017, 4 January 2021, 9 June 2021 and 10 June 2021, the land use rights of the properties with total site area of approximately 19,200.00 sq.m. were granted to Shaoguan Sigma Technology Company Limited (“**Sigma Technology**”), a wholly-owned subsidiary of the Company, for a term of 50 years expiring on 5 January 2053 and 21 February 2053 for residential, industrial or non-residential uses.
- Pursuant to the aforesaid 4 Real Estate Title Certificates, the ownership of 4 buildings of the properties with total aggregated gross floor area of approximately 27,390.49 sq.m. were vested in Sigma Technology for a term of 50 years expiring on 5 January 2053 and 21 February 2053 for residential, industrial or non-residential uses. The particulars of the Real Estate Title Certificates are set forth below:

**Real Estate Title Certificate
(Document No.)**

Real Estate Title Certificate (Document No.)	Usage	No. of storey	GFA (sq.m.)
粵(2017)始興縣不動產權第0006446號	Workshop	2	5,010.00
粵(2021)始興縣不動產權第0000026號	Dormitory	6	1,379.82
粵(2021)始興縣不動產權第0035308號	Workshop	5	10,959.64
粵(2021)始興縣不動產權第0035428號	Workshop	5	10,041.03

* *Figures above are subject to rounding.*

- Pursuant to the Management, the properties were held by the Group for owner occupation in the PRC.

- 4) The accommodation value of land parcels of similar industrial premises in the locality as at the Valuation Date is in the range of around RMB213.98 per sq.m. to RMB348.02 per sq.m. and the average unit rate of comparable land parcel of approximately RMB264.32 per sq.m.. Appropriate adjustments to the unit rate have been considered to reflect factors including but not limited to land level and size in arriving at our opinion on value. In the course of our valuation, after taking into account the remaining tenure of the title ownership, we have adopted an unit rate of approximately RMB222.00 per sq.m. for the land parcel of the properties.
- 5) The properties are situated in the Muxi Industrial Zone of Shaoguan City. The subject area is mainly surrounded by low to medium-rise residential and industrial buildings. Shaoguan Railway Station is just near to the properties. Shaoguan railway station is about 15-minutes driving distance away from the properties. Taxis and buses are also accessible to the properties.
- 6) We have been provided with the Legal Opinions, which contains, inter alia, the following information that has been translated from Chinese. If there are any inconsistencies, the Chinese version shall prevail:
- a) The properties comprising (i) the land with total site area of approximately 19,200.00 sq.m.; and (ii) the buildings with total gross floor area of approximately 27,390.49 sq.m. have been registered with the Real Estate Title Certificates;
 - b) Sigma Technology is the holder of the land use right and the Real Estate Title Certificates of the properties comprising (i) the land with total site area of approximately 19,200.00 sq.m.; and (ii) the buildings with total gross floor area of approximately 27,390.49 sq.m.;
 - c) Pursuant to the maximum mortgage contract dated 27 November 2023, buildings with total gross floor area of approximately 27,390.49 sq.m. are subject a mortgage loan of RMB200 million in favour of SPD Bank Shenzhen Branch for a term of 1 year from 25 October 2023 to 25 October 2024;
 - d) Sigma Technology is entitled to occupy, use, transfer, lease and mortgage the properties comprising (i) the land with total site area of approximately 19,200.00 sq.m.; and (ii) the buildings with total gross floor area of approximately 27,390.49 sq.m.;
 - e) Save for the above disclosure, the properties are free from any mortgages, seizure, other's orders and other legal encumbrances which may cause adverse effect to the title of the aforesaid properties; and
 - f) The following legal document is obtained:

Real Estate Title Certificates	Yes
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	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2024
7	Industrial buildings, ancillary buildings and structures in No. 8 Muxi 2nd Road, Muxi Industrial Zone, Wujiang District, Shaoguan City, Guangdong Province, The PRC	<p>The properties comprise two parcels of land together with with five 2 to 6-storey buildings and other ancillary buildings and structures erected thereon and completed between 2006 and 2012.</p> <p>The site area and gross floor area of the properties are approximately 98,606.00 sq.m. and 84,941.46 sq.m. respectively.</p> <p>The land use rights of the properties were granted for a term of 50 years expiring on 12 May 2054 for industrial use.</p>	The properties were occupied by the Company for industrial use as at the Valuation Date.	RMB40,925,000
1)		Pursuant to Real Estate Ownership Certificate 《粵房地字第C6738645號》 (Document No.: Yue Fang Di Zhi No. C6738645) and 4 Real Estate Title Certificates 《粵(2017)始興縣不動產權第0014868、0014869及0014870號及粵(2023)始興縣不動產權第0059304號》 (Document No.: Yue (2017) Shi Xing Xian Bu Dong Chan Quan Di Nos. 0014868, 0014869 and 0014870 and Yue (2023) Shi Xing Xian Bu Dong Chan Quan Di No. 0059304) dated 13 October 2008, 16 June 2017 and 24 November 2023, the land use rights of the properties with total site area of approximately 98,606.00 sq.m. were granted to Penta Blesses for a term of 50 years expiring on 12 May 2054 for industrial use.		
2)		Pursuant to the aforesaid Real Estate Ownership Certificate and 4 Real Estate Title Certificates, the ownership of 5 buildings of the properties with total aggregated gross floor area of approximately 28,716.56 sq.m. were vested in Penta Blesses for a term of 50 years expiring on 12 May 2054 for industrial use. The particulars of the Real Estate Title Certificates are set forth below:		
	Real Estate Ownership Certificate/ Real Estate Title Certificate (Document No.)	Usage	No. of storey	GFA (sq.m.)
	粵房地字第C6738645號	Machine plant room	2	7,564.34
	粵(2017)始興縣不動產權第0014868號	Dormitory	5	4,414.98
	粵(2017)始興縣不動產權第0014869號	Dormitory	6	6,506.86
	粵(2017)始興縣不動產權第0014870號	Dormitory	6	6,506.86
	粵(2023)始興縣不動產權第0059304號	Dormitory	6	3,723.52
	* <i>Figures above are subject to rounding.</i>			
3)		Pursuant to the Management, the properties were held by the Group for owner occupation in the PRC.		

- 4) Pursuant to 4 construction permits issued by 廣東省粵北工業開發區國土建設規劃局 (unofficially translated as “State Construction and Planning Bureau of Yue Bei Industrial Development Zone of Guangdong Province”) and dated 15 July 2004, Penta Blesses was permitted to construct (i) a 4-storey industrial building with gross floor area of approximately 25,852.00 sq.m.; (ii) a 2-storey godown with gross floor area of approximately 3,635.00 sq.m.; (iii) a 7-storey dormitory with gross floor area of approximately 8,287.00 sq.m.; and (iv) a 4-storey office building with gross floor area of approximately 5,141.00 sq.m., all of which were completed in 2006.
- 5) Pursuant to the Legal Opinions, the title ownership of the aforesaid four constructions with total gross floor area of approximately 47,951.78 sq.m. as permitted by State Construction and Planning Bureau of Yue Bei Industrial Development Zone of Guangdong Province and the remaining ancillary buildings and structures with total gross floor area of approximately 8,273.12 sq.m. have not been registered by Penta Blesses. Further confirmed by the Management, Penta Blesses has not obtained the relevant title certificates of the aforesaid constructions, other ancillary buildings and structures of the properties. In the course of our valuation, we have ascribed no commercial value to the aforesaid constructions, other ancillary buildings and structures of the properties without relevant title certificates as they are not legally and freely transferrable in the market. However, for illustrative purpose, the market value of the aforesaid constructions, other ancillary buildings and structures of the properties in their existing state as at the Valuation Date would be approximately RMB45,908,000 on the assumption that they are legally and freely transferrable in the market.
- 6) The accommodation value of land parcels of similar industrial premises in the locality as at the Valuation Date is in the range of around RMB212.48 per sq.m. to RMB345.97 per sq.m. and the average unit rate of comparable land parcel of approximately RMB250.05 per sq.m.. Appropriate adjustments to the unit rate have been considered to reflect factors including but not limited to land level and size in arriving at our opinion on value. In the course of our valuation, after taking into account the remaining tenure of the title ownership, we have adopted an unit rate of approximately RMB214.00 per sq.m. for the land parcel of the properties.
- 7) The properties are situated in the Muxi Industrial Zone of Shaoguan City. The subject area is mainly surrounded by low to medium-rise residential and industrial buildings. Shaoguan Railway Station is just near to the properties. Shaoguan railway station is about 15-minutes driving distance away from the properties. Taxis and buses are also accessible to the properties.
- 8) We have been provided with the Legal Opinions, which contains, inter alia, the following information that has been translated from Chinese. If there are any inconsistencies, the Chinese version shall prevail:
- a) The properties comprising (i) the land with total site area of approximately 98,606.00 sq.m.; and (ii) the buildings with total gross floor area of approximately 28,716.56 sq.m. have been registered with the Real Estate Ownership Certificate and the Real Estate Title Certificates;
 - b) Penta Blesses is the holder of the land use right and the Real Estate Title Certificates of the properties comprising (i) the land with total site area of approximately 98,606.00 sq.m.; and (ii) the buildings with total gross floor area of approximately 28,716.56 sq.m.;
 - c) Pursuant to the maximum mortgage contract dated 24 January 2024, buildings with total gross floor area of approximately 24,993.04 sq.m. are subject a mortgage loan of RMB200 million in favour of SPD Bank Shenzhen Branch for a term of 1 year from 25 October 2023 to 25 October 2024;
 - d) Penta Blesses is entitled to occupy, use, transfer, lease and mortgage the properties comprising (i) the land with total site area of approximately 98,606.00 sq.m.; and (ii) the buildings with total gross floor area of approximately 28,716.56 sq.m.;
 - e) Save for the above disclosure, the properties are free from any mortgages, seizure, other’s orders and other legal encumbrances which may cause adverse effect to the title of the aforesaid properties; and
 - f) The following legal documents are obtained:

Real Estate Ownership Certificates	Yes
Real Estate Title Certificates	Yes
Construction Permits	Yes

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2024
8	Industrial buildings, ancillary buildings and structures in Tong Gu Nan Road, Dushan Economic Development Zone, Dushan County, Guizhou Province, The PRC	<p>The properties comprise a parcel of land together with five single to 5-storey buildings and other ancillary buildings and structures erected thereon and completed in between 2014 and 2021.</p> <p>The site area and gross floor area of the properties are approximately 46,670.20 sq.m. and 49,473.69 sq.m. respectively.</p> <p>The land use rights of the properties were granted for a term of 50 years expiring on 4 May 2062 for industrial use.</p>	The properties were occupied by the Company for industrial use as at the Valuation Date.	RMB23,268,000

Notes:

- Pursuant to Real Estate Title Certificate 《黔(2020) 獨山縣不動產權第0000033號》 (Document No.: Qian (2020) Du Shan Xian Bu Dong Chan Quan No. 0000033) dated 17 January 2020, the land use right of the properties with total site area of approximately 46,670.20 sq.m. was granted to Guizhou Standard Electric Motor Company Limited (“**Guizhou Standard Electric**”), a wholly owned subsidiary of the Company, for a term of 50 years expiring on 4 May 2062 for industrial use.
- Pursuant to the aforesaid Real Estate Title Certificate, the ownership of 5 buildings of the properties with total aggregated gross floor area of approximately 17,804.22 sq.m. were vested in Guizhou Standard Electric for a term of 50 years expiring on 4 May 2062 for industrial use. The particulars of the Real Estate Title Certificates are set forth below:

Real Estate Title Certificate (Document No.)	Usage	No. of storey	GFA (sq.m.)
黔(2020)獨山縣不動產權第0000033號	Workshop	3	10,150.24
黔(2020)獨山縣不動產權第0000033號	Dormitory	5	7,157.28
黔(2020)獨山縣不動產權第0000033號	Guard room and recruitment centre	1	93.90
黔(2020)獨山縣不動產權第0000033號	Generator room	1	204.35
黔(2020)獨山縣不動產權第0000033號	Boiler room and office	1	198.45

* *Figures above are subject to rounding.*

- Pursuant to the Management, the properties were held by the Group for owner occupation in the PRC.

- 4) Pursuant to Construction Works Commencement Permit (建築工程施工許可證) (Document No. 522726201702170107) dated 17 May 2017, Guizhou Standard Electric was permitted to commence the construction of an industrial building with total planned gross floor area of approximately 18,363.02 sq.m..
- 5) Pursuant to the Legal Opinions, the title ownership of other ancillary buildings and structures with total gross floor area of approximately 31,669.47 sq.m. have not been registered by Guizhou Standard Electric. Further confirmed by the Management, Guizhou Standard Electric has not obtained the relevant title certificates of the aforesaid other ancillary buildings and structures of the properties. In the course of our valuation, we have ascribed no commercial value to the aforesaid other ancillary buildings and structures of the properties without relevant title certificates as they are not legally and freely transferrable in the market. However, for illustrative purpose, the market value of the aforesaid other ancillary buildings and structures of the properties in their existing state as at the Valuation Date would be approximately RMB34,648,000 on the assumption that they are legally and freely transferrable in the market.
- 6) The accommodation value of land parcels of similar industrial premises in the locality as at the Valuation Date is in the range of around RMB212.37 per sq.m. to RMB226.97 per sq.m. and the average unit rate of comparable land parcel of approximately RMB214.45 per sq.m.. Appropriate adjustments to the unit rate have been considered to reflect factors including but not limited to land level and size in arriving at our opinion on value. In the course of our valuation, after taking into account the remaining tenure of the title ownership, we have adopted an unit rate of approximately RMB200.00 per sq.m. for the land parcel of the properties.
- 7) The properties are situated in the Dushan County Economic Development Zone. The subject area is mainly surrounded by bare land. Dushan Railway Station and Dushan Dong Railway Station are just near to the properties. Dushan Railway Station and Dushan Dong Railway Station are about 10-minutes driving distance away from the properties. Taxis and buses are also accessible to the properties.
- 8) We have been provided with the Legal Opinions, which contains, inter alia, the following information that has been translated from Chinese. If there are any inconsistencies, the Chinese version shall prevail:
- a) The properties comprising (i) the land with total site area of approximately 46,670.20 sq.m.; and (ii) the buildings with total gross floor area of approximately 17,804.22 sq.m. have been registered with the Real Estate Title Certificate;
 - b) Guizhou Standard Electric is the holder of the land use right and the Real Estate Title Certificate of the properties comprising (i) the land with total site area of approximately 46,670.20 sq.m.; and (ii) the buildings with total gross floor area of approximately 17,804.22 sq.m.;
 - c) Guizhou Standard Electric is entitled to occupy, use, transfer, lease and mortgage the properties comprising (i) the land with total site area of approximately 46,670.20 sq.m.; and (ii) the buildings with total gross floor area of approximately 17,804.22 sq.m.;
 - d) The properties comprising (i) the land with total site area of approximately 46,670.20 sq.m.; and (ii) the buildings with total gross floor area of approximately 17,804.22 sq.m. are free from any mortgages, seizure, other's orders and other legal encumbrances which may cause adverse effect to the title of the aforesaid properties; and
 - e) The following legal document is obtained:

Real Estate Title Certificates	Yes
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	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2024
9	Phase 1A of The Jardin Montsouris (蒙蘇里花園), Bei Da Men Road, Ma Wan Town, Dushan County, Guizhou Province, The PRC	<p>The properties comprise a parcel of land, which had been developed into a comprehensive development (“Comprehensive Development”) with 460 residential units, 62 commercial units and 204 car parking spaces covering total aggregated gross floor area of approximately 80,563.39 sq.m. as completed in 2022.</p> <p>The Comprehensive Development known as “The Jardin Montsouris” comprises two 32-storey residential buildings and two 3-storey commercial buildings erected on certain portion of the land lot having total registered site area of approximately 66,666.49 sq.m. and total permissible gross floor area of approximately 313,332.50 sq.m..</p> <p>The land use rights of the properties have been granted for (i) a term of 70 years expiring on 17 November 2088 for residential use; and (ii) for a term of 40 years expiring on 27 November 2058 for commercial use.</p>	As at the Valuation Date, portion of the properties were subject to sale and purchase agreements and the remaining portion of the properties was vacant. (Refer to note 8)	RMB248,880,000

Notes:

- 1) Pursuant to State-owned Construction Land Use Right Grant Contract (國有建設用地使用權出讓合同) (Contract No.: DS-GP2018-25) dated 28 November 2018 and entered into between 獨山縣國土資源局 (unofficially translated as “Dushan County State Land and Resources Bureau” and hereinafter, “**Dushan Bureau**”) and 貴州蒙蘇里花園房地產有限公司 (unofficially translated as “Guizhou Mingsuli Hua Yuan Real Estate Development Co. Ltd. and hereinafter, “**Mingsuli**”), a wholly owned subsidiary of the Company, the land use right of the properties with total site area of approximately 66,666.49 sq.m., was granted to Mingsuli for (i) a term of 40 years for commercial use; and (ii) a term of 70 years for residential use at a total consideration of RMB74,000,000. The detailed development parameters as stipulated in the aforesaid contract are summarized as follows:

Plot ratio	Not higher than 4.7
Site coverage	Not higher than 20%
Greenery ratio	Not less than 35%
- 2) Pursuant to Real Estate Title Certificate 《黔(2018)獨山縣不動產權第0002721號》 (Document No.: Qian (2018) Du Shan Xian Bu Dong Chan Quan No. 0002721), the land use right of the properties with total site area of approximately 66,666.49 sq.m. was granted to Mingsuli for (i) a term of 40 years expiring on 27 November 2058 for commercial use; and (ii) a term of 70 years expiring on 17 November 2088 for residential use.
- 3) Pursuant to Construction Land Planning Permit 《地字第520000201810181號》 (Document No. Di Zi No. 520000201810181) dated 17 December 2018, Mingsuli was permitted to plan construction works of the properties with total site area of approximately 66,666.49 sq.m. for commercial and residential uses.
- 4) Pursuant to Construction Works Planning Permit 《建字第520000201807731號》 (Document No. Jian Zi Quan Nos. 520000201807731) dated 24 January 2019, Mingsuli was permitted to construct the Comprehensive Development with total planned gross floor area of approximately 98,860.23 sq.m., of which (i) the gross floor area for commercial use is approximately 16,824.78 sq.m.; (ii) the gross floor area for residential use is approximately 64,475.82 sq.m.; (iii) the gross floor area of other structures including property management rooms and public toilets is approximately 228.02 sq.m.; and (iv) the gross floor area of basements and building insulation layers is approximately 17,331.61 sq.m..
- 5) Pursuant to Construction Works Commencement Permit (建築工程施工許可證) (Document Nos. 5227261902250116-SX-001) dated 24 May 2019, Mingsuli was permitted to commence the construction of the Comprehensive Development with total planned gross floor area of approximately 98,860.00 sq.m..
- 6) Pursuant to the Management, the properties were held by the Group for sale in the PRC.
- 7) Pursuant to 2 Commodity House Presale Permits 《(2019)商房預字第005及008號》 (Document No. (2019) Shang Fang Yu Zi Nos. 005 and 008) dated 19 June 2019 and 28 June 2019, the residential portion of the Comprehensive Development with total gross floor area of approximately 64,427.94 sq.m. and non-residential portion of the Comprehensive Development with total gross floor area of approximately 16,135.45 sq.m. were permitted to pre-sale.
- 8) Pursuant to the Management, certain residential units of the Comprehensive Development with total gross floor area of approximately 39,447.48 sq.m. were sold at the total consideration of RMB121,385,914 (exclusive of VAT). Pursuant to the Legal Opinions, the title ownership of the Comprehensive Development with total gross floor area of approximately 80,563.39 sq.m. has not been registered by Mingsuli. Further confirmed by the Management, the aforesaid sold residential units of the Comprehensive Development have been delivered to the purchasers but the title ownership of those sold residential units have not been legally and officially transferred to the purchasers as the relevant registration of the title ownership by the Group was still pending. In the course of our valuation, we have valued the properties including the aforesaid sold residential units as their title ownerships were still vested in Mingsuli as of the Valuation Date.

- 9) We have made reference to relevant sale evidence of the comparable and subject in the locality. The unit price of these sale evidences for (i) residential unit is in the range from RMB1,100.00 per sq.m. to RMB2,777.41 per sq.m.; (ii) commercial unit is in the range from RMB4,914.49 per sq.m. to RMB6,550.74 per sq.m.; and (iii) car parking space is in the range from RMB50,000.00 per sq.m. to RMB90,000.00 per sq.m.. Appropriate adjustments to the unit rate have been considered to reflect factors including but not limited to location and size. In the course of our valuation, we have adopted an average unit price of (i) RMB2,300.00 per sq.m. for residential unit; (ii) RMB6,000.00 per sq.m. for commercial unit; and (iii) RMB56,000.00 per space for car parking space as the base unit rate of the properties, which is consistent with the range of comparable sale evidences and is thus considered to be fair and reasonable.
- 10) The properties are situated in the Dushan County Economic Development Zone. The subject area is mainly surrounded by bare land. Dushan Railway Station and Dushan Dong Railway Station are just near to the properties. Dushan Railway Station and Dushan Dong Railway Station are about 10-minutes driving distance away from the properties. Taxis and buses are also accessible to the properties.
- 11) We have been provided with the Legal Opinions, which contains, inter alia, the following information that has been translated from Chinese. If there are any inconsistencies, the Chinese version shall prevail:
- a) The properties comprising the land with total site area of approximately 66,666.49 sq.m. have been registered with the Real Estate Title Certificate;
 - b) Mengsuli is the holder of the land use rights of the properties comprising the land with total site area of approximately 66,666.49 sq.m.;
 - c) According to the Provisional Regulations on the Grant and Transfer of Right to Use State-owned Land in Urban Areas of the PRC 《中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例(2020修訂)》, given that the development in respect of timeframe, investment and utilization of the properties as stipulated in the terms and conditions of the State-owned Construction Land Use Right Grant Contract has not yet been fully fulfilled, the properties are not freely transferable and lettable by Mengsuli. Upon fulfilment of the aforesaid terms and conditions, Mengsuli is entitled to occupy, use, transfer, lease and mortgage the properties comprising the land with total site area of approximately 66,666.49 sq.m.; and
 - d) The following legal documents are obtained:

State-owned Construction Land Use Right Grant Contract	Yes
Real Estate Title Certificate	Yes
Construction Land Planning Permit	Yes
Construction Works Planning Permit	Yes
Construction Works Commencement Permit	Yes
Commodity House Presale Permits	Yes

			Market value in existing state as at 31 March 2024
Property	Description and tenure	Particulars of occupancy	
10	<p>Developed site of The Royale Cambridge Residences (劍橋皇家花園), Bei Da Men Road, Dushan Economic Development Zone, Dushan County, Guizhou Province, The PRC</p> <p>The properties comprise a parcel of land, which had been developed into a comprehensive development (“Comprehensive Development”) with 116 residential units, one 4-storey commercial building (with a single storey basement) and car parking spaces covering total aggregated gross floor area of approximately 43,906.75 sq.m. as completed in 2017.</p> <p>The Comprehensive Development known as “The Royale Cambridge Residences” is a mixed-use development erected on the land lot having total registered site area of approximately 83,166.24 sq.m. and total permissible gross floor area of approximately 207,915.60 sq.m..</p> <p>The land use rights of the properties have been granted for (i) a term of 70 years expiring on 30 August 2083 for residential use; and (ii) for a term of 40 years expiring on 30 August 2053 for commercial use.</p>	<p>As at the Valuation Date, portion of the properties were subject to sale and purchase agreements and the remaining portion of the properties was vacant. (Refer to note 7)</p>	RMB155,556,000

Notes:

- 1) Pursuant to State-owned Construction Land Use Right Grant Contract (國有建設用地使用權出讓合同) (Contract No.: DS-2013-07) dated 8 July 2013 and entered into between Dushan Bureau and Guizhou Kin Yat Property Company Limited (“**Guizhou Kin Yat**”), a wholly-owned subsidiary of the Company, the land use right of the properties with total site area of approximately 83,166.24 sq.m., was granted to Guizhou Kin Yat for (i) a term of 40 years for commercial use; and (ii) a term of 70 years for residential use at a total consideration of RMB64,920,000 respectively. The detailed development parameters as stipulated in the aforesaid contracts are summarized as follows:

Land use	Residential and commercial use
Gross floor area	207,915.60 sq.m.
Plot ratio	Higher than 0.7 but less than 2.5
Site coverage	Not higher than 30%
Greenery ratio	Not less than 30%

- 2) Pursuant to 41 Real Estate Title Certificates 《黔(2020)獨山縣不動產權第0000598、0000601、0000602、0000603、0000604、0000605、0000606、0000607、0000608、0000609、0000610、0000611、0000612、0000613、0000614、0000615、0000616、0000617、0000618、0000619、0000620、0000621、0000622、0000623、0000624、0000625、0000626、0000627、0000638、0000639、0000640、0000641、0000642、0000643、0000644、0000645、0000646、0000647、0000648、0000649及0000650號》 (Document No.: Qian (2018) Du Shan Xian Bu Dong Chan Quan Nos. 0000598, 0000601, 0000602, 0000603, 0000604, 0000605, 0000606, 0000607, 0000608, 0000609, 0000610, 0000611, 0000612, 0000613, 0000614, 0000615, 0000616, 0000617, 0000618, 0000619, 0000620, 0000621, 0000622, 0000623, 0000624, 0000625, 0000626, 0000627, 0000638, 0000639, 0000640, 0000641, 0000642, 0000643, 0000644, 0000645, 0000646, 0000647, 0000648, 0000649 and 0000650), the land use rights of the properties with total site area of approximately 83,166.24 sq.m. were granted to Guizhou Kin Yat for (i) a term of 40 years for commercial use; and (ii) a term of 70 years for residential use.

- 3) Pursuant to the aforesaid 41 Real Estate Title Certificates, the ownership of 41 residential units of the properties with total aggregated gross floor area of approximately 43,906.75 sq.m. were vested in Guizhou Kin Yat for a term of 70 years expiring on 30 August 2083 for industrial use and for a term of 40 years expiring on 30 August 2053 for commercial use. The particulars of the Real Estate Title Certificates are set forth below:

Real Estate Title Certificate (Document No.)	Usage	Block	GFA (sq.m.)
黔 (2020) 獨山縣不動產權第0000650號	Residential	5	1,532.72
黔 (2020) 獨山縣不動產權第0000648號	Residential	6	1,563.96
黔 (2020) 獨山縣不動產權第0000610號	Residential	11	1,532.72
黔 (2020) 獨山縣不動產權第0000620號	Residential	12	1,563.96
黔 (2020) 獨山縣不動產權第0000649號	Residential	14	1,532.72
黔 (2020) 獨山縣不動產權第0000609號	Residential	15	1,559.72
黔 (2020) 獨山縣不動產權第0000647號	Residential	17	1,023.22
黔 (2020) 獨山縣不動產權第0000639號	Residential	18	1,045.26
黔 (2020) 獨山縣不動產權第0000608號	Residential	28	1,132.84
黔 (2020) 獨山縣不動產權第0000618號	Residential	29	1,222.96
黔 (2020) 獨山縣不動產權第0000638號	Residential	30	1,132.84
黔 (2020) 獨山縣不動產權第0000645號	Residential	31	1,132.84
黔 (2020) 獨山縣不動產權第0000626號	Residential	32	1,222.96
黔 (2020) 獨山縣不動產權第0000616號	Residential	33	1,132.84
黔 (2020) 獨山縣不動產權第0000605號	Residential	34	708.62
黔 (2020) 獨山縣不動產權第0000604號	Residential	35	708.62
黔 (2020) 獨山縣不動產權第0000615號	Residential	36	708.62
黔 (2020) 獨山縣不動產權第0000643號	Residential	37	708.62
黔 (2020) 獨山縣不動產權第0000603號	Residential	38	708.62
黔 (2020) 獨山縣不動產權第0000642號	Residential	39	708.62
黔 (2020) 獨山縣不動產權第0000641號	Residential	40	708.62
黔 (2020) 獨山縣不動產權第0000627號	Residential	41	708.62
黔 (2020) 獨山縣不動產權第0000617號	Residential	42	708.62
黔 (2020) 獨山縣不動產權第0000606號	Residential	43	708.62
黔 (2020) 獨山縣不動產權第0000644號	Residential	44	708.62
黔 (2020) 獨山縣不動產權第0000646號	Residential	45	708.62
黔 (2020) 獨山縣不動產權第0000607號	Residential	46	708.62
黔 (2020) 獨山縣不動產權第0000613號	Residential	47	708.62
黔 (2020) 獨山縣不動產權第0000622號	Residential	48	708.62
黔 (2020) 獨山縣不動產權第0000640號	Residential	49	708.62
黔 (2020) 獨山縣不動產權第0000619號	Residential	50	708.62
黔 (2020) 獨山縣不動產權第0000621號	Residential	51	708.62
黔 (2020) 獨山縣不動產權第0000611號	Residential	52	708.62
黔 (2020) 獨山縣不動產權第0000598號	Residential	53	708.62
黔 (2020) 獨山縣不動產權第0000625號	Residential	54	708.62
黔 (2020) 獨山縣不動產權第0000624號	Residential	55	708.62
黔 (2020) 獨山縣不動產權第0000614號	Residential	56	708.62
黔 (2020) 獨山縣不動產權第0000623號	Residential	57	708.62
黔 (2020) 獨山縣不動產權第0000602號	Commercial	1	5,341.80
黔 (2020) 獨山縣不動產權第0000612號	Car parking	n/a	1,783.60
黔 (2020) 獨山縣不動產權第0000601號	Car parking	n/a	1,442.94

- 4) Pursuant to 獨山縣自然資源局 – 關於建溢“劍橋皇家花園”一期的竣工規劃核實意見 (the “**Planning Compliance Opinion for Completion**”) issued by 獨山縣自然資源局 (unofficially translated as “Dushan County Natural Resources Bureau”) and dated 12 June 2020, Guizhou Kin Yat had complied with its development plan as stated in the Construction Works Planning Permit.

- 5) Pursuant to the Management, the properties were held by the Group for sale in the PRC.

- 6) Pursuant to 2 Commodity House Presale Permits 《(2014)商房預字第016號》及《(2016)商房預字第008號》 (Document No. (2014) Shang Fang Yu Zi No. 016 and (2016) Shang Fang Yu Zi No. 008) dated 25 December 2014 and 12 December 2016 respectively, the residential portions of the Comprehensive Development with total gross floor area of approximately 35,338.44 sq.m. was permitted to pre-sale.
- 7) Pursuant to the Management, certain residential units of the Comprehensive Development with gross floor area of approximately 17,032.14 sq.m. were sold at the total consideration of RMB85,972,196.54 (exclusive of VAT). Further confirmed by the Management, the aforesaid sold residential units of the Comprehensive Development have been delivered to the purchasers but the title ownership of those sold residential units have not been legally and officially transferred to the purchasers as the relevant registration of the title ownership by the Group was still pending. In the course of our valuation, we have valued the properties including the aforesaid sold residential units as their title ownerships were still vested in Guizhou Kin Yat as of the Valuation Date.
- 8) We have made reference to relevant sale evidence of the comparable and subject in the locality. The unit price of these sale evidences for (i) residential unit is in the range from RMB1,300.00 per sq.m. to RMB3,197.03 per sq.m.; and (ii) commercial unit is in the range from RMB4,539.01 per sq.m. to RMB5,252.37 per sq.m.. Appropriate adjustments to the unit rate have been considered to reflect factors including but not limited to location and size. In the course of our valuation, we have adopted an average unit price of (i) RMB2,715.00 per sq.m. for residential unit; and (ii) RMB5,000.00 per sq.m. for commercial unit as the base unit rate of the properties, which is consistent with the range of comparable sale evidences and is thus considered to be fair and reasonable.
- 9) The properties are situated in the Dushan County Economic Development Zone. The subject area is mainly surrounded by bare land. Dushan Railway Station and Dushan Dong Railway Station are just near to the properties. Dushan Railway Station and Dushan Dong Railway Station are about 10-minutes driving distance away from the properties. Taxis and buses are also accessible to the properties.
- 10) We have been provided with the Legal Opinions, which contains, inter alia, the following information that has been translated from Chinese. If there are any inconsistencies, the Chinese version shall prevail:
- a) The properties comprising (i) the land with total site area of approximately 83,166.24 sq.m. and (ii) the buildings with total gross floor area of approximately 43,906.75 sq.m. have been registered with the Real Estate Title Certificate;
 - b) Guizhou Kin Yat is the holder of the land use rights and the Real Estate Title Certificate of the properties comprising (i) the land with total site area of approximately 83,166.24 sq.m. and (ii) the buildings with total gross floor area of approximately 43,906.75 sq.m.;
 - c) Guizhou Kin Yat is entitled to occupy, use, transfer, lease and mortgage the properties comprising (i) the land with total site area of approximately 83,166.24 sq.m.; and (ii) the buildings with total gross floor area of approximately 43,906.75 sq.m.;
 - d) The properties comprising (i) the land with total site area of approximately 83,166.24 sq.m.; and (ii) the buildings with total gross floor area of approximately 43,906.75 sq.m. are free from any mortgages, seizure, other's orders and other legal encumbrances which may cause adverse effect to the title of the aforesaid properties; and
 - e) The following legal documents are obtained:

State-owned Construction Land Use Right Grant Contract	Yes
Real Estate Title Certificates	Yes
Planning Compliance Opinion for Completion	Yes
Commodity House Presale Permits	Yes

			Market value in existing state as at 31 March 2024
Property	Description and tenure	Particulars of occupancy	
11	<p>Remaining undeveloped portion of the site of The Jardin Montsouris (蒙蘇里花園), Bei Da Men Road, Ma Wan Town, Dushan County, Guizhou Province, The PRC</p> <p>The properties comprise a parcel of land, which is adjacent to the Phase IA of The Jardin Montsouris and occupies the remaining undeveloped portion of land lot of The Jardin Montsouris with total registered site area of approximately 66,666.49 sq.m. and apportioned permissible gross floor area of approximately 232,769.11 sq.m.</p> <p>The land use rights of the properties have been granted for (i) a term of 70 years expiring on 17 November 2088 for residential use; and (ii) a term of 40 years expiring on 27 November 2058 for commercial use.</p>	As at the Valuation Date, the properties were vacant land.	RMB64,012,000

Notes:

- 1) Pursuant to State-owned Construction Land Use Right Grant Contract (國有建設用地使用權出讓合同) (Contract No.: DS-GP2018-25) dated 28 November 2018 and entered into between Dushan Bureau and Mengsuli, the land use right of the properties with total site area of approximately 66,666.49 sq.m., was granted to Mengsuli for granted for (i) a term of 40 years for commercial use; and (ii) a term of 70 years for residential use at a total consideration of RMB74,000,000. The detailed development parameters as stipulated in the aforesaid contract are summarized as follows:

Plot ratio	Not higher than 4.7
Site coverage	Not higher than 20%
Greenery ratio	Not less than 35%
- 2) Pursuant to Real Estate Title Certificate 《黔(2018)獨山縣不動產權第0002721號》 (Document No.: Qian (2018) Du Shan Xian Bu Dong Chan Quan No. 0002721), the land use right of the properties with total site area of approximately 66,666.49 sq.m. was granted to Mengsuli for (i) a term of 40 years expiring on 27 November 2058 for commercial use; and (ii) a term of 70 years expiring on 17 November 2088 for residential use.
- 3) Pursuant to the Management, the properties were held by the Group for future development.
- 4) The accommodation value of land parcels of similar premises in the locality as at the Valuation Date is in the range of around RMB227.59 per sq.m. to RMB352.61 per sq.m. for the residential and commercial portion and the average unit rate of comparable land parcel of approximately RMB279.82 per sq.m.. Appropriate adjustments to the unit rate have been considered to reflect factors including but not limited to land level and size in arriving at our opinion of value. In the course of our valuation, after taking into account the remaining tenure of the title ownership, we have adopted an unit rate of approximately RMB275.00 per sq.m. for the land parcel of the properties.

5) The properties are situated in the Dushan County Economic Development Zone. The subject area is mainly surrounded by bare land. Dushan Railway Station and Dushan Dong Railway Station are just near to the properties. Dushan Railway Station and Dushan Dong Railway Station are about 10-minutes driving distance away from the properties. Taxis and buses are also accessible to the properties.

6) We have been provided with the Legal Opinions, which contains, inter alia, the following information that has been translated from Chinese. If there are any inconsistencies, the Chinese version shall prevail:

a) The properties comprising the land with total site area of approximately 66,666.49 sq.m. have been registered with the Real Estate Title Certificate;

b) Mengsuli is the holder of the land use rights of the properties comprising the land with total site area of approximately 66,666.49 sq.m.;

c) According to the Provisional Regulations on the Grant and Transfer of Right to Use State-owned Land in Urban Areas of the PRC 《中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例(2020修訂)》, given that the development in respect of timeframe, investment and utilization of the properties as stipulated in the terms and conditions of the State-owned Construction Land Use Right Grant Contract has not yet been fully fulfilled, the properties are not freely transferable and lettable by Mengsuli. Upon fulfilment of the aforesaid terms and conditions, Mengsuli is entitled to occupy, use, transfer, lease and mortgage the properties comprising the land with total site area of approximately 66,666.49 sq.m.;

d) As Mengsuli had not commenced development for such piece of land for more than two years from the commencement date for the development as it is supposed to do, according to the Measures on Disposal of Idle Land (閒置土地處置辦法), the right to use such land may be forfeited without any compensation, except when delays are caused by force majeure, acts of government, or the necessary preparatory work for commencing the development; and

e) The following legal documents are obtained:

State-owned Construction Land Use Right Grant Contract	Yes
Real Estate Title Certificate	Yes

			Market value in existing state as at 31 March 2024
Property	Description and tenure	Particulars of occupancy	
12	<p>Remaining undeveloped portion of the site of The Royale Cambridge Residences (劍橋皇家花園), Bei Da Men Road, Dushan Economic Development Zone, Dushan County, Guizhou Province, The PRC</p> <p>The properties comprise the remaining undeveloped portion of three parcels of land with total registered site area of approximately 134,792.59 sq.m. and total apportioned permissible gross floor area of approximately 347,927.59 sq.m..</p> <p>The land use rights of the properties have been granted for (i) a term of 70 years expiring on 30 August 2083 for residential use; and (ii) a term of 40 years expiring on 8 July 2053 for commercial use.</p>	As at the Valuation Date, the properties were vacant land.	RMB76,842,000

Notes:

- 1) Pursuant to State-owned Construction Land Use Right Grant Contract (國有建設用地使用權出讓合同) (Contract No.: DS-2013-06) dated 8 July 2013 and entered into among Dushan Bureau, 貴州建溢商業地產置業有限公司 (unofficially translated as "Guizhou Kin Yat Commercial Land Property Company Limited", a wholly owned subsidiary of the Company and thereafter, "**Kin Yat Commercial**") and 貴州建溢經濟發展有限公司 (unofficially translated as "Guizhou Kin Yat Economic Development Company Limited", a wholly owned subsidiary of the Company and thereafter, "**Kin Yat Economic Development**"), the land use right of the properties with total site area of approximately 53,336.16 sq.m. was granted to Kin Yat Commercial and Kin Yat Economic Development for a term of 40 years for commercial use at a total consideration of RMB57,100,000. The detailed development parameters as stipulated in the aforesaid contracts are summarized as follows:

Land use	Commercial use
Gross floor area	186,676.56 sq.m.
Plot ratio	Higher than 1.0 but less than 3.5
Site coverage	Not higher than 50%
Greenery ratio	Not less than 25%

- 2) Pursuant to State-owned Construction Land Use Right Grant Contract (國有建設用地使用權出讓合同) (Contract No.: DS-2013-07) dated 8 July 2013 and entered into between Dushan Bureau and Guizhou Kin Yat, the land use right of the properties with total site area of approximately 83,166.24 sq.m., was granted to Guizhou Kin Yat for (i) a term of 40 years for commercial use and (ii) a term of 70 years for residential use at a total consideration of RMB64,920,000, respectively. The detailed development parameters as stipulated in the aforesaid contracts are summarized as follows:

Land use	Residential and commercial use
Gross floor area	207,915.60 sq.m.
Plot ratio	Higher than 0.7 but less than 2.5
Site coverage	Not higher than 30%
Greenery ratio	Not less than 30%

- 3) Pursuant to 3 State-owned Land Use Certificates 《獨府國用(2014)第20140175、20140176及20140140號》 (Document No.: Du Fu Guo Yong (2014) Nos. 20140175, 20140176 and 20140140), the land use rights of the properties with (i) total site area of approximately 51,626.35 sq.m. were granted to Kin Yat Commercial and Kin Yat Economic Development for a term of 40 years expiring on 8 July 2053 for commercial use; and (ii) total site area of approximately 83,166.24 sq.m. were granted to Guizhou Kin Yat for (i) term of 70 years expiring on 30 August 2083 for residential use; and (ii) a term of 40 years expiring on 30 August 2053 for commercial use.
- 4) Pursuant to the Management, the properties were held by the Group for future development.
- 5) The accommodation value of land parcels of similar premises in the locality as at the Valuation Date are (i) in the range from RMB227.59 per sq.m. to RMB352.61 per sq.m. for the residential portion; and (ii) in the range from RMB197.22 per sq.m. to RMB308.51 per sq.m. for the commercial portion. The average unit rate of comparable land parcel of approximately RMB279.82 per sq.m. for the residential portion and approximately RMB198.49 per sq.m. for the commercial portion. Appropriate adjustments to the unit rates have been considered to reflect factors including but not limited to land level and size in arriving at our opinion on the value. In our valuation, after taking into account the remaining tenure of the title ownership, we have adopted unit rates of approximately RMB265.00 per sq.m. and RMB180.00 per sq.m. for the residential and commercial portions respectively, which are consistent with the range of comparable transactions, and are thus considered to be fair and reasonable.
- 6) The properties are situated in the Dushan County Economic Development Zone. The subject area is mainly surrounded by bare land. Dushan Railway Station and Dushan Dong Railway Station are just near to the properties. Dushan Railway Station and Dushan Dong Railway Station are about 10-minutes driving distance away from the properties. Taxis and buses are also accessible to the properties.
- 7) We have been provided with the Legal Opinions, which contains, inter alia, the following information that has been translated from Chinese. If there are any inconsistencies, the Chinese version shall prevail:
- a) The properties comprising the land with total site area of approximately 134,792.59 sq.m. have been registered with the Real Estate Title Certificate;
 - b) Guizhou Kin Yat, Kin Yat Commercial and Kin Yat Economic Development are the holders of the land use rights of the properties comprising the land with total site area of approximately 134,792.59 sq.m.;
 - c) Guizhou Kin Yat is entitled to occupy, use, transfer, lease and mortgage the properties for residential use comprising the land with total site area of approximately 83,166.24 sq.m.;
 - d) The properties for residential use comprising the land with total site area of approximately 83,166.24 sq.m. are free from any mortgages, seizure, other's orders and other legal encumbrances which may cause adverse effect to the title of the aforesaid properties;
 - e) According to the Provisional Regulations on the Grant and Transfer of Right to Use State-owned Land in Urban Areas of the PRC 《中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例 (2020修訂)》, given that the development in respect of timeframe, investment and utilization of the properties as stipulated in the terms and conditions of the State-owned Construction Land Use Right Grant Contract has not yet been fully fulfilled, the properties for commercial use are not freely transferable and lettable by Kin Yat Commercial and Kin Yat Economic Development. Upon fulfilment of the aforesaid terms and conditions, Kin Yat Commercial and Kin Yat Economic Development are entitled to occupy, use, transfer, lease and mortgage the properties for commercial use comprising the land with total site area of approximately 51,626.35 sq.m.;
 - f) As Kin Yat Commercial and Kin Yat Economic Development had not commenced development for such piece of land for more than two years from the commencement date for the development as it is supposed to do, according to the Measures on Disposal of Idle Land (閒置土地處置辦法), the right to use such land may be forfeited without any compensation, except when delays are caused by force majeure, acts of government, or the necessary preparatory work for commencing the development; and
 - g) The following legal documents are obtained:

State-owned Construction Land Use Right Grant Contracts	Yes
Real Estate Title Certificates	Yes

The following is the text of the letter, a summary of valuations and the valuation report prepared for the purpose of incorporation in this Scheme Document received from Valplus Consulting Limited and VPC Alliance (KL) Sdn. Bhd., independent property valuers, in connection with the opinion of value of the property interests of the Group in Malaysia at 31 March 2024.



Valplus Consulting Limited
Unit 907, 9/F, Houston Centre
63 Mody Road,
Tsim Sha Tsui East
Hong Kong



VPC Alliance (KL) Sdn. Bhd.
Suite 17.01, 17th Floor, Wisma Chuang
34 Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia

28 June 2024

The Board of Directors,
Kin Yat Holdings Limited,
7th Floor,
Galaxy Factory Building,
25 – 27 Luk Hop Street,
San Po Kong, Kowloon,
Hong Kong

Dear Sirs/Madams,

Re : Valuation of an industrial complex located at No. 3, Jalan Kempas 5/5, Kawasan Perindustrian Kempas, 81200 Johor Bahru, Johor, Malaysia

In accordance with the instructions from Kin Yat Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) for us to value the captioned property interests (the “**Property**”) held by the Group located in Malaysia, we confirm that we have made relevant enquires and obtained such further information as we consider necessary for providing you with our opinion on the market value of such property interests in existing state as at 31 March 2024 (the “**Valuation Date**”).

This letter, forming part of our valuation report, identifies the property interests being valued, explains the basis and methodology of our valuation, and lists out the assumptions and title investigation, which we have made in the course of our valuation, as well as the limiting conditions.

1. PURPOSE OF VALUATION

This report is being solely prepared for the directors and management of the Company for reference and incorporation into the Scheme Document of the Company in connection with the proposed privatization of the Company by Resplendent Global Limited by way of a scheme of arrangement under Section 99 of the Companies Act of Bermuda, and under the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited (the “**SEHK**”) and the Hong Kong Code on Takeovers and Mergers issued by The Securities and Futures Commission (the “**SFC**”).

2. BASIS AND PREMISE OF VALUE

Our valuation represents our opinion on the market value which we would define to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

Market value is understood as the value of a property estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

In valuing the Property, we have complied with all the requirements set out in Rule 11 of the Code on Takeovers and Mergers (the “**Takeover Code**”) issued by the SFC, the Chapter 5 and the Practice Note 12 of the Rules Governing the Listing of Securities issued by the SEHK, the International Valuation Standards published by the International Valuation Standards Council, the RICS Valuation – Global Standards published by the Royal Institution of Chartered Surveyors and the Malaysian Valuation Standards 6th Edition issued by the Board of Valuers, Appraisers, Estate Agents and Property Managers, Malaysia.

3. SOURCE OF INFORMATION

In undertaking our valuation of the Property, we have relied on advice, documents, information and materials provided by the management of the Group and its representatives (together, the “**Management**”). The major documents and information include but not limited to (i) land titles; and (ii) legal opinions dated 25 June 2024 (the “**Legal Opinions**”) provided by the Group’s Malaysia legal adviser, Christina Chia Law Chambers, all of which are set out in the notes of this valuation report.

4. VALUATION METHODOLOGIES

In valuing the Property which is held for owner occupation by the Group, we have adopted a combination of market and cost approach in assessing the land portion and the buildings standing on the land respectively. Hence, the sum of the two results represents the market value of the property as a whole.

In the valuation of the land portion, we have adopted the direct comparison method by making reference to comparable sales evidence or sales asking as available in the relevant market. The market approach provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available.

As the nature of the buildings and structures cannot be valued by comparison with open market transactions, they have therefore been valued by using cost approach. The cost approach considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, as evidenced by observed condition or obsolescence present, whether arising from physical, functional or economic causes. Actual costs incurred for upgrading of the assets to be appraised will also be considered in this approach. The cost approach generally furnishes the most reliable indication of value for assets without a known market of comparable sales.

5. TITLE INVESTIGATION

We have caused land searches at Johor Registry of Land Titles in Johor Bahru regarding the title of the Property and have been provided by the Group with copies of certain extracts on title documents and other documents in relation to the subject property interests. However, we have not searched and examined the original documents to verify ownership or to ascertain the existence of any amendments which may not appear on the copies handed to us.

In the course of our valuation, we have relied on the Legal Opinions regarding the title to and the interests in the Property. No responsibility is assumed for legal matters in nature and no investigation has been made to the title of or any liabilities against the property valued.

6. SITE INSPECTION

The site inspection of the Property was conducted on 6 May 2024 by Ms. Zoinita Zainuddin, a Registered Valuer with a Degree in Urban Land Administration of University of Portsmouth, with over 32 years of relevant experience in valuation of properties in Malaysia. No structural survey has been made and it was not possible to inspect the woodwork and other parts of the structures which were covered, unexposed or inaccessible. We are therefore unable to report whether the property interests are free from rot, infestation or any other defects. No test was carried out on any of the services.

7. VALUATION ASSUMPTIONS

- Our valuation has been made on the assumption that the owner sells the property interests on the open market in its existing state without the benefit of deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which could serve to affect the values of the property interests. No forced sale situation in any manner is assumed in our valuation; and

- No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property interests or for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of any onerous nature which could affect their values.

8. LIMITING CONDITIONS

We have relied to a considerable extent on the information provided by and have accepted advice from the Company on such matters as planning approvals, statutory notices, easements, tenures, occupancy, lettings, site, floor areas, rooms, facilities, identifications and all other relevant materials regarding the property interests.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We were also advised by the Company that no material facts have been omitted from the information provided. All documents have been used as reference only. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

We have not carried out detailed measurement to verify the correctness of the areas of the property interests but have assumed that the areas shown on the documents and floor plans available to us are correct. Dimensions, measurements and areas included in the attached valuation report are based on information contained in the documents provided to us for reference only and, therefore are only approximations. In addition, we assumed that no encroachment or trespass exists, unless noted in the valuation report.

No environmental impact study has been ordered or made. Full compliance with applicable national, provincial and local environmental regulations and laws is assumed unless otherwise stated, defined and considered in the valuation report.

9. REMARKS

For the purpose of compliance with Rule 11.3 of the Takeovers Code and as advised by the Management, the potential tax liabilities which will arise on direct disposal of the Property held by the Group at amount valued by us mainly comprise the following:

- Real Property Gains Tax at 10% on the appreciation in the property value.

All of the percentage are in approximate and subject to the local government's tax policy. As advised by the Management, the likelihood of the above relevant tax liabilities being crystallised is remote as the Group has no plans for disposal of such property yet.

The Company has reviewed and agreed on the report and confirmed the factual content of the report.

Unless otherwise stated, all monetary amounts stated in this report are in Ringgit (“RM”).

We hereby confirm that we have neither present nor prospective interests in the Property, the Group or the value reported herein.

We confirm that we are independent qualified valuer, as referred to Rule 5.08 of the Listing Rules Governing the Listing of Securities on the SEHK and Rule 11.1(b) and Note to Rule 11 of the Hong Kong Code on Takeovers and Mergers issued by the SFC.

Our Valuation Report is enclosed herewith.

Respectfully submitted,
For and on behalf of
VALPLUS CONSULTING LIMITED

Damon S.T. Wan, *CFA, FRM, MRICS*
Director

Respectfully submitted,
For and on behalf of
VPC ALLIANCE (KL) SDN. BHD.

James Wong Kwong Onn,
FRISM, BA (Hons), FPEPS,
Registered Valuer (V 217),
Malaysia
Director

Mr. Damon S.T. Wan is a CFA Charterholder, a Certified FRM and a member of Royal Institution of Chartered Surveyors. Mr. Wan has been working in the professional valuation field since 2008. He is experienced and specialized in performing properties, financial instruments, intangible assets and business valuations for the purposes of corporate advisory, merger & acquisition and public listing. He has over 6 years of experience in the valuation of properties in Hong Kong, Macau, China and the overseas.

Mr James Wong is a Registered Valuer with the Board of Valuers, Appraisals and Estate Agents Malaysia. Mr. James has 50 years of working experience including 5 years experience in the Singapore property market and 45 years as a practising Property Consultant in Malaysia. Mr. James is a regular speaker at property conference and seminars and his comments on the property market are featured regularly in the media, newspapers and property magazines. Mr. James's core competencies are in valuation, investment sales and advice, market and feasibility studies and corporate transactions.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2024
An industrial complex located at No. 3 Jalan Kempas 5/5, Kawasan Perindustrian Kempas, 81200 Johor Bahru, Johor, Malaysia	<p>The property comprises three parcels of land together with four single to one-and-a half-storey buildings and structures erected thereon and completed in between 2000 and 2003.</p> <p>The total site area and gross floor area of the property are approximately 10,533.0 sq.m. and 4,875.1 sq.m.</p> <p>The property is held under freehold for industrial use.</p>	The property was owner-occupied for industrial and ancillary uses as at the Valuation Date.	RM12,814,000

Notes:

- 1) Pursuant to land searches conducted at Johor Registry of Land Titles in Johor Bahru dated 14 May 2024, the land titles of the property with a total site area of approximately 10,533.0 sq.m. were granted to Standard Land (Malaysia) Sdn. Bhd. (“SLMSB”), a wholly-owned subsidiary of the Company, on 22 March 2013 and 25 March 2013 for industrial use. Details are set forth as below:

Title no./ Lot no.	Date of issue	Land use category	Express condition	Tenure	Land area (sq.m.)
GRN 490781/37631	25 March 2013	Industry	Light Industry	Freehold	6,798.0
GRN 490792/37628	22 March 2013	Industry	Light Industry	Freehold	1,897.0
GRN 490793/37629	22 March 2013	Industry	Light Industry	Freehold	1,838.0

* Figures above are subject to rounding.

- 2) Pursuant to the Certificates of Fitness for Occupation Nos. 467/2000, 468/2000 and 469/2000 dated 20 December 2000, the buildings of the property were fully completed and fit for occupation.
- 3) Pursuant to the latest available Building Plan issued by Messrs. ARZ Design with (i) job number ARZ 21021; (ii) drawing number LMW-01; and (iii) revision number 04, and approved by the Johor State Director of Customs on 16 February 2022, the built up area of the property is 4,875.1 sq.m.
- 4) Pursuant to the Business and Advertisement License No. L2010L101453 dated 19 November 2010, the Property is occupied for conducting electronic engineering business for a term until 31 December 2024.
- 5) The market value of land parcels of similar premises in the locality as at the Valuation Date is in the range from RM769.3 per sq.m. to RM921.8 per sq.m.. Appropriate adjustments to the unit rates have been considered to reflect factors including but not limited to time, location and quantum in arriving at our opinion on the value. In our valuation, we have adopted average unit rates of approximately RM807.3 per sq.m., which is consistent with the range of comparable transactions and is thus considered to be fair and reasonable.
- 6) The property is situated at the established Kempas Industrial Area, where buildings in the locality are mainly low-rise residential and commercial developments. Senai International Airport and Johor Bahru City Centre are about 30-minutes and 20-minutes driving distance away from the Property respectively. Taxis and buses are accessible to the Property.

- 7) We have been provided with the Legal Opinions, which contains, inter alia, the following information:
- (a) SLMSB is the registered and beneficial owner and enjoys the legal and beneficial interests of the subject property;
 - (b) as at 31 March 2024, the property is not subject to any restriction in interest, and SLMSB has the right to sell, transfer, lease, charge the property without limitation of restriction in interests;
 - (c) as at 31 March 2024, the property is free from encumbrances and not subject to bank charges;
 - (d) the property is subject to express condition of “shall be used as factory for light industrial purposes and other usage in connection with it”; and
 - (e) the following legal documents are obtained:

Land title	Yes
Certificate of Fitness for Occupation	Yes
Approved Building Plan	Yes
Business and Advertisement License	Yes

1. RESPONSIBILITY STATEMENTS

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

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

2. SHARE CAPITAL OF THE COMPANY

As at the Latest Practicable Date:

- (a) the authorised share capital of the Company was HK\$100,000,000 divided into 1,000,000,000 Shares;
- (b) the issued share capital of the Company was HK\$43,896,000 divided into 438,960,000 Shares;
- (c) no Shares had been issued since 1 April 2024, being the day after the end of the last financial year of the Company, up to the Latest Practicable Date;
- (d) all of the Shares ranked *pari passu* in all respects as regards rights to capital, dividends and voting;
- (e) there were 700,000 outstanding Options granted under the Share Option Scheme, the exercise of which in full would result in the issue of 700,000 new Shares (representing approximately 0.16% of the issued share capital of the Company as at the Latest Practicable Date and approximately 0.16% of the issued share capital of the Company as enlarged by issue of such new Shares); and
- (f) save as disclosed in paragraph (e) above, there were no other options, derivatives, warrants or other securities convertible or exchangeable into Shares which were issued by the Company.

3. MARKET PRICES OF THE SHARES

The table below sets out the closing price of the Shares as quoted on the Stock Exchange on (i) the last trading day of each of the calendar months during the Relevant Period; (ii) the Last Trading Date; and (iii) the Latest Practicable Date:

Date	Closing price for each Share (HK\$)
31 October 2023	0.37
30 November 2023	0.33
29 December 2023	0.51
31 January 2024	0.46
29 February 2024	0.50
27 March 2024 (Last Trading Date)	0.54
30 April 2024	0.65
31 May 2024	0.66
25 June 2024 (Latest Practicable Date)	0.67

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.68 each on 15 December 2023 and 20 May 2024, and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.33 each on 29 November 2023, 30 November 2023, 1 December 2023 and 4 December 2023.

4. DISCLOSURE OF INTERESTS

4.1 Directors' interests and short positions in the Shares and underlying Shares

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the Shares and underlying Shares of the Company or its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which the Directors and chief executives of the Company were deemed or taken to have under such provisions of the SFO), or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers under the Listing Rules (the “**Model Code**”) or required to be disclosed under the Takeovers Code were as follows:

(a) Interests in the Shares

Name of Directors	Number of Shares held			Total	Approximate percentage of total issued Shares (Note 1)
	Personal interests	Spouse interests	Corporate interests		
Mr. Cheng Chor Kit	26,634,000	3,700,000	252,920,000	283,254,000	64.52%
			(Note 2)		
Mr. Liu Tat Luen	2,000,000	–	–	2,000,000	0.45%
Mr. Cheng Tsz To	3,000,000	–	–	3,000,000	0.68%
Mr. Cheng Tsz Hang	3,000,000	–	–	3,000,000	0.68%
Mr. Wong Chi Wai	500,000	–	–	500,000	0.11%
Mr. Cheung Wang Ip	200,000	–	–	200,000	0.04%

Notes:

- (1) The approximate percentage of total issued Shares is calculated based on 438,960,000 Shares, being the total number of issued Shares as at the Latest Practicable Date.
- (2) As at the Latest Practicable Date, Padora Global Inc., through its wholly-owned subsidiary, Resplendent Global Limited, indirectly held 252,920,000 Shares. Padora Global Inc. is owned as to 52% by Mr. Cheng Chor Kit, who is the chairman and chief executive officer of the Company, and as to 48% equally by his spouse, Mdm. Tsang Yuk Wan, and their two sons, namely, Mr. Cheng Tsz To and Mr. Cheng Tsz Hang, both also being executive Directors.

(b) Interests in the Options

Name of Director	Capacity	Number of underlying Shares under the Options held	Date of Grant	Vesting period		Exercise period	Exercise price per Share (HK\$)
				from	to		
Mr. Wong Chi Wai	Beneficial owner	400,000	7/7/2017			7/7/2017 – 6/7/2027	2.262
		100,000	7/7/2017	7/7/2017	12/9/2017	13/9/2017 – 6/7/2027	2.262
		100,000	9/7/2018	9/7/2018	12/9/2018	13/9/2018 – 8/7/2028	2.470
Mr. Cheung Wang Ip	Beneficial owner	100,000	9/7/2018	9/7/2018	20/7/2018	21/7/2018 – 8/7/2028	2.470

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or their associate(s) had an interest or short position in the Shares or underlying Shares which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of SFO (including interests and short positions of the SFO), or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code or required to be disclosed under the Takeovers Code.

4.2 Interests and short positions of the Offeror and other substantial Shareholders in the Shares and underlying Shares

As at the Latest Practicable Date, Shareholders (other than the interest disclosed above in respect of the Directors or the chief executives of the Company) who had interests and short positions in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange pursuant to 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 were as follows:

Name of substantial shareholder	Nature of interest and capacity	Number of Shares held	Approximate percentage of total issued Shares (Note 1)	Number of Options held
Resplendent Global Limited	Beneficial owner	252,920,000 (Note 2)	57.62%	–
Padora Global Inc.	Interests in controlling corporation	252,920,000 (Note 2)	57.62%	–
Mdm. Tsang Yuk Wan	Interests in controlling corporation	252,920,000 (Note 2)	57.62%	–
	Personal interests	3,700,000	0.84%	–
	Interests of spouse (Note 3)	26,634,000	6.06%	–

(1) The approximate percentage of total issued Shares is calculated based on 438,960,000 Shares, being the total number of issued Shares as at the Latest Practicable Date.

(2) 252,920,000 Shares are held by Resplendent Global Limited, a wholly-owned subsidiary of Padora Global Inc., relating to the same block of shareholding of Mr. Cheng Chor Kit as disclosed in the above section headed “4.1 Directors’ interests and short positions in the Shares and underlying Shares”. By virtue of the SFO, Mr. Cheng Chor Kit and his spouse, Mdm. Tsang Yuk Wan, are deemed to be interested in all the Shares held by Resplendent Global Limited.

- (3) 26,634,000 Shares are held by Mr. Cheng Chor Kit in a personal capacity. By virtue of the SFO, Mdm. Tsang Yuk Wan is deemed to be interested in all the Shares held by Mr. Cheng Chor Kit.

Save as disclosed above, as at the Latest Practicable Date, there was no person (other than the interest disclosed above in respect of the Directors or the chief executives of the Company) who (i) had an interest or short position in the Shares and underlying Shares which (a) would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO; or (b) were required, pursuant to Section 336 of the SFO, to be entered in the register referred therein; or (ii) were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying the right to vote in all circumstances at general meetings of the Company or any options in respect of such capital.

As at the Latest Practicable Date:

- (a) no subsidiary of the Company, pension fund of the Company or of any subsidiary of the Company, 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 any exempt principal traders and exempt fund managers) owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares;
- (b) there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code which existed between the Company, or any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) or (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code, and any other person;
- (c) no Shares, convertible securities, warrants, options or derivatives of the Company were managed on a discretionary basis by any fund managers connected with the Company;
- (d) none of the Company and the Directors had borrowed or lent any relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company;
- (e) the Shares held by the Offeror, Mr. Cheng Chor Kit and Mdm. Tsang Yuk Wan, do not form part of the Scheme Shares. They will not be entitled to vote at the Court Meeting;

- (f) the Shares held directly by Mr. Cheung Tsz To, Mr. Cheng Tsz Hang and Mr. Liu Tak Luen, all being the Offeror Concert Parties and the executive Directors, will form part of the Scheme Shares, but as they are not Disinterested Scheme Shareholders, their votes will not be counted for the purpose of satisfying Condition (a)(ii) set out in the section headed “3. CONDITIONS OF THE PROPOSAL AND THE SCHEME” in the Explanatory Statement in Part VI of this Scheme Document. In any event, none of the Shares held by the Offeror and the Offeror Concert Parties will be voted at the Court Meeting. Each of the Offeror and the Offeror Concert Parties has provided an undertaking to the Court not to attend and vote at the Court Meeting; and
- (g) the shares held directly by Mr. Wong Chi Wai and Mr. Cheung Wang Ip, being the independent non-executive Directors, will form part of the Scheme Shares. Mr. Wong Chi Wai and Mr. Cheung Wang Ip have indicated that (i) they will vote in favour of (A) the approval of the Scheme at the Court Meeting and (B) the special resolution to be proposed at the SGM; and (ii) they will accept the Option Offer.

4.3 Dealings in the relevant securities of the Company

- (a) During the Relevant Period, none of the Offeror, the directors of the Offeror, or any member of the Offeror Concert Parties had dealt for value in any Shares, convertible securities, warrants, options and derivatives in respect of the Shares.
- (b) During the Relevant Period, none of the Directors had any dealings in any Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into Shares.
- (c) During the period from the Announcement Date and up to the Latest Practicable Date:
 - (i) no subsidiaries of the Company, pension funds of any member of the Group or any advisers to the Company 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 (but excluding exempt principal traders and exempt fund managers) had any dealings in any Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into Shares;
 - (ii) no person who had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is an associate of the Company by virtue of classes (1), (2), (3) and (5) of the definition of acting in concert or who is an “associate” under the Takeovers Code by virtue of classes (2), (3) and (4) of the definition of associate had any dealings in any Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into Shares; and

- (iii) no fund managers connected with the Company had any dealings in any Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into Shares.

4.4 Interests and dealings in the securities of the Offeror

Save that the Offeror is ultimately beneficially owned as to 52% by Mr. Cheng Chor Kit, who is the chairman and chief executive officer of the Company, and as to 48% equally by his spouse, Mdm. Tsang Yuk Wan, and their sons, namely, Mr. Cheng Tsz To and Mr. Cheng Tsz Hang, both also being executive Directors, none of the Directors or the Company was interested in any the shares or any convertible securities, warrants, options or derivatives in respect of the shares in the Offeror and neither the Directors nor the Company had dealt for value in any such shares, convertible securities, warrants, options or derivatives during the Relevant Period.

4.5 Other arrangements in respect of the Proposal

As at the Latest Practicable Date:

- (a) the Offeror and any member of the Offeror Concert Parties had not received any irrevocable commitment from any Shareholders in respect of voting at the Court Meeting and/or the SGM;
- (b) no benefit (other than statutory compensation) was or would be given to any Director as compensation for his loss of office or otherwise in connection with the Proposal;
- (c) there was no agreement or arrangement between any Directors and any other person which is conditional on or dependent upon the outcome of the Proposal or otherwise connected with the Proposal;
- (d) there was no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror or any member of the Offeror Concert Parties on one hand and any Directors, recent Directors, Shareholders or recent Shareholders on the other hand, having any connection with or was dependent upon the Proposal;
- (e) there was no agreement or arrangement to which the Offeror is a party which relate to circumstances in which it may or may not invoke or seek to invoke a condition to the Scheme;
- (f) there was no arrangement (whether by way of option, indemnity or otherwise) in relation to shares of the Offeror or the Shares which might be material to the Proposal;
- (g) there were no arrangements of the kind referred to in Note 8 to Rule 22 of the Takeovers Code between the Offeror or any member of the Offeror Concert Parties and any other person;

- (h) the Offeror and any member of the Offeror Concert Parties had not borrowed or lent any relevant securities (as defined under Note 4 to Rule 22 of the Takeover Code) of the Company;
- (i) no Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into Shares was managed on a discretionary basis by any fund managers connected with the Offeror;
- (j) there was no agreement, arrangement or understanding between the Offeror and any member of the Offeror Concert Parties and any other person in relation to the transfer, charge or pledge of the Shares acquired pursuant to the Proposal;
- (k) no material contracts have been entered into by the Offeror in which any Director has a material personal interest;
- (l) other than the Cancellation Price and the Option Offer Price, there was no other consideration, compensation or benefit in whatever form paid or to be paid by the Offeror or any member of the Offeror Concert Parties to the Scheme Shareholders or persons acting in concert with the Scheme Shareholders in relation to the Scheme Shares or the Options (as applicable);
- (m) there was no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Offeror and any member of the Offeror Concert Parties on one hand and the Scheme Shareholders and any person acting in concert with the Scheme Shareholders on the other hand; and
- (n) there was no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between any Shareholder and (A) the Offeror or any member of the Offeror Concert Parties or (B) the Company, its subsidiaries or associated companies.

5. SERVICE CONTRACTS

Save as disclosed below, as at the Latest Practicable Date, none of the Directors had entered into a service contract with any member of the Group or the associated companies of the Company which are in force and which: (i) (including both continuous and fixed term contracts) had been entered into or amended within the Relevant 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.

Each of Mr. Cheng Tsz To, Mr. Cheng Tsz Hang, Mr. Wong Chi Wai, Mr. Cheung Wang Ip and Mr. Chan Yim Por, Bonnie had entered into a fixed term service contract with the Company with more than 12 months to run.

Name of Director	Date of service contract	Term and expiry date of service contract	Amount of fixed remuneration payable (excluding arrangements for pension payments)	Amount of any variable remuneration payable under the service contract
Mr. Cheng Tsz To	23 June 2023	Fixed term of 3 years commencing from 23 June 2023 and ending on 22 June 2026	HK\$1,260,000 per annum	N/A
Mr. Cheng Tsz Hang	30 March 2022	Fixed term of 3 years commencing from 30 March 2022 and ending on 29 March 2025	HK\$1,266,000 per annum	N/A
Mr. Wong Chi Wai	28 September 2023	Fixed term of 3 years commencing from 28 September 2023 and ending on 27 September 2026	HK\$300,000 per annum	N/A
Mr. Cheung Wang Ip	21 July 2023	Fixed term of 3 years commencing from 21 July 2023 and ending on 20 July 2026	HK\$300,000 per annum	N/A
Mr. Chan Yim Por, Bonnie	21 July 2023	Fixed term of 3 years commencing from 28 August 2023 and ending on 27 August 2026	HK\$300,000 per annum	N/A

6. MATERIAL LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration or claim of material importance and no litigation or claim of material importance was pending or threatened by or against the Company or any other member of the Group.

7. MATERIAL CONTRACTS

Save as disclosed below, there were no material contracts other than contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group entered into by any member of the Group within two years preceding the Announcement Date and up to the Latest Practicable Date.

- the lands resumption agreement in respect of three parcels of land situated at Huang Hua Yuan Industrial Area, Tai Ping Town, Shixing County, Shaoguan City, Guangdong Province, the PRC (land certificate number: Yue (2018) Shixing County Bu Dong Chan Quan No. 0000914, Yue (2018) Shixing County Bu Dong Chan Quan No. 0000910 and Yue (2018) Shixing County Bu Dong Chan Quan No. 0000912 土地證號：粵(2018)始興縣不動產權第0000914號，粵(2018)始興縣不動產權第0000910號，粵(2018)始興縣不動產權第0000912號) entered into between Penta Blesses Enterprises Limited (being a wholly-owned subsidiary of the Company) and Shixing County Bureau of Natural Resources (始興縣自然資源局) on 20 March 2023 together with the cooperation agreement.

8. EXPERTS

The following are the qualifications of each of the experts who has given opinions or advice which are contained in this Scheme Document:

Name	Qualifications
Honestum International Limited	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
SPDB International Capital Limited	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Lego Corporate Finance Limited	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
Valplus Consulting Limited	an independent professional property valuer
VPC Alliance (KL) Sdn. Bhd.	an independent professional property valuer

9. CONSENTS

Each of the experts mentioned above has given and has not withdrawn its written consent to the issue of this Scheme Document with the inclusion therein of the opinions and/or letters and/or the references to its name and/or opinions and/or letters in the form and context in which they respectively appear.

10. MISCELLANEOUS

- (a) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (b) The principal place of business of the Company in Hong Kong is situated at 7/F., Galaxy Factory Building, 25-27 Luk Hop Street, San Po Kong, Kowloon, Hong Kong.
- (c) The principal share registrar and transfer agent of the Company is MUFG Fund Services (Bermuda) Limited, whose registered office is at Rosebank Centre, 11 Bermudiana Road, Pembroke HM 08, Bermuda.
- (d) The Share Registrar is Tricor Tengis Limited, whose registered office is at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (e) The principal members of the parties acting in concert with the Offeror are Mr. Cheng Chor Kit, who is the chairman and chief executive officer of the Company, and his spouse, Mdm. Tsang Yuk Wan, and their two sons, Mr. Cheng Tsz To, Mr. Cheng Tsz Hang, both also being executive Director, and Mr. Liu Tat Luen, an executive Director.
- (f) The Offeror is ultimately beneficially owned as to 52% by Mr. Cheng Chor Kit, who is the chairman and chief executive officer of the Company, and as to 48% equally by his spouse, Mdm. Tsang Yuk Wan, and their two sons, namely, Mr. Cheng Tsz To and Mr. Cheng Tsz Hang, both being executive Directors. Mr. Cheng Choi Kit, and his spouse, Mdm. Tsang Yuk Wan, are the directors of the Offeror.
- (g) The registered office of the Offeror is situated at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands and the correspondence address of the Offeror is 7/F., Galaxy Factory Building, 25-27 Luk Hop Street, San Po Kong, Kowloon, Hong Kong.
- (h) The address of Mr. Cheng Chor Kit and his spouse, Mdm. Tsang Yuk Wan, Mr. Cheng Tsz To, Mr. Cheng Tsz Hang and Mr. Liu Tat Luen is at 7/F., Galaxy Factory Building, 25-27 Luk Hop Street, San Po Kong, Kowloon, Hong Kong.
- (i) The registered office of Honestum International Limited is situated at Unit 703, 7/F, Nam Wo Hong Building, 148 Wing Lok Street, Sheung Wan, Hong Kong.

- (j) The registered office of SPDB International Capital Limited is situated at 33/F, SPD Bank Tower, One Hennessy, 1 Hennessy Road, Hong Kong.
- (k) The registered office of Lego Corporate Finance Limited is situated at Room 1505, 15/F, Wheelock House, 20 Pedder Street, Central, Hong Kong.

11. DOCUMENTS ON DISPLAY

Copies of the following documents will be available for inspection on the website of the Company at www.kinyat.com.hk, and the website of the SFC at www.sfc.hk during the period from the date of the Scheme Document until the Effective Date or the date on which the Scheme lapses or is withdrawn, whichever is earlier:

- (a) the memorandum and articles of association of the Offeror;
- (b) the memorandum of association and bye-laws of the Company;
- (c) the annual reports of the Company for the years ended 31 March 2022 and 2023 and the annual results announcement of the Company for the year ended 31 March 2024 published by the Company on 21 June 2024;
- (d) the letter from the Board, the text of which is set out in Part III of this Scheme Document;
- (e) the letter from the Independent Board Committee, the text of which is set out in Part IV of this Scheme Document;
- (f) the letter from Lego, the text of which is set out in Part V of this Scheme Document;
- (g) the property valuation reports from Valplus Consulting Limited and VPC Alliance (KL) Sdn. Bhd., the text of which are set out in Appendix II to this Scheme Document;
- (h) the service contracts referred to in the section headed “5. SERVICE CONTRACTS” in this Appendix III to this Scheme Document;
- (i) the contracts referred to in the section headed “7. MATERIAL CONTRACTS” in this Appendix III to this Scheme Document;
- (j) the written consents referred to in the section headed “9. CONSENTS” in this Appendix III to this Scheme Document; and
- (k) this Scheme Document.

IN THE SUPREME COURT OF BERMUDA

CIVIL JURISDICTION

COMMERCIAL COURT

2024: NO. 107

IN THE MATTER OF KIN YAT HOLDINGS LIMITED

AND

IN THE MATTER OF SECTION 99 OF THE COMPANIES ACT 1981

SCHEME OF ARRANGEMENT

BETWEEN

KIN YAT HOLDINGS LIMITED

AND

THE SCHEME SHAREHOLDERS
(as defined below)

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

“Board”	the board of Directors
“business day”	a day on which the Stock Exchange is open for the transaction of business
“Cancellation Price”	the cancellation price of HK\$0.72 per Scheme Share payable in cash to the Scheme Shareholders pursuant to the Scheme
“Companies Act”	the Companies Act 1981 of Bermuda
“Company”	Kin Yat Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 638)

“Condition(s)”	the condition(s) to the implementation of the Proposal and the Scheme as set out in the section headed “3. CONDITIONS OF THE PROPOSAL AND THE SCHEME” in the Explanatory Statement in Part VI of the Scheme Document
“Court”	the Supreme Court of Bermuda
“Court Meeting”	a meeting of the Scheme Shareholders convened at the directions of the Court at which the Scheme (with or without modification) will be voted upon, or any adjournment thereof
“Director(s)”	the director(s) of the Company
“Effective Date”	the date on which an office copy of the Order of the Court sanctioning the Scheme pursuant to Section 99 of the Companies Act shall have been delivered to the Registrar of Companies for registration, at which time the Scheme shall become effective
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any delegate thereof
“Explanatory Statement”	the explanatory statement in relation to the Scheme as set out in the Scheme Document in compliance with Section 100 of the Companies Act
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong,
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	25 June 2024, being the latest practicable date prior to the despatch of the Scheme Document for the purpose of ascertaining certain information contained in the Scheme Document
“Long Stop Date”	30 September 2024 or such later date as the Offeror and the Company may agree or, to the extent applicable, as the Court may direct and in all cases as permitted by the Executive and/or the Court
“Offeror”	Resplendent Global Limited, a company incorporated in the British Virgin Islands with liability limited by shares, which is ultimately beneficially owned as to 52% by Mr. Cheng Chor Kit, being the chairman and chief executive officer of the Company, and as to 48% equally by his spouse, Mdm. Tsang Yuk Wan, and their two sons, namely, Mr. Cheng Tsz To and Mr. Cheng Tsz Hang, both being executive directors of the Company

“Offeror Concert Party(ies)”	persons acting, or presumed to be acting, in concert with the Offeror in relation to the Company (including (i) Mr. Cheng Chor Kit, being the chairman and chief executive officer of the Company, and his spouse, Mdm. Tsang Yuk Wan, and their two sons, Mr. Cheng Tsz To and Mr. Cheng Tsz Hang, both being executive directors of the Company, all of whom are the ultimate beneficial owners of the Offeror; and (ii) Mr. Liu Tat Luen, being an executive director of the Company)
“Proposal”	the proposal for the privatisation of the Company by the Offeror by way of the Scheme and the Option Offer (as defined in the Scheme Document), on the terms and subject to the conditions set out in the Scheme Document
“Registrar of Companies”	the Registrar of Companies in Bermuda
“Scheme”	the scheme of arrangement between the Company and the Scheme Shareholders under Section 99 of the Companies Act with or subject to any modification, addition or condition which may be approved or imposed by the Court
“Scheme Document”	the composite scheme document dated 28 June 2024 containing, among other things, further details of the Proposal including the Scheme
“Scheme Record Date”	21 August 2024 or such other date as shall have been announced to the Shareholders, being the record date for the purpose of determining the entitlements of the Scheme Shareholders under the Scheme and the Option Holders (as defined in the Scheme Document) under the Option Offer (as defined in the Scheme Document)
“Scheme Share(s)”	Share(s) in issue on the Scheme Record Date, other than those held by the Offeror, Mr. Cheng Chor Kit, being the chairman and chief executive officer of the Company, and his spouse, Mdm. Tsang Yuk Wan
“Scheme Shareholder(s)”	registered holder(s) of the Scheme Share(s) as at the Scheme Record Date
“SGM”	the special general meeting of the Company convened for the purposes of considering and (if thought fit) approving all resolutions necessary for the implementation of the Proposal, or any adjournment thereof
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company

“Shareholder(s)”	the registered holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers

- (B) The Company is an exempted company with limited liability incorporated in Bermuda on 30 January 1997. As at the Latest Practicable Date, the authorised share capital of the Company was HK\$100,000,000 divided into 1,000,000,000 Shares, of which 438,960,000 Shares were issued fully paid or credited as fully paid.
- (C) The Offeror has proposed the privatisation of the Company by way of the Scheme. The primary purpose of the Scheme is to cancel and extinguish all of the Scheme Shares and to issue new Shares to the Offeror such that the Company will be owned as to (i) approximately 93.10% by the Offeror; and (ii) approximately 6.06% by Mr. Cheng Chor Kit and approximately 0.84% by his spouse, Mdm. Tsang Yuk Wan.
- (D) Each of the Offeror and the Offeror Concert Parties has provided an undertaking to the Court not to attend nor vote at the Court Meeting. Each of the Offeror and the Offeror Concert Parties has also agreed to appear by Conyers Dill & Pearman Limited before the Court and has undertaken to the Court to be bound by this Scheme and to execute and do and procure to be executed and done all such documents, acts and things as may be necessary or desirable for the purpose of giving effect to this Scheme.

THE SCHEME**PART I****CANCELLATION AND EXTINGUISHMENT OF THE SCHEME SHARES**

1. On the Effective Date:
 - (a) all of the Scheme Shares will be cancelled and extinguished; and
 - (b) immediately after the cancellation and extinguishment of the Scheme Shares, the Company will issue to the Offeror such number of new Shares as is equal to the number of Scheme Shares cancelled and extinguished such that the issued share capital of the Company will be maintained at the amount in issue immediately prior to the cancellation and extinguishment of the Scheme Shares. The credit created in the books of accounts of the Company as a result of the cancellation and the extinguishment of the Scheme Shares will be applied in paying up in full at par the new Shares so issued to the Offeror, credited as fully paid.

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

2. In consideration of the cancellation and extinguishment of all Scheme Shares, each Scheme Shareholder shall be entitled to receive the Cancellation Price.

PART III**GENERAL**

3. Cheques in respect of the Cancellation Price shall be sent to Scheme Shareholders whose names appear in the register of members of the Company as at the Scheme Record Date as soon as possible but in any event no later than seven business days following the Effective Date.
4. Cheques for payment of the Cancellation Price will be despatched by ordinary post in pre-paid envelopes addressed to the Scheme Shareholders at their respective registered addresses as appearing on the register of members of the Company as at the Scheme Record Date or, in the case of joint holders, at the registered address appearing in the register of members of the Company as at the Scheme Record Date of the joint holder whose name then stands first in the register of members of the Company in respect of the relevant joint holding. All such cheques shall be posted at the risk of the addressees and none of the Offeror, the Company, Honestum International Limited, SPDB International Capital Limited, Lego Corporate Finance Limited, Tricor Tengis Limited and their respective directors, employees, officers, agents, advisers, associates and affiliates and any other persons involved in the Proposal or the Scheme shall be responsible for any loss or delay in despatch.

5. On or after the day being six calendar months after the date of posting the cheques for the Cancellation Price, the Offeror shall have the right to cancel or countermand payment of any cheque which has not been cashed or which has been returned uncashed and shall place all monies represented thereby in a deposit or custodian account in the name of the Offeror with a licensed bank in Hong Kong selected by the Offeror.
6. The Offeror shall hold monies represented by uncashed cheques until the expiry of six years from the Effective Date and shall, prior to such date, make payments therefrom of the sums payable pursuant to the Scheme to persons who satisfy the Offeror that they are respectively entitled thereto and the cheques of which they are payees have not been cashed. Any payments made by the Offeror shall not include any interest accrued on the sums to which the respective persons are entitled pursuant to the Scheme, and are subject to, if applicable, the deduction of interest, tax or any withholding tax or any other deduction required by law. The Offeror shall exercise its absolute discretion in determining whether or not it is satisfied that any person is so entitled, and a certificate of the Offeror to the effect that any particular person is so entitled or not so entitled, as the case may be, shall be conclusive and binding upon all persons claiming an interest in the relevant monies.
7. On the expiry of six years from the Effective Date, the Offeror shall be released from any further obligation to make any payments under the Scheme and the Offeror shall be absolutely entitled to the balance (if any) of the sums then standing to the credit of the deposit or custodian account in its name, including accrued interest subject to any deduction required by law and expenses incurred. This paragraph 7 shall take effect subject to any prohibition or condition imposed by law.
8. Share certificates relating to the Scheme Shares shall cease to be valid for any purpose on the Effective Date.
9. The Scheme shall become effective as soon as a copy of the order of the Court sanctioning the Scheme under Section 99 of the Companies Act has been delivered to the Registrar of Companies for registration.
10. The Company and the Offeror may jointly consent for and on behalf of all Scheme Shareholders to any modification(s) of or addition(s) to the Scheme or to any condition(s) which the Court may see fit to approve or impose.
11. Unless the Scheme becomes effective on or before the Long Stop Date, the Scheme shall lapse.
12. Subject to the requirements of the Takeovers Code, the parties shall bear their own costs, charges and expenses of and incidental to the Scheme.

Dated: 28 June 2024

**IN THE SUPREME COURT OF BERMUDA
CIVIL JURISDICTION
COMMERCIAL COURT**

**2024: NO. 107
IN THE MATTER OF KIN YAT HOLDINGS LIMITED
AND
IN THE MATTER OF SECTION 99 OF THE COMPANIES ACT 1981**

NOTICE OF COURT MEETING

NOTICE IS HEREBY GIVEN that, by an order (the “**Order**”) dated 19 June 2024 made in the above matter, the Supreme Court of Bermuda (the “**Court**”) has directed a meeting (the “**Court Meeting**”) of the Scheme Shareholders (as defined in the Scheme hereinafter mentioned) to be convened for the purpose of considering and, if thought fit, approving (with or without modification) a scheme of arrangement (the “**Scheme**”) proposed to be made between Kin Yat Holdings Limited (the “**Company**”) and the Scheme Shareholders and that the Court Meeting will be held at 10:00 a.m. (Hong Kong time) on Friday, 26 July 2024 at Montparnasse Room I-III, 2/F., Regal Kowloon Hotel, 71 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong at which all Scheme Shareholders are invited to attend.

A copy of the Scheme and a copy of an explanatory statement required by Section 100 of the Companies Act 1981 explaining, amongst other things, the effect of the Scheme are incorporated in the composite scheme document dated 28 June 2024 (the “**Scheme Document**”) of which this notice forms part. A copy of the Scheme Document may also be obtained by the Scheme Shareholders from the Hong Kong branch share registrar of the Company, Tricor Tengis Limited, during usual business hours.

Scheme Shareholders may vote in person at the Court Meeting or they may appoint another person, whether a member of the Company or not, to attend, speak and vote in their stead. A **pink** form of proxy for use at the Court Meeting (or any adjournment thereof) is enclosed with the Scheme Document. The completion and return of the **pink** form of proxy will not preclude a Scheme Shareholder from attending and voting in person at the Court Meeting, or any adjournment thereof, if he/she so wishes and in such event, the **pink** form of proxy will be revoked by operation of law.

In the case of joint holders of a Scheme Share (as defined in the Scheme), any one of such joint holders may vote at the Court Meeting, either in person or by proxy, in respect of such Scheme Share as if he/she was solely entitled thereto. However, if more than one of such joint holders is present at the Court Meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names of the joint holders stand in the register of members of the Company in respect of such joint holding.

In the case of a Scheme Shareholder which is a corporation, the Scheme Shareholder may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its corporate representative at the Court Meeting and exercise the same powers on behalf of the corporate Scheme Shareholder as if the corporate Scheme Shareholder was an individual Scheme Shareholder of the Company.

It is requested that the **pink** form of proxy, together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, be deposited at the Hong Kong branch share registrar of the Company, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 10:00 a.m. (Hong Kong time) on Wednesday, 24 July 2024, but if the **pink** form of proxy is not so lodged, it may alternatively be handed to the chairman of the Court Meeting at the Court Meeting before the taking of the poll and the chairman of the Court Meeting shall have absolute discretion as to whether or not to accept it.

By the Order, the Court has appointed Wong Chi Wai, an independent non-executive director of the Company, or failing him, any other independent non-executive director of the Company or any other officer of the Company as at the date of the Court Meeting, to act as the chairman of the Court Meeting and has directed the chairman of the Court Meeting to report the proceedings of and voting at the Court Meeting to the Court.

The Scheme is subject to the subsequent sanction of the Court.

Dated: 28 June 2024

By order of the Court
Conyers Dill & Pearman Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda
Attorneys for the Company

Notes:

1. Voting at the Court Meeting will be conducted by way of a poll.
2. Any Scheme Shareholder entitled to attend and vote at the Court Meeting is entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not be a shareholder of the Company. A Scheme Shareholder who is the holder of two or more Scheme Shares may appoint more than one proxy to represent him/her to attend and vote on his/her behalf. If more than one proxy is so appointed, the appointment shall specify the number of Scheme Shares in respect of which each such proxy is so appointed.
3. For the purpose of determining the entitlements of holders of Scheme Shares to attend and vote at the Court Meeting, the register of members of the Company will be closed from Tuesday, 23 July 2024 to Friday, 26 July 2024, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify to attend and vote at the Court Meeting, all transfers of shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged with the Hong Kong branch share registrar of the Company, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. (Hong Kong time) on Monday, 22 July 2024.



KIN YAT HOLDINGS LIMITED
建溢集團有限公司

website: <http://www.kinyat.com.hk>

(Incorporated in Bermuda with limited liability)

(Stock Code: 638)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “**SGM**”) of Kin Yat Holdings Limited (the “**Company**”) will be held at Montparnasse Room I-III, 2/F., Regal Kowloon Hotel, 71 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong on Friday, 26 July 2024 at 10:30 a.m. (Hong Kong time) or immediately after the conclusion or adjournment of the court meeting (the “**Court Meeting**”) of the holders (the “**Scheme Shareholders**”) of the shares of the Company (other than those held by Resplendent Global Limited (the “**Offeror**”), Mr. Cheng Chor Kit and his spouse, Mdm. Tsang Yuk Wan) (the “**Scheme Shares**”) convened at the directions of the Supreme Court of Bermuda (the “**Court**”) for the same place and day, whichever is later, for the purposes of considering and, if thought fit, passing with or without modification, the following resolution as a special resolution:

SPECIAL RESOLUTION

“**THAT** for the purposes of giving effect to the scheme of arrangement (the “**Scheme**”) between the Company and the Scheme Shareholders as set out in the composite scheme document dated 28 June 2024 (the “**Scheme Document**”) and subject to the approval of the Scheme by the Scheme Shareholders at the Court Meeting:

- (a) on the Effective Date (as defined in the Scheme), the issued share capital of the Company be reduced by cancelling and extinguishing all the Scheme Shares (the “**Capital Reduction**”);
- (b) immediately after the Capital Reduction, the issued share capital of the Company be increased to the amount immediately prior to the cancellation and extinguishment of the Scheme Shares by applying the credit amount arising in the books of account of the Company as a result of the Capital Reduction in paying up in full at par such number of new shares of the Company (credited as fully paid) as is equal to the number of the Scheme Shares cancelled and extinguished as aforesaid, to be allotted and issued to the Offeror;
- (c) subject to the Scheme taking effect, the withdrawal of listing of the shares of the Company on The Stock Exchange of Hong Kong Limited be approved, and any one director of the Company be authorised to make application to The Stock Exchange of Hong Kong Limited in respect of such withdrawal; and

- (d) any one of the directors of the Company be and is hereby authorised to do all acts and things as considered by him to be necessary or desirable in connection with the implementation and completion of the Scheme, including, without limitation, the giving or implementation of consent to any modifications of, or additions to, the Scheme, which the Court may see fit to impose and to do all other acts and things as considered by him to be necessary or desirable in connection with the Scheme or in order to give effect to the transactions referred to above.”

By Order of the Board
Kin Yat Holdings Limited
Cheng Chor Kit
Chairman and Chief Executive Officer

Hong Kong, 28 June 2024

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

Principal Place of Business in Hong Kong:
7/F., Galaxy Factory Building
25-27 Luk Hop Street
San Po Kong, Kowloon
Hong Kong

As at the date of this notice, the Board comprises four executive Directors, namely Mr. CHENG Chor Kit, Mr. LIU Tat Luen, Mr. CHENG Tsz To, and Mr. CHENG Tsz Hang; and three independent non-executive Directors, namely Mr. WONG Chi Wai, Mr. CHEUNG Wang Ip and Mr. CHAN Yim Por, Bonnie.

Notes:

1. For the purpose of determining the entitlement to attend and vote at the SGM, the register of members of the Company will be closed from Tuesday, 23 July 2024 to Friday, 26 July 2024 (both days inclusive) and, during such period, no transfer of shares of the Company will be effected. In order to qualify to attend and vote at the SGM, all transfers accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer agent in Hong Kong, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration by no later than 4:30 p.m. on Monday, 22 July 2024.
2. Any member entitled to attend and vote at the SGM is entitled to appoint another person as his proxy to attend and vote on his behalf. A member who is the holder of two or more shares of the Company may appoint more than one proxy to represent him and vote on his behalf at the SGM. A proxy need not be a member of the Company. If more than one proxy is appointed, the appointment shall specify the number of shares of the Company in respect of which each such proxy is appointed.
3. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power of attorney or authority, must be deposited at the Company’s branch share registrar and transfer agent in Hong Kong, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof.
4. Where there are joint holders of any share of the Company, any one of such persons may vote at the SGM either in person or by proxy, in respect of such share of the Company as if he were solely entitled thereto, but if more than one of such joint holders be present at the SGM in person or by proxy, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of such joint holding.
5. A form of proxy for use in connection with the SGM is enclosed.
6. References to time and dates in this notice are to Hong Kong time and dates.

Set out below is a sample of the Option Offer Letter being sent to the Option Holders in connection with the Option Offer.

28 June 2024

To the Option Holders

Dear Sir/Madam,

**OPTION OFFER
IN RELATION TO THE PROPOSED PRIVATISATION OF
KIN YAT HOLDINGS LIMITED
BY RESPLENDENT GLOBAL LIMITED
BY WAY OF A SCHEME OF ARRANGEMENT
UNDER SECTION 99 OF THE COMPANIES ACT 1981 OF BERMUDA**

A composite scheme document issued jointly by Resplendent Global Limited (the “**Offeror**”) and Kin Yat Holdings Limited (the “**Company**”) dated the same date as this letter (the “**Scheme Document**”) is enclosed with this letter. Terms used but not defined in this letter shall have the same meanings and construction as in the Scheme Document. This letter should be read in conjunction with the Scheme Document.

The Offeror and the Company issued jointly the Joint Announcement dated 18 April 2024 which stated, among others, that on 27 March 2024, after trading hours, the Offeror had requested the Board to put forward the Proposal to the Scheme Shareholders regarding the proposed privatisation of the Company by way of the Scheme under Section 99 of the Companies Act. As stated in the Joint Announcement, as part of the Proposal, the Offeror would make (or procure to be made on their behalf) an appropriate offer, namely the Option Offer, to the Option Holders to cancel every Option in accordance with Rule 13 of the Takeovers Code. The Option Offer will be conditional upon the Scheme becoming effective.

This letter explains the actions you may take in relation to your Option(s). You are advised to refer to the Scheme Document when considering them.

Your attention is also drawn to the terms and conditions of the Share Option Scheme.

TERMS OF THE OPTION OFFER

We are making the Option Offer, which is conditional on the Scheme becoming effective, with respect to the Option(s) held by you.

All outstanding Options will lapse automatically and not be exercisable (to the extent not already exercised or lapsed) upon the Scheme becoming effective. You may accept the Option Offer by lodging a completed Form of Acceptance in respect of the Option Offer by the prescribed deadline and, if the Option Offer becomes unconditional, you will be entitled to the Option Offer Price.

Under the Option Offer, the Offeror is offering the Option Holders the Option Offer Price, which is a nominal amount of HK\$0.01 per outstanding Option, for cancellation of each outstanding Option they hold, as the exercise price of each Option exceeds the Cancellation Price and the “see-through” price (being the Cancellation Price minus the exercise price of each Option) is negative.

The Option Offer is conditional upon the Scheme becoming effective. The Conditions are set out in the section headed “3. CONDITIONS OF THE PROPOSAL AND THE SCHEME” in the Explanatory Statement in Part VI in the Scheme Document. In addition, all payments in respect of the Option Offer Price will be made by cheques in Hong Kong dollars.

You are further advised to refer to the sections headed “16. REGISTRATION AND PAYMENT”, “17. OVERSEAS SCHEME SHAREHOLDERS AND OPTION HOLDERS”, and “18. TAXATION” in the Explanatory Statement in Part VI in the Scheme Document.

Your attention is drawn to the letter from the Independent Board Committee set out in Part IV of the Scheme Document and the letter from Lego set out in Part V of the Scheme Document, which contain the recommendations of the Independent Board Committee and of Lego, respectively, in relation to the Proposal, the Scheme and the Option Offer.

COURSES OF ACTION AVAILABLE TO OPTION HOLDERS

In summary, the choices available to you in respect of your outstanding Option(s) are set out below.

(a) Accept the Option Offer

To the extent any of your Option(s) has not lapsed or exercised, the Option Offer shall be in respect of all such Options that you hold as at the Scheme Record Date (which is expected to be 21 August 2024) and you may choose to accept the Option Offer in respect of all of your Option(s) at the Option Offer Price for the cancellation of each such Option in accordance with the terms of the Option Offer as set out in this letter (including all declarations and undertakings) and in the enclosed Form of Acceptance, by allowing such unexercised outstanding Options to remain unexercised on the Effective Date, and signing and returning the completed Form of Acceptance enclosed (by ticking the “Accept” box on the Form of Acceptance) by not later than 4:00 p.m. (Hong Kong time) on Wednesday, 21 August 2024 (or such later time and/or date as may be notified to you through announcement(s)).

(b) Reject the Option Offer

If you choose to reject the Option Offer, please tick the “Reject” box on the Form of Acceptance and return it in accordance with the instructions therein. Such rejection of the Option Offer will be in respect of all Options held by you as at the Scheme Record Date, and you will not be entitled to receive the Option Offer Price in respect of any of your Options if the Scheme becomes effective.

You may in accordance with the terms of the Share Option Scheme exercise all of your outstanding Option(s) (to the extent not already lapsed or exercised) to its full extent or to the extent specified in your notice of exercise of Options to the Company at any time after the date of this letter and up to 4: 30 p.m. on the Latest Option Exercise Date. Any Shares issued as a result of the exercise of such outstanding Options as mentioned above will form part of the Scheme Shares and if the Scheme becomes effective, such Scheme Shares will be cancelled and you will be entitled to receive the Cancellation Price for each Scheme Share that you hold as at the Scheme Record Date. Please refer to the Scheme Document for details of the Scheme and the Proposal in this regard.

(c) Inaction or failure to complete the Form of Acceptance

Following receipt of this letter, if you (i) choose to do nothing (including not returning a Form of Acceptance) or (ii) fail to tick either the “Accept” or “Reject” box on a returned Form of Acceptance or fail to sign the Form of Acceptance, in which case, conditional on the passing of the resolutions to be proposed at the Court Meeting and the SGM to approve the Scheme, and the Scheme becoming effective, you will be treated as if not having accepted the Option Offer in respect of all Options held by you as at the Scheme Record Date. Your Options will lapse automatically on the Effective Date, and you will receive neither the Option Offer Price nor the Cancellation Price.

For further details, please refer to the remaining sections of this letter, the Scheme Document, the Form of Acceptance and the terms of the Share Option Scheme.

OPTIONS HELD AS AT THE LATEST PRACTICABLE DATE

Information on the Option(s) held by you as at the Latest Practicable Date is available from the company secretary of the Company. If there is any exercise of your Option(s) after the Latest Practicable Date, you may accept the Option Offer only in respect of such outstanding Option(s) which remain unexercised as at the Scheme Record Date.

LAPSED OPTIONS

Please note that nothing in this letter or the Scheme Document serves to extend the life of an Option which lapses, will lapse, or has already lapsed, under the terms of the Share Option Scheme. You cannot exercise any Option or accept the Option Offer in respect of an Option which will have lapsed in accordance with its terms.

All outstanding Options will lapse automatically and not be exercisable (to the extent not already exercised or lapsed) upon the Scheme becoming effective.

PROFESSIONAL ADVICE

The information provided in this letter is intended to give you factual details on which to base your decision as to the action you wish to take.

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

DECLARATION

By signing and returning the completed Form of Acceptance, you thereby:

- (a) warrant and confirm that each Option in respect of which you accept the Option Offer is valid and subsisting, free from all liens, charges, mortgages and third party interests of any nature whatsoever and you acknowledge that any option certificate or documents in respect of such Option shall become void once that Option has been cancelled as a result of your acceptance of the Option Offer pursuant to the Form of Acceptance;
- (b) acknowledge and agree that you cease to have any rights and obligations, and waive all rights and claims against any party (including the Offeror and the Company), in respect of all the Option(s) held by you for which you accept the Option Offer, that all rights and obligations under all such Option(s) will be cancelled;
- (c) confirm that the decisions which you have made on the Form of Acceptance cannot be withdrawn or altered;
- (d) authorise the Offeror, the Company, and/or such person or persons as any of them may direct to do all acts and things and to complete, amend and execute any document on your behalf as may be necessary or desirable to give effect to or in connection with the acceptance you have made on the Form of Acceptance, and you hereby undertake to execute any further assurance that may be required in respect of such acceptance;
- (e) undertake to confirm and ratify any action properly or lawfully taken on your behalf by any person authorised or appointed by or pursuant to this letter and the Form of Acceptance; and
- (f) confirm that you have read, understood and agreed to the terms and conditions of the Option Offer (including, without limitation, those set out in the Scheme Document, this letter and the Form of Acceptance), and that you have received and read the Scheme Document and this letter.

GENERAL

- (a) All communications, notices, Forms of Acceptance, cheques, certificates and other documents of any nature to be delivered by or sent to or from the Option Holders will be delivered by or sent to or from them, or their designated agents, at their risk, and none of the Offeror or the Company accepts any liability for any loss or any other liabilities whatsoever which may arise as a result.
- (b) The provisions set out in the Form of Acceptance form part of the terms of the Option Offer.
- (c) The Option Offer and all acceptances will be governed by and construed in accordance with the laws of Hong Kong.
- (d) Due execution of the Form of Acceptance in respect of the Option Offer will constitute an authority to the Offeror, the Company, or such person(s) as any of them may direct to complete and execute on behalf of the accepting Option holder, the Form of Acceptance and any document and to do any other act that may be necessary or expedient for the purpose of cancelling, or vesting in the Offeror or such person(s) as the Offeror shall direct, all rights of the Option Holders in respect of the Option(s) which are the subject of such acceptance.
- (e) The delivery of the Form of Acceptance, duly signed, may, if the Offeror determines it appropriate, be as effective as if it were duly completed, executed and received notwithstanding that it is not completed, executed or received strictly in accordance with the Forms of Acceptance and this letter, including the date specified for receipt or the absence of any witness attesting to the execution of any Form of Acceptance.
- (f) By completing the Form of Acceptance in respect of a particular outstanding Option, you irrevocably and at your own risk elect to authorise the Offeror, the Company, and/or their respective agent(s) to send to you, or procure the sending to you of, the payment to which you are entitled.

ACTIONS TO BE TAKEN FOR ACCEPTING THE OPTION OFFER

In order to accept the Option Offer, you must complete and return the duly completed and executed Form of Acceptance together with relevant certificate(s) (if any) or any other document(s) evidencing the grant of the Option(s) to you or other document(s) of title or entitlement (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Company at its principal office (being 7/F., Galaxy Factory Building, 25-27 Luk Hop Street, San Po Kong, Kowloon, Hong Kong) for the attention of the company secretary of the Company and marked “Kin Yat Holdings Limited – Option Offer” by no later than 4:00 p.m. (Hong Kong time) on Wednesday, 21 August 2024 (or such later date and time as may be notified to you by the Offeror or by way of joint announcement by the Offeror and the Company on the website of the Stock Exchange). If you do not complete a Form of Acceptance, subject to and conditional upon the Scheme becoming effective, your Option(s) will lapse.

Before forwarding the Form of Acceptance to the board of directors of the Offeror, please ensure that you have duly executed the Form of Acceptance and that your signature has been witnessed.

Assuming the Option Offer will close on Wednesday, 21 August 2024, payment for the Option Offer Price is expected to be made no later than seven business days following the Effective Date.

No acknowledgement of receipt of any Form of Acceptance, the relevant certificate(s) (if any) or any other document(s) evidencing the grant of the Option(s) or other document(s) of title or entitlement (and/or any satisfactory indemnity of indemnities required in respect thereof) will be given.

RESPONSIBILITY STATEMENTS

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

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

Yours faithfully,
For and on behalf of
RESPLENDENT GLOBAL LIMITED
Cheng Chor Kit
Director