
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of the Partial Offer, this Composite 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.

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

This Composite Document should be read in conjunction with the accompanying Form of Approval and Acceptance, the contents of which form part of the terms and conditions of the Partial Offer.

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 Composite Document and the accompanying Form of Approval and Acceptance, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the accompanying Form of Approval and Acceptance.

**EMPIRE CHARM
LIMITED**

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



**HENGDELI HOLDINGS
LIMITED**

亨得利控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3389)

**COMPOSITE DOCUMENT RELATING TO
VOLUNTARY CONDITIONAL CASH PARTIAL OFFER BY
GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED**



**ON BEHALF OF THE OFFEROR TO ACQUIRE 660,602,843 SHARES
IN THE ISSUED SHARE CAPITAL OF THE COMPANY
FROM QUALIFYING SHAREHOLDERS**

Exclusive financial adviser to the Offeror



Independent Financial Adviser to the Independent Board Committee



Capitalised terms used in this cover page have the same meaning as those defined in the section headed "Definitions" in this Composite Document.

A letter from Guotai Junan Capital containing, among other things, the details of the terms and conditions of the Partial Offer is set out on pages 6 to 18 of this Composite Document. A letter from the Board is set out on pages 19 to 23 of this Composite Document. A letter from the Independent Board Committee containing its recommendation to the Qualifying Shareholders in respect of the Partial Offer is set out on pages 24 to 25 of this Composite Document. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee in respect of the Partial Offer is set out on pages 26 to 29 of this Composite Document.

The procedures for approval, acceptance and settlement of the Partial Offer are set out in Appendix I to this Composite Document and in the accompanying Form of Approval and Acceptance. Acceptances of the Partial Offer should be received by the Share Registrar by no later than 4:00 p.m. on Thursday, 1 August 2024, being the First Closing Date, or such later time and/or date as the Offeror may decide and announce and the Executive may approve.

Any persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form of Approval and Acceptance to any jurisdiction outside of Hong Kong should read the sections headed "Important Notice" in this Composite Document and "Overseas Shareholders" in the letter from Guotai Junan Capital before taking any action. It is the responsibility of each Overseas Shareholder wishing to accept the Partial Offer to satisfy himself, herself or itself as to full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or legal requirements. Overseas Shareholders are advised to seek professional advice on deciding whether to accept the Partial Offer.

4 July 2024

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EXPECTED TIMETABLE

The timetable set out below is indicative only and may be subject to change. Further announcement(s) will be jointly made by the Offeror and the Company as and when appropriate.

All references to time and dates contained in this Composite Document are to Hong Kong time and dates.

Despatch Date and Partial Offer open for acceptanceThursday, 4 July 2024

First Closing Date (*Note 1*)Thursday, 1 August 2024

Latest time and date for approval and acceptance of
the Partial Offer on the First Closing Date (*Note 1*)4:00 p.m. on Thursday,
1 August 2024

Announcement of the results of the Partial Offer
as at the First Closing Date to be posted on the
website of the Stock Exchange (*Note 4*)no later than 7:00 p.m. on Thursday,
1 August 2024

Latest time and date for the acceptance of the Partial Offer
(assuming that the Partial Offer becomes or is declared
unconditional in all respects on the First Closing Date)
(i.e. the Final Closing Date) (*Note 1*)4:00 p.m. on Thursday,
15 August 2024

Announcement of the results of the Partial Offer as at
the Final Closing Date to be posted on the website
of the Stock Exchange (*Note 4*)no later than 7:00 p.m. on Thursday,
15 August 2024

Designated agent starts to stand in the market to
provide matching services for sale and purchase
of odd lots holdings of Shares (assuming that the
Partial Offer becomes or is declared unconditional
in all respects on the First Closing Date)9:00 a.m. on Friday,
16 August 2024

Latest date for (i) posting of remittances for amounts
due in respect of valid acceptances received and (ii) return
of share certificate(s) for Shares tendered but not validly
accepted under the Partial Offer at or before 4:00 p.m. on the
Final Closing Date (assuming that the Partial Offer becomes
or is declared unconditional in all respects on the
First Closing Date) (*Note 5*)Monday, 26 August 2024

EXPECTED TIMETABLE

Latest time and date by which the Partial Offer

can become or be declared unconditional

as to acceptances (*Note 2*)Monday, 2 September 2024

Designated agent ceases to stand in the market

to provide matching services for sale and

purchase of odd lots holdings of Shares

(assuming that the Partial Offer becomes or

is declared unconditional in all respects on

the First Closing Date)4:00 p.m. on

Friday, 27 September 2024

Notes:

1. Where the Partial Offer has not become or been declared unconditional as to acceptances by the First Closing Date, the Offeror may extend the closing date of the Partial Offer in accordance with the Takeovers Code. The latest time for receipt of approvals of the Partial Offer and acceptances under the Partial Offer will be 4:00 p.m. on the First Closing Date unless the Offeror revises or extends the Partial Offer in accordance with the Takeovers Code. The Offeror and the Company will issue a joint announcement on the Stock Exchange's website by 7:00 p.m. on the First Closing Date, stating the results of the Partial Offer and whether the Partial Offer has been revised or extended, has lapsed or has become or been declared unconditional in all respects. Where the Partial Offer has become or been declared unconditional as to acceptance on the First Closing Date, the Partial Offer will remain open for acceptance for 14 days thereafter in accordance with the Takeovers Code and may not be further extended. Where the Partial Offer has become or been declared unconditional as to acceptance before the First Closing Date, the Partial Offer will remain open for acceptance for not less than 14 days thereafter, provided that the Final Closing Date shall not be extended to a day beyond the 14th day after the First Closing Date. If the Partial Offer becomes or is declared unconditional in all respects by no later than the date falling 14 days following the Despatch Date, the Offeror shall be entitled to make an announcement to the effect that the Partial Offer will close for acceptance on the First Closing Date (i.e. the Final Closing Date will be the First Closing Date).
2. In accordance with the Takeovers Code, except with the consent of the Executive, the Partial Offer may not become or be declared unconditional as to acceptances after 7:00 p.m. on the 60th day after the Despatch Date. Accordingly, unless the Partial Offer has previously become unconditional as to acceptances, the Partial Offer will lapse after 7:00 p.m. on Monday, 2 September 2024, unless extended with the consent of the Executive.
3. Beneficial owners of Shares who hold their Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements (set out in Appendix I to this Composite Document) for causing instructions to be given to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures.
4. The announcement will be jointly issued by the Offeror and the Company in accordance with the requirements under Rule 19.1 and Note 7 to Rule 19 of the Takeovers Code.
5. Remittances in respect of the Offer Shares accepted and taken up by the Offeror under the Partial Offer (after deducting seller's ad valorem stamp duty) will be posted to the relevant Accepting Shareholders by ordinary post at their own risk as soon as possible, but in any event no later than 7 business days (as defined in the Takeovers Code) after the Final Closing Date.

EXPECTED TIMETABLE

EFFECT OF BAD WEATHER ON THE EXPECTED TIMETABLE

If a tropical cyclone warning signal number 8 or above, or a black rainstorm warning, or “extreme conditions” as announced by the Government of Hong Kong is/are in force, in Hong Kong:

1. at any time before 12:00 noon but no longer in force at or after 12:00 noon on any closing date of the Partial Offer and any publication date of a closing announcement under Rule 19.1, the latest date on which the Partial Offer can become or be declared unconditional as to acceptances, the latest date on which the withdrawal rights under Rule 17 of the Takeovers Code can be exercised, the latest date for posting of remittances for amounts due in respect of valid acceptances received under the Partial Offer and/or the latest date for the return of the share certificates for Shares tendered but not validly accepted (as the case may be), these dates will remain on the same business day; and
2. at 12:00 noon and/or thereafter on any closing date of the Partial Offer and any publication date of a closing announcement under Rule 19.1, the latest date on which the Partial Offer can become or be declared unconditional as to acceptances, the latest date on which the withdrawal rights under Rule 17 of the Takeovers Code can be exercised, the latest date for posting of remittances for amounts due in respect of valid acceptances received under the Partial Offer and/or the latest date for the return of the share certificates for Shares tendered but not validly accepted (as the case may be), these dates will be rescheduled to the following business day which does not have either of those warnings in force at 12:00 noon and/or thereafter.

IMPORTANT NOTICE

NOTICE TO OVERSEAS SHAREHOLDERS

The making of the Partial Offer to the Overseas Shareholders who are citizens, residents or nationals of jurisdictions outside Hong Kong may be subject to the applicable laws of the relevant jurisdictions in which they are located. Such Overseas Shareholders should inform themselves about and observe any applicable legal or regulatory requirements in their own jurisdictions. It is the responsibility of any Overseas Shareholder wishing to accept the Partial Offer to satisfy himself/herself/itself (and, where necessary, seek independent legal advice) as to the full observance of the laws and regulations of the relevant jurisdictions in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any transfer or other taxes due from such Overseas Shareholders in such relevant jurisdictions.

Any acceptance by such Overseas Shareholders will be deemed to constitute a representation and warranty from such persons to the Company, the Offeror and their respective advisers, including Guotai Junan Securities and Guotai Junan Capital, that those local laws and regulatory requirements have been complied with. If you are in doubt as to your position, you should consult your professional advisers. For further details, please refer to the section headed “Overseas Shareholders” in the letter from Guotai Junan Capital and Appendix I to this Composite Document.

The Offeror, the Company, Guotai Junan Securities, Guotai Junan Capital, the Share Registrar, their respective ultimate beneficial owners, directors, officers, agents, advisers and associates and any other person involved in the Partial Offer shall be entitled to be fully indemnified and held harmless by such Overseas Shareholders for any taxes, duties and levy as such person may be required to pay. Please see the section headed “Taxation” in Appendix I to this Composite Document.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

DEFINITIONS

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

“Accepting Shareholder(s)”	Qualifying Shareholder(s) accepting the Partial Offer
“acting in concert”	has the meaning given to it under the Takeovers Code
“associate(s)”	has the meaning given to it under the Takeovers Code
“Best Growth”	Best Growth International Limited, a company incorporated in the British Virgin Islands with limited liability, which is wholly owned by Mr. Zhang as at the Latest Practicable Date
“Board”	the board of Directors
“CCASS”	Central Clearing and Settlement System established and operated by the Hong Kong Securities Clearing Company Limited
“Company”	Hengdeli Holdings Limited (亨得利控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 3389)
“Composite Document”	this composite offer and response document in respect of the Partial Offer jointly despatched by the Offeror and the Company to the Shareholders in compliance with the Takeovers Code
“Conditions”	the conditions to which the Partial Offer is subject, as set out under the section headed “Conditions to the Partial Offer” in the letter from Guotai Junan Capital in this Composite Document
“Despatch Date”	the date of despatch of this Composite Document to the Shareholders in compliance with the Takeovers Code
“Director(s)”	director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegates of the Executive Director

DEFINITIONS

“Final Closing Date”	the date which is (i) the 14th day after the date on which the Partial Offer is declared unconditional as to acceptances or (ii) the First Closing Date, whichever is the later
“First Closing Date”	1 August 2024, being the date stated in this Composite Document as the first closing date of the Partial Offer, which shall be at least 21 days following the Despatch Date, or such later date as may be extended by the Offeror in accordance with the Takeovers Code
“Form of Approval and Acceptance”	the form of approval and acceptance in respect of the Partial Offer accompanying this Composite Document
“Group”	the Company and its subsidiaries
“Guotai Junan Capital”	Guotai Junan Capital Limited, a corporation licensed under the SFO permitted to engage in Type 6 regulated activity (as defined under the SFO), and the financial adviser to the Offeror in respect of the Partial Offer
“Guotai Junan Securities”	Guotai Junan Securities (Hong Kong) Limited, a corporation licensed under the SFO permitted to engage in Type 1, Type 2 and Type 4 regulated activities (as defined under the SFO) and a fellow subsidiary of Guotai Junan Capital, being the agent making the Partial Offer for and on behalf of the Offeror
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee of the Company, comprising all of the independent non-executive Directors, formed for the purpose of making a recommendation to the Qualifying Shareholders in respect of the Partial Offer, and as to approval and acceptance of the Partial Offer

DEFINITIONS

“Independent Financial Adviser”	Halcyon Capital Limited, a corporation licensed to carry out Type 6 regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee in relation to the Partial Offer
“Independent Shareholder(s)”	Shareholder(s) other than the Offeror and any party acting in concert with it
“Joint Announcement”	the joint announcement dated 20 June 2024 jointly issued by the Offeror and the Company in relation to the Partial Offer
“Last Trading Day”	14 June 2024, being the last trading day for the Shares immediately before the publication of the Joint Announcement
“Latest Practicable Date”	28 June 2024, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Cheung”	Mr. Cheung Wing Lun Tony, the sole shareholder of the Offeror, a substantial shareholder of the Company indirectly (through the Offeror) holding 704,643,034 Shares (representing approximately 16.00% of the total issued Shares) as at the Latest Practicable Date and the chief executive officer of the Group and the son of Mr. Zhang
“Mr. Zhang”	Mr. Zhang Yuping, a substantial shareholder of the Company directly and indirectly (through Best Growth) holding 748,902,047 Shares (representing approximately 17.00% of the total issued Shares of the Company) as at the Latest Practicable Date and an executive Director and the chairman of the Board
“Ms. Cheung”	Ms. Cheung Yuan Yuan Emily, the sister of Mr. Cheung
“Ms. Xiao”	Ms. Xiao Meirong, the grandmother of Mr. Cheung
“Offer Period”	has the meaning ascribed to it under the Takeovers Code

DEFINITIONS

“Offer Price”	HK\$0.16 for each Offer Share in cash payable by the Offeror to the Qualifying Shareholders accepting the Partial Offer
“Offer Share(s)”	the Share(s) held by the Qualifying Shareholders which are subject to the Partial Offer
“Offeror”	Empire Charm Limited (君雅有限公司), a company incorporated in the British Virgin Islands with limited liability
“Overseas Shareholder(s)”	the Shareholder(s) whose address(es) as shown on the Register is/are outside Hong Kong
“Partial Offer”	the voluntary conditional cash partial offer made by Guotai Junan Securities on behalf of the Offeror to the Qualifying Shareholders to acquire 660,602,843 Shares (representing approximately 15.00% of the Shares in issue as at the Latest Practicable Date) on the terms and conditions set out in this Composite Document, and in compliance with the Takeovers Code
“PRC”	the People’s Republic of China which, for the purpose of this Composite Document, shall exclude Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Pre-Condition”	the pre-condition as set out under the paragraph headed “Pre-Condition to the Partial Offer” in the letter from Guotai Junan Capital in this Composite Document for the making of the Partial Offer, which was fulfilled on 25 June 2024
“Qualifying Shareholder(s)”	Shareholder(s) other than the Offeror, Mr. Zhang, Best Growth, Ms. Cheung and Ms. Xiao
“Register”	the register of members of the Company
“Relevant Period”	the period from 20 December 2023, being the date falling six months prior to 20 June 2024 (the date of commencement of the Offer Period) and ending on and including the Latest Practicable Date

DEFINITIONS

“relevant securities”	has the meaning ascribed to it under Note 4 to Rule 22 of the Takeovers Code
“rights over shares”	has the meaning ascribed to it under the Takeovers Code
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of par value of HK\$0.005 each in the issued share capital of the Company
“Share Registrar”	Computershare Hong Kong Investor Services Limited, the Hong Kong branch share registrar of the Company, whose address is situated at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers published by the SFC, as amended, supplemented or otherwise modified from time to time
“%”	per cent.

LETTER FROM GUOTAI JUNAN CAPITAL



27/F, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

4 July 2024

To Qualifying Shareholders

Dear Sir or Madam,

**VOLUNTARY CONDITIONAL CASH PARTIAL OFFER BY
GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED
ON BEHALF OF EMPIRE CHARM LIMITED TO ACQUIRE 660,602,843 SHARES
IN THE SHARE CAPITAL OF THE COMPANY
FROM QUALIFYING SHAREHOLDERS**

INTRODUCTION

On 20 June 2024, the Offeror and the Company jointly announced that Guotai Junan Securities, on behalf of the Offeror, would make a voluntary conditional cash partial offer to acquire 660,602,843 Shares (representing approximately 15.00% of the Shares in issue as at the Latest Practicable Date) from the Qualifying Shareholders at the Offer Price of HK\$0.16 per Offer Share in cash.

As at the Latest Practicable Date, there were 4,404,018,959 Shares in issue, and the Company has no other shares, options, warrants, derivatives or other securities that are convertible or exchangeable into Shares or other types of equity interest.

This letter forms part of this Composite Document and sets out certain background information of the Offeror, the reasons for making the Partial Offer and the intention of the Offeror in relation to the Company. The terms of the Partial Offer are set out in this letter, Appendix I to this Composite Document and in the accompanying Form of Approval and Acceptance.

Your attention is drawn to the letter from the Board on pages 19 to 23, the letter from the Independent Board Committee on pages 24 to 25 and the letter from the Independent Financial Adviser on pages 26 to 59 in this Composite Document.

THE PARTIAL OFFER

Offer Price

The Partial Offer is being made by Guotai Junan Securities on behalf of the Offeror at the following price:

For each Offer Share HK\$0.16 in cash

LETTER FROM GUOTAI JUNAN CAPITAL

The Offer Price of HK\$0.16 per Offer Share was determined on an arm's length commercial basis after taking into account, among other things, the prospect of the Company, the trading liquidity and the historic closing prices of the Shares on the Stock Exchange and with reference to other similar transactions in Hong Kong in recent years.

Offer Shares to be acquired

The Offer Shares to be acquired by the Offeror from the Qualifying Shareholders shall be fully paid, free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights and benefits at any time accruing and attaching thereto, including all rights to any dividend or other distributions the record date of which falls on or after the Final Closing Date. As at the Latest Practicable Date, the Company has no declared but unpaid dividends, distributions and/or other return of capital. The Company confirms that as at the Latest Practicable Date, it does not have any intention to make, declare or pay any further dividend or make other distributions between the Latest Practicable Date and the Final Closing Date.

If, after the Latest Practicable Date and up to the Final Closing Date, any dividend and distributions is declared in respect of the Offer Shares and the record date of which falls on or before the Final Closing Date, the Offeror reserves the right to reduce the Offer Price by an amount equal to the amount of such dividend or distributions declared, made or paid in respect of each Offer Share, in which case any reference in the Joint Announcement, this Composite Document or any other announcement or document to the Offer Price will be deemed to be a reference to the Offer Price as so reduced.

Pre-Condition to the Partial Offer

As stated in the Joint Announcement, the making of the Partial Offer was subject to the obtaining of the consent from the Executive in respect of the Partial Offer pursuant to Rule 28.1 of the Takeovers Code. On 25 June 2024, the Offeror and the Company jointly announced that the Pre-Condition was fulfilled.

Conditions to the Partial Offer

The Partial Offer is subject to the fulfilment of the following Conditions:

- (i) valid acceptances being received (and not, where permitted, withdrawn) in respect of 660,602,843 Shares (representing approximately 15.00% of the Shares in issue as at the Latest Practicable Date) at or before 4:00 p.m. (Hong Kong time) on the First Closing Date (or such later date as the Offeror may decide and the Executive may approve); and

LETTER FROM GUOTAI JUNAN CAPITAL

- (ii) approval of the Partial Offer pursuant to Rule 28.5 of the Takeovers Code by the Independent Shareholders holding over 50% of the Shares not held by the Offeror and parties acting in concert with it, signified by means of a separate tick box on the Form of Approval and Acceptance specifying the number of Shares in respect of which the Partial Offer is approved.

For Qualifying Shareholders who wish to approve and accept the Partial Offer, they are reminded to complete both Box A and Box B of the Form of Approval and Acceptance. Whether or not the Independent Shareholders accept the Partial Offer, they may approve the Partial Offer and specify the number of Shares in respect of which they approve the Partial Offer in the Form of Approval and Acceptance. Each Share held by the Independent Shareholders shall be entitled to ONE vote only. Multiple votes in respect of the same Share will not be taken into account in counting the approval of the Partial Offer. Qualifying Shareholders may also specify the number of Shares in respect of which they tender for acceptance of the Partial Offer.

In the event that valid acceptances are received:

- (i) for less than 660,602,843 Shares (representing approximately 15.00% of the Shares in issue as at the Latest Practicable Date) by the First Closing Date, unless the First Closing Date is extended in accordance with the Takeovers Code, the Partial Offer will not proceed and will lapse immediately; and
- (ii) for not less than 660,602,843 Shares (representing approximately 15.00% of the Shares in issue as at the Latest Practicable Date) on or before the First Closing Date, the Offeror will declare the Partial Offer unconditional as to acceptances on or before the First Closing Date.

Pursuant to Rule 15.1 of the Takeovers Code, the Partial Offer must initially be open for acceptance for at least 21 days following the Despatch Date.

Pursuant to Rule 15.3 of the Takeovers Code, where a conditional offer becomes or is declared unconditional (whether as to acceptances or in all respects), it should remain open for acceptance for not less than 14 days thereafter. Pursuant to Rule 28.4 of the Takeovers Code, (i) where the Partial Offer has become or been declared unconditional as to acceptance on the First Closing Date, the Partial Offer will remain open for acceptance for 14 days thereafter in accordance with the Takeovers Code and may not be further extended; and (ii) where the Partial Offer has become or been declared unconditional as to acceptance before the First Closing Date, the Partial Offer will remain open for acceptance for not less than 14 days thereafter, provided that the Final Closing Date shall not be extended to a day beyond the 14th day after the First Closing Date.

Accordingly, if the Partial Offer is declared unconditional in all respects on or before the 14th day after the Despatch Date, then the Final Closing Date would be on (but no earlier than) the First Closing Date. If the Partial Offer is declared unconditional in all respects later than the 14th day after the Despatch Date, then the Final Closing Date would be at least 14 days after the date of such declaration.

LETTER FROM GUOTAI JUNAN CAPITAL

Pursuant to Rule 15.5, except with the consent of the Executive, the Partial Offer may not become or be declared unconditional as to acceptances after 7:00 p.m. on the 60th day after the Despatch Date.

Pursuant to Rule 28.6 of the Takeovers Code, since the Offeror and parties acting in concert with it will be holding more than 50% of the voting rights of the Company if the Partial Offer becomes unconditional in all respects and full valid acceptances of the Partial Offer are received, the Offeror and parties acting in concert with it will then be free to acquire further voting rights in the Company without incurring any obligation to make a general offer subject to Rule 28.3 of the Takeovers Code (that is, the Offeror and parties acting in concert with it (including any other person who is subsequently acting in concert with it) may not acquire voting rights in the Company during the 12-month period immediately following the end of the Offer Period, except with the consent of the Executive).

WARNING: Shareholders and potential investors of the Company should note that the Partial Offer is subject to the satisfaction of the Conditions. Accordingly, the Partial Offer may or may not become unconditional. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and, if they are in any doubt about their positions, they should consult their professional advisers.

VALUE OF THE PARTIAL OFFER

Comparison of value

The Offer Price of HK\$0.16 per Offer Share represents:

- (i) a premium of approximately 14.3% over the closing price of HK\$0.14 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 18.5% over the closing price of HK\$0.135 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 19.2% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including the Last Trading Day;
- (iv) a premium of approximately 19.7% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day;
- (v) a premium of approximately 15.7% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day;

LETTER FROM GUOTAI JUNAN CAPITAL

- (vi) a discount of approximately 80.0% to the audited consolidated net asset value attributable to the Shareholders of approximately HK\$0.80 per Share as at 31 December 2023, calculated based on the audited consolidated net asset value attributable to the Shareholders of RMB3,186,036,000 (based on the exchange rate of RMB1: HK\$1.0982, the exchange rate published by the Hong Kong Association of Banks on its website as at 29 December 2023 (being the last business day in Hong Kong for the year of 2023) for illustrative purposes) as at 31 December 2023 and 4,404,018,959 Shares in issue as at the Latest Practicable Date; and
- (vii) a discount of approximately 81.3% to the consolidated net asset value attributable to the Shareholders as adjusted by the valuation report set out in Appendix II of approximately HK\$0.86 per Share as at 31 December 2023, calculated based on the adjusted audited consolidated net asset value attributable to the Shareholders of RMB3,439,129,000 (based on the exchange rate of RMB1: HK\$1.0982, the exchange rate published by the Hong Kong Association of Banks on its website as at 29 December 2023 (being the last business day in Hong Kong for the year of 2023) for illustrative purposes) as at 31 December 2023 and 4,404,018,959 Shares in issue as at the date of the Latest Practicable Date. The above-mentioned adjustment is due to revaluation of properties as a result of the valuation report set out in Appendix V, the detailed calculation of which is set out in Appendix II. Such revaluation has not been realised as at the Latest Practicable Date. Shareholders and potential investors in the securities of the Company should consider the above factors in assessing their voting/investment decision.

Highest and lowest Share prices

During the Relevant Period, the highest and lowest closing prices of the Shares as quoted on the Stock Exchange were HK\$0.152 on 28 December 2023 and HK\$0.120 on 9 April 2024, respectively.

Total consideration of the Partial Offer

Assuming valid acceptance of the Partial Offer for 660,602,843 Shares has been tendered by the Qualifying Shareholders and based on the Offer Price of HK\$0.16 per Offer Share, the total cash consideration payable by the Offeror to purchase the Offer Shares from the Qualifying Shareholders under the Partial Offer will be HK\$105,696,455.

Confirmation of financial resources

The Offeror will finance the cash required for the Partial Offer by internal resources. Guotai Junan Capital, as the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the maximum consideration payable by the Offeror under the Partial Offer.

LETTER FROM GUOTAI JUNAN CAPITAL

OTHER TERMS OF THE PARTIAL OFFER

Acceptance of the Partial Offer

The Qualifying Shareholders may accept the Partial Offer in respect of some or all of the Offer Shares held by them.

Subject to the Partial Offer becoming unconditional in all respects: (i) if valid acceptances are received for 660,602,843 Shares, all Offer Shares validly accepted will be taken up; and (ii) if valid acceptances are received for more than 660,602,843 Shares as at the Final Closing Date, the total number of Offer Shares to be taken up by the Offeror from each accepting Qualifying Shareholder will be determined by the total number of Offer Shares tendered for acceptance in accordance with the following formula:

$$\frac{A}{B} \times C$$

- | | | |
|---|---|---|
| A | = | 660,602,843 Shares, being the total number of Offer Shares for which the Partial Offer is made |
| B | = | the total number of Offer Shares validly tendered by all Qualifying Shareholders under the Partial Offer |
| C | = | the number of Offer Shares tendered by the relevant individual Qualifying Shareholder under the Partial Offer |

Partial nature of the Partial Offer and effect of fractions

It is possible that, if a Qualifying Shareholder tenders all his/her/its Shares for acceptance under the Partial Offer, not all of such Shares will be taken up.

Fractions of Offer Shares will not be taken up under the Partial Offer and, accordingly, the number of Offer Shares that the Offeror will take up from each Qualifying Shareholder in accordance with the above formula will be rounded up or down to the nearest whole number at the discretion of the Offeror.

LETTER FROM GUOTAI JUNAN CAPITAL

Odd lots

The Shares are currently traded in board lots of 4,000 Shares each. Such board lot size will not be changed as a result of the implementation of the Partial Offer. Qualifying Shareholders should note that acceptance of the Partial Offer may result in their holding odd lots of Shares. Accordingly, Lego Securities Limited, whose address is Room 1506, 15/F, Wheelock House, 20 Pedder Street, Central, Hong Kong (office hours: 9:30 a.m. to 4:30 p.m.), has been appointed as the designated agent to match sales and purchases of odd lot holdings of Shares in the market for a period of six weeks following the closing of the Partial Offer to enable such Qualifying Shareholders to dispose their odd lots or top up their odd lots to whole board lots of 4,000 Shares each. Qualifying Shareholders should note that the matching of odd lots is not guaranteed. Qualifying Shareholders who would like to match odd lots are recommended to make an appointment in advance by dialling the telephone number of +852 2128 9435 / +852 2128 9433. Qualifying Shareholders who are in any doubt about the matching arrangements described above are recommended to consult their own professional advisers.

Effect of accepting the Partial Offer

By validly accepting the Partial Offer, the Qualifying Shareholders will sell to the Offeror their tendered Shares which are finally taken up by the Offeror in accordance with the formula set out in the section headed “Acceptance of the Partial Offer” above.

Acceptance of the Partial Offer by any Qualifying Shareholder will constitute a warranty by such Shareholder to the Offeror that the Shares sold by it to the Offeror under the Partial Offer are fully paid, free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights and benefits at any time accruing and attaching thereto, including all rights to any dividend or other distributions the record date of which falls on or after the Final Closing Date. As at the Latest Practicable Date, the Company has no declared but unpaid dividends, distributions and/or other return of capital. The Company confirms that as at the Latest Practicable Date, it does not have any intention to make, declare or pay any further dividend or make other distributions between the Latest Practicable Date and the Final Closing Date.

If, after the Latest Practicable Date and up to the Final Closing Date, any dividend and distributions is declared in respect of the Offer Shares and the record date of which falls on or before the Final Closing Date, the Offeror reserves the right to reduce the Offer Price by an amount equal to the amount of such dividend or distributions declared, made or paid in respect of each Offer Share, in which case any reference in the Joint Announcement, this Composite Document or any other announcement or document to the Offer Price will be deemed to be a reference to the Offer Price as so reduced.

LETTER FROM GUOTAI JUNAN CAPITAL

Acceptance of the Partial Offer shall be irrevocable and shall not be capable of being withdrawn, except as permitted under the Takeovers Code.

Settlement of consideration

Subject to the Partial Offer becomes unconditional in all respects, each Qualifying Shareholder will receive a payment of the Offer Price in cash (subject to any adjustments as set out in the paragraph headed “Offer Shares to be acquired” above) for every Offer Share in respect of which that Qualifying Shareholder validly accepts the Partial Offer and which is taken up by the Offeror under the Partial Offer (less any seller’s ad valorem stamp duty arising therefrom).

Settlement of the consideration payable by the Offeror in respect of acceptance of the Partial Offer will be made as soon as possible but in any event no later than 7 business days (as defined in the Takeovers Code) after the Final Closing Date.

SHAREHOLDING STRUCTURE OF THE COMPANY AND EFFECT OF THE PARTIAL OFFER

The shareholding structure of the Company, as at the Latest Practicable Date and immediately upon completion of the Partial Offer, assuming that the Qualifying Shareholders have in aggregate validly tendered 660,602,843 Shares in proportion to the number of Shares held by each of them over the Shares held by all of them, and that there are no other changes to the issued share capital of the Company or shareholdings held by all parties, is set out below:

Offeror and parties acting in concert with it	As at the Latest Practicable Date		Immediately after the closing of the Partial Offer	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Offeror	704,643,034	16.00	1,365,245,877	31.00
Mr. Zhang ¹ and Best Growth	748,902,047	17.00	748,902,047	17.00
Ms. Cheung ²	144,011,420	3.27	144,011,420	3.27
Ms. Xiao ³	19,516,000	0.44	19,516,000	0.44
Sub-total of Offeror, Mr. Zhang, Best Growth, Ms. Cheung and Ms. Xiao	1,617,072,501	36.72	2,277,675,344	51.72
The Swatch Group (Hong Kong) Limited ⁴	437,800,000	9.94	334,026,236	7.58
Sub-total of Offeror and parties acting in concert with it⁶	2,054,872,501	46.66	2,611,701,580	59.30

LETTER FROM GUOTAI JUNAN CAPITAL

Offeror and parties acting in concert with it	As at the Latest Practicable Date		Immediately after the closing of the Partial Offer	
	Number of Shares	%	Number of Shares	%
Directors				
Mr. Huang Yonghua ⁵	56,172,800	1.28	42,857,901	0.97
Mr. Lee Shu Chung, Stan ⁵	5,920,000	0.13	4,516,755	0.10
Sub-total of Directors				
(excluding Mr. Zhang) ⁶	62,092,800	1.41	47,374,656	1.07
Other Shareholders	2,287,053,658	51.93	1,744,942,723	39.62
Public Shareholders⁶	2,744,369,658	62.32	2,098,484,959	47.65
Sub-total of Qualifying Shareholders	2,786,946,458	63.28	2,126,343,615	48.28
Sub-total of Independent Shareholders ⁴	2,349,146,458	53.34	1,792,317,379	40.70
Total	4,404,018,959	100.00	4,404,018,959	100.00

Notes:

- Mr. Zhang is the father of Mr. Cheung, the latter being the ultimate beneficial owner of 100% share capital in the Offeror. Accordingly, Mr. Zhang is presumed to be acting in concert with the Offeror in relation to the Company in accordance with Classes (1) and (8) of the definition of “acting in concert” under the Takeovers Code. As at the Latest Practicable Date, Mr. Zhang directly holds 91,723,600 Shares (representing approximately 2.08% of the total issued share capital of the Company) and indirectly holds 657,178,447 Shares (representing approximately 14.92% of the total issued share capital of the Company) through Best Growth, a company wholly owned by Mr. Zhang.
- Ms. Cheung is the sister of Mr. Cheung, the latter being the ultimate beneficial owner of 100% share capital in the Offeror. Accordingly, Ms. Cheung is presumed to be acting in concert with the Offeror in relation to the Company in accordance with Classes (1) and (8) of the definition of “acting in concert” under the Takeovers Code. As at the Latest Practicable Date, Ms. Cheung directly holds 144,011,420 Shares (representing approximately 3.27% of the total issued share capital of the Company).
- Ms. Xiao is the grandmother of Mr. Cheung, the latter being the ultimate beneficial owner of 100% share capital in the Offeror. Accordingly, Ms. Xiao is presumed to be acting in concert with the Offeror in relation to the Company in accordance with Classes (1) and (8) of the definition of “acting in concert” under the Takeovers Code. As at the Latest Practicable Date, Ms. Xiao directly holds 19,516,000 Shares (representing approximately 0.44% of the total issued share capital of the Company).
- The Swatch Group (Hong Kong) Limited is a wholly-owned subsidiary of The Swatch Group Limited. The Swatch Group (Hong Kong) Limited is presumed to be acting in concert with the Offeror under Classes (1) and (8) of the definition of “acting in concert” by virtue of a joint venture company of which more than 20% interests are held by each of Mr. Zhang (through companies controlled by him) and The Swatch Group (Hong Kong) Limited.
- Each of Mr. Huang Yonghua and Mr. Lee Shu Chung, Stan is an executive Director.
- The number and percentage of Shares held by the public (within the meaning of Rule 8.24 of the Listing Rules) immediately after the closing of the Partial Offer as set out in the above table were calculated on the basis that all Qualifying Shareholders (including Qualifying Shareholders who are not public Shareholders) have in aggregate validly tendered 660,602,843 Shares in proportion to the number of Shares held by each of them over the Shares held by all of them. Alternatively, assuming all the Offer Shares validly tendered and acquired by the Offeror under the Partial Offer were tendered by Qualifying Shareholders who are also public Shareholders and assuming there are no other changes in the

LETTER FROM GUOTAI JUNAN CAPITAL

shareholding structure of the Company between the Latest Practicable Date up to and including the close of the Partial Offer, the public Shareholders will hold approximately 47.32% immediately after the close of the Partial Offer as set out in the paragraph headed “Public Float” below.

7. Guotai Junan Capital is the financial adviser to the Offeror in respect of the Partial Offer. Accordingly, Guotai Junan Capital and persons controlling, controlled by or under the same control as Guotai Junan Capital are presumed to be acting in concert with the Offeror in relation to the Company in accordance with Class (5) of the definition of “acting in concert” under the Takeovers Code. As at the Latest Practicable Date, Guotai Junan Capital group does not have any holdings or borrowings or lendings of, and dealings in, Shares or derivatives in respect of them (except in respect of Shares held on behalf of non-discretionary investment clients of Guotai Junan Capital).
8. The approximate percentage figures are rounded to the nearest two decimal places and therefore may not add up to 100% due to rounding.

As at the Latest Practicable Date, there are 4,404,018,959 Shares in issue with no outstanding options, warrants, derivatives or securities that carry a right to subscribe for or that are convertible or exchangeable into Shares or other types of equity interest, and as at the Latest Practicable Date, 2,786,946,458 Shares in issue are held by the Qualifying Shareholders.

Save as aforesaid, as at the Latest Practicable Date, the Company has no other shares, options, warrants, derivatives or other securities that are convertible or exchangeable into Shares or other types of equity interest.

PUBLIC FLOAT

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

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

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

As at the Latest Practicable Date, the Company has a public float of approximately 62.32% of the Shares in issue. Assuming that there are no changes to the issued share capital of the Company between the Latest Practicable Date and up to the Final Closing Date and all the Offer Shares tendered are from Shareholders which are counted towards the public float, the Company will have at least a public float of approximately 47.32% of the Shares in issue immediately following the close of the Partial Offer. Accordingly, the number of Shares in public hands will continue to meet the 25% minimum public float requirement under Rule 8.08 of the Listing Rules immediately following the close of the Partial Offer. As required to be disclosed pursuant to Rule 14.81(1) of the Listing Rules, the Offeror intends to maintain the listing status of the Shares on the Stock Exchange upon completion of the Partial Offer. The sole director of the Offeror has undertaken to the Stock Exchange to take appropriate steps if required to ensure that sufficient public float exists in the Shares as a result of the Partial Offer.

LETTER FROM GUOTAI JUNAN CAPITAL

REASONS FOR THE PARTIAL OFFER

The Partial Offer represents an opportunity for Mr. Cheung to succeed the business of his father, Mr. Zhang, by acquiring a controlling interest in the Company at a fair market price and is a means of demonstrating confidence, commitment and dedication of Mr. Zhang's family to the Company; and Mr. Cheung wishes to maintain the listing status of the Company.

The Offeror believes that the Partial Offer would send a positive signal to the stakeholders of the Company, especially to its staff, customers and contractors, and demonstrate its confidence in, and strengthen its relationship with, the Group whilst reinforcing its commitment and dedication to the Group. Given the thin trading over the past year, the Offeror also considers that the Partial Offer would offer an opportunity to Qualifying Shareholders who wish to realise their investment at a premium to the market price, while the Qualifying Shareholders may also choose to retain part of their equity interest in the Company if they wish. The Partial Offer provides an opportunity for Shareholders to monetize their investments in the Company immediately for cash at a compelling premium without any downward pressure on the Share price while to participate in the future growth of the Company (which will retain its listing status on the Stock Exchange) going forward, and to benefit from the future growth and development of the Group.

For the reasons above and benefits set out below, the Offeror therefore makes the Partial Offer instead of an offer for all of the Shares.

BENEFITS TO THE COMPANY AND THE OFFEROR

Each of Mr. Zhang and Mr. Cheung is a senior management member of the Group. Upon the close of the Partial Offer, it is expected that Mr. Zhang (through Best Growth) and Mr. Cheung (through the Offeror) and the parties acting in concert with Mr. Cheung (excluding The Swatch Group (Hong Kong) Limited) will collectively hold up to 51.72% of the total issued Shares of the Company. The Partial Offer demonstrates the Zhang's family's commitment to the Group and their confidence towards the long-term prospect of the Group. The Partial Offer will also further align the interests of Mr. Cheung, as the chief executive officer of the Group, with the Group through his equity shareholding in the Company, and will in turn further incentivise Mr. Cheung as an important senior management member of the Group. Based on the above, the Partial Offer will be in the interests of the Group.

BENEFITS TO THE QUALIFYING SHAREHOLDERS

The Qualifying Shareholders will be given an attractive opportunity to realise part of their investment at a premium to the trading price of the Shares, and at the same time retain the balance of their equity interest in the Company in order to participate in the future growth of the Company (which will retain its listing status on the Stock Exchange) going forward, and to benefit from the future growth and development of the Group.

LETTER FROM GUOTAI JUNAN CAPITAL

INTENTION OF THE OFFEROR

With the completion of the Partial Offer, the Offeror intends that the Company will continue its existing business and the employment of employees of the Group in their ordinary courses. The Offeror has no intention to introduce any major changes in the business of the Company and any redeployment of the fixed assets of the Company, or to cease or dispose of any of the Company's existing businesses.

HONG KONG STAMP DUTY

In Hong Kong, the seller's ad valorem stamp duty arising in connection with acceptance of the Partial Offer will be payable by the relevant Qualifying Shareholders at a rate of 0.1% of (i) the market value of the relevant Offer Shares accepting the Partial Offer; or (ii) the consideration payable by the Offeror in respect of the relevant acceptance of the Partial Offer, whichever is higher, which will be deducted from the cash amount payable by the Offeror to such Qualifying Shareholder on valid acceptance of the Partial Offer in respect of Offer Shares taken up by the Offeror (where the stamp duty calculated includes a fraction of HK\$1, the stamp duty will be rounded-up to the nearest HK\$1). The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Qualifying Shareholders accepting the Partial Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Partial Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Qualifying Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Partial Offer. None of the Offeror, Guotai Junan Securities, Guotai Junan Capital, the Company and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Partial Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Partial Offer.

OVERSEAS SHAREHOLDERS

The availability of the Partial Offer to persons who are not resident in Hong Kong may be affected by the applicable laws of the relevant jurisdiction in which they reside. Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements in their own jurisdictions and, where necessary, seek their own legal advice. It is the responsibility of those Shareholders who wish to accept the Partial Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Partial Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Shareholders in respect of such jurisdictions).

LETTER FROM GUOTAI JUNAN CAPITAL

Any acceptance of the Partial Offer by any Qualifying Shareholder will be deemed to constitute a representation and warranty from such persons to the Offeror and their advisers that all local laws and regulatory requirements have been complied with and that the Partial Offer can be accepted by such persons lawfully under the laws of the relevant jurisdiction. Qualifying Shareholders should consult their professional advisers if in any doubt.

INFORMATION ON THE OFFEROR

The Offeror is a company incorporated in the British Virgin Islands with limited liability on 27 July 2022 and is principally engaged in investment holding. The sole shareholder and sole director of the Offeror is Mr. Cheung. The Offeror did not have any published accounts for the past three financial years of the Offeror.

As at the Latest Practicable Date, Mr. Cheung is the chief executive officer and the president of high-end consuming accessories business of the Group and the son of Mr. Zhang, the chairman of the Company and an executive Director.

COMPULSORY ACQUISITION

The Offeror does not intend to avail itself of any powers of compulsory acquisition.

FURTHER TERMS OF ACCEPTANCE OF THE PARTIAL OFFER

Further terms of acceptance of the Partial Offer, including, among other things, procedures for acceptance and settlement and the acceptance period, are set out in Appendix I to this Composite Document and the accompanying Form of Approval and Acceptance.

ADDITIONAL INFORMATION

To ensure equality of treatment of all Qualifying Shareholders, registered Shareholders who hold Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of Shares by each beneficial owner separately. In order for the beneficial owners of Shares whose investments are registered in nominee names (including those whose interests in Shares are held through CCASS) to approve and/or accept the Partial Offer, it is essential that they provide instructions to their nominees of their intentions with regard to the Partial Offer.

Your attention is drawn to the letter from the Board on pages 19 to 23, the letter from the Independent Board Committee on pages 24 to 25 and the letter from the Independent Financial Adviser on pages 26 to 59 in this Composite Document.

In considering what action to take in connection with the Partial Offer, you should consider your own tax and financial positions and, if you are in doubt, you should consult your professional advisers.

Yours faithfully
For and on behalf of
Guotai Junan Capital Limited
Amy Chow
Director

LETTER FROM THE BOARD



HENGDELI HOLDINGS LIMITED

亨得利控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3389)

Executive Directors:

Mr. Zhang Yuping (*Chairman*)

Mr. Huang Yonghua

Mr. Lee Shu Chung, Stan

Registered Office:

Cricket Square

Hutchins Drive

P.O Box 2681

Grand Cayman KY1-1111

Cayman Islands

Non-Executive Director:

Mr. Shi Zhongyang

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

Independent Non-Executive Directors:

Mr. Cai Jianmin

Mr. Liu Xueling

Ms. Qian Weiqing

Room 301, 3/F, Lippo Sun Plaza

28 Canton Road

Tsim Sha Tsui, Kowloon

Hong Kong

4 July 2024

To Qualifying Shareholders

Dear Sir or Madam,

**VOLUNTARY CONDITIONAL CASH PARTIAL OFFER BY
GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED
ON BEHALF OF EMPIRE CHARM LIMITED TO ACQUIRE 660,602,843 SHARES
IN THE SHARE CAPITAL OF THE COMPANY
FROM QUALIFYING SHAREHOLDERS**

INTRODUCTION

On 20 June 2024, the Offeror and the Company jointly announced that Guotai Junan Securities, on behalf of the Offeror, would make a voluntary conditional cash partial offer to acquire 660,602,843 Shares (representing approximately 15.00% of the Shares in issue as at the Latest Practicable Date) from the Qualifying Shareholders at the Offer Price of HK\$0.16 per Offer Share in cash.

LETTER FROM THE BOARD

The purpose of this Composite Document (of which this letter forms part) is to provide you with, among other things, (i) further information relating to each of the Group, the Offeror, and the Partial Offer; (ii) the letter from Guotai Junan Capital containing details of the Partial Offer; (iii) the letter from the Independent Board Committee containing its recommendation and advice to the Qualifying Shareholders in respect of the Partial Offer; and (iv) the letter from the Independent Financial Adviser, containing its advice to the Independent Board Committee on whether the Partial Offer is fair and reasonable so far as the Independent Shareholders are concerned and as to approval and acceptance in respect of the Partial Offer.

THE PARTIAL OFFER

Offer Price

The Partial Offer is being made by Guotai Junan Securities on behalf of the Offeror at the following price:

For each Offer Share HK\$0.16 in cash

Conditions to the Partial Offer

The Partial Offer is subject to the fulfilment of the following Conditions:

- (i) valid acceptances being received (and not, where permitted, withdrawn) in respect of 660,602,843 Shares (representing approximately 15.00% of the Shares in issue as at the Latest Practicable Date) at or before 4:00 p.m. (Hong Kong time) on the First Closing Date (or such later date as the Offeror may decide and the Executive may approve); and
- (ii) approval of the Partial Offer pursuant to Rule 28.5 of the Takeovers Code by the Independent Shareholders holding over 50% of the Shares not held by the Offeror and parties acting in concert with it, signified by means of a separate tick box on the Form of Approval and Acceptance specifying the number of Shares in respect of which the Partial Offer is approved.

Further details of the Partial Offer are set out in the letter from Guotai Junan Capital in this Composite Document, Appendix I to this Composite Document and the accompanying Form of Approval and Acceptance.

As at the Latest Practicable Date, there were 4,404,018,959 Shares in issue. The Company had no other share, options, warrants, derivatives or other securities that are convertible or exchangeable into Shares or other types of equity interest as at the Latest Practicable Date.

LETTER FROM THE BOARD

SHAREHOLDING STRUCTURE OF THE COMPANY AND EFFECT OF THE PARTIAL OFFER

The shareholding structure of the Company as at the Latest Practicable Date and after the closing of the Partial Offer (assuming that there are no changes to the total number of Shares in issue between the Latest Practicable Date and the Final Closing Date) is set out in the section headed “Shareholding Structure of the Company and effect of the Partial Offer” in the letter from Guotai Junan Capital in this Composite Document.

REASONS FOR AND BENEFITS OF THE PARTIAL OFFER

Your attention is drawn to the sections headed “Reasons for the Partial Offer”, “Benefits to the Company and the Offeror” and “Benefits to the Qualifying Shareholders” respectively in the letter from Guotai Junan Capital in this Composite Document.

INTENTION OF THE OFFEROR

Your attention is drawn to the letter from Guotai Junan Capital in this Composite Document which sets out, among other things, the intentions of the Offeror regarding the business of the Company. The Board notes that the Offeror intends that the Company will continue its existing business and the employment of employees of the Group in their ordinary courses. The Offeror has no intention to introduce any major changes in the business of the Company and any redeployment of the fixed assets of the Company, or to cease or dispose of any of the Company’s existing businesses.

The Board is pleased to acknowledge the intention of the Offeror in respect of the Group.

INFORMATION ON THE GROUP

The Company is a company incorporated in the Cayman Islands with limited liability and its Shares are listed on the Main Board of the Stock Exchange. The Group is primarily focused on the manufacturing of high-end consuming accessories, the building up of high-end consuming service platforms, international commodity trading and its related supply chain services principally in mainland China and Hong Kong.

LETTER FROM THE BOARD

Set out below is a summary of the financial information of the Group for the two financial years ended 31 December 2023 and 31 December 2022 as extracted from the annual report of the Company for the financial year ended 31 December 2023:

	For the year ended 31 December	
	2023	2022
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
	(audited)	(audited)
Revenue	1,421,454	1,259,579
Profit/(loss) before tax	33,238	(87,981)
Profit/(loss) for the year	35,191	(88,139)

The audited consolidated net asset value of the Group as at 31 December 2023 as extracted from the annual report of the Company for the financial year ended 31 December 2023 was approximately RMB3,245.63 million.

PUBLIC FLOAT

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

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

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

As at the Latest Practicable Date, the Company has a public float of approximately 62.32% of the Shares in issue. Assuming that there are no changes to the issued share capital of the Company between the Latest Practicable Date and up to the Final Closing Date and all the Offer Shares tendered are from Shareholders which are counted towards the public float, the Company will have at least a public float of approximately 47.32% of the Shares in issue immediately following the close of the Partial Offer. Accordingly, the number of Shares in public hands will continue to meet the 25% minimum public float requirement under Rule 8.08 of the Listing Rules immediately following the close of the Partial Offer. The Company notes that the sole director of the Offeror has undertaken to the Stock Exchange to take appropriate steps if required to ensure that sufficient public float exists in the Shares as a result of the Partial Offer.

LETTER FROM THE BOARD

RECOMMENDATION

An Independent Board Committee, which comprises all of the independent non-executive Directors, namely Mr. Cai Jianmin, Mr. Liu Xueling and Ms. Qian Weiqing, has been established by the Board in accordance with Rules 2.1 and 2.8 of the Takeovers Code to make a recommendation to the Qualifying Shareholders as to whether the Partial Offer is fair and reasonable and as to approval and acceptance taking into account the advice from the Independent Financial Adviser to the Independent Board Committee. Mr. Shi Zhongyang, a non-executive Director, is an employee of Swatch Group. As The Swatch Group (Hong Kong) Limited is a presumed concert party of the Offeror as at the Latest Practicable Date, Mr. Shi Zhongyang is therefore not considered independent for the purposes of giving advice or recommendations to the Qualifying Shareholders.

The Independent Financial Adviser has been appointed with the approval of the Independent Board Committee to advise the Independent Board Committee in respect of the Partial Offer and in particular as to whether the Partial Offer is fair and reasonable and as to approval and acceptance.

GENERAL

Your attention is drawn to the letter from Guotai Junan Capital and to Appendix I to this Composite Document and the accompanying Form of Approval and Acceptance for the principal terms and the acceptance and settlement procedures in relation to the Partial Offer.

Your attention is drawn to (1) the letter from the Independent Board Committee in this Composite Document which contains the Independent Board Committee's advice to Qualifying Shareholders in respect of approval and acceptance of the Partial Offer and (2) the letter from the Independent Financial Adviser in this Composite Document which contains, among other things, the Independent Financial Adviser's advice to the Independent Board Committee in respect of the Partial Offer and principal factors and reasons considered by it in arriving at such advice.

Your attention is further drawn to the general information as set out in Appendix IV to this Composite Document.

Yours faithfully,
By Order of the Board
Hengdeli Holdings Limited
Zhang Yuping
Chairman



HENGDELI HOLDINGS LIMITED

亨得利控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3389)

4 July 2024

To Qualifying Shareholders

Dear Sir or Madam,

**VOLUNTARY CONDITIONAL CASH PARTIAL OFFER BY
GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED
ON BEHALF OF EMPIRE CHARM LIMITED TO ACQUIRE 660,602,843 SHARES
IN THE SHARE CAPITAL OF THE COMPANY
FROM QUALIFYING SHAREHOLDERS**

We have been appointed as members of the Independent Board Committee to advise you in respect of the Partial Offer, details of which are set out in the letter from Guotai Junan Capital and the letter from the Board in this Composite Document in relation to the Partial Offer jointly issued by the Company and the Offeror dated 4 July 2024, of which this letter forms part. Capitalised terms used in this letter have the same meanings as defined in this Composite Document unless the context requires otherwise.

Your attention is drawn to the letter from the Board, the letter from Guotai Junan Capital, Appendix I to this Composite Document and the accompanying Form of Approval and Acceptance containing the detailed terms of the Partial Offer, and the letter of advice from the Independent Financial Adviser in this Composite Document, which contains its advice and recommendation to us in respect of the Partial Offer, as well as the principal factors and reasons for its advice and recommendation.

Having considered the principal factors and reasons considered by, and the opinion of, the Independent Financial Adviser as stated in the letter from the Independent Financial Adviser in this Composite Document, we are of the opinion that the Partial Offer is fair and reasonable so far as the Independent Shareholders are concerned. We therefore recommend that (i) the Independent Shareholders **approve** the Partial Offer; and (ii) the Qualifying Shareholders **accept** the Partial Offer.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Notwithstanding our recommendation, the Qualifying Shareholders, in particular those who may wish to realise their investment in the Shares, are reminded to monitor the market price and liquidity of the Shares closely during the period of the Partial Offer. If during the period of the Partial Offer, it transpires that the market price of the Shares exceeds the Offer Price and the sales proceeds (net of transaction costs) exceed the net proceeds receivable under the Partial Offer, the Qualifying Shareholders may consider, if they are able to do so, selling their Shares in the market instead of accepting the Partial Offer. However, if market conditions do not allow for disposal of Shares over the Offer Price or if it is believed that the price of the Shares may not exceed the Offer Price in the medium term, those Qualifying Shareholders who wish to sell more than 15.00% of their holdings which may be taken up under the terms of the Partial Offer should consider tendering more than 15.00% of their total holdings in the Shares. On the other hand, for those Qualifying Shareholders who, after considering the information contained in this Composite Document, are attracted by the future prospects of the Group following the Partial Offer, they may consider retaining all or part of their Shares while approving the Partial Offer in respect of all of their Shares.

Yours faithfully,

For and on behalf of the Independent Board Committee

Hengdeli Holdings Limited

Cai Jianmin

Liu Xueling

Qian Weiqing

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter of advice from the Independent Financial Adviser to the Independent Board Committee in relation to the Partial Offer, which has been prepared for the purpose of inclusion in this Composite Document.



11/F, 8 Wyndham Street
Central
Hong Kong

4 July 2024

To: the Independent Board Committee

Dear Sirs or Madams,

VOLUNTARY CONDITIONAL CASH PARTIAL OFFER BY GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED ON BEHALF OF THE OFFEROR TO ACQUIRE 660,602,843 SHARES IN THE ISSUED SHARE CAPITAL OF THE COMPANY FROM QUALIFYING SHAREHOLDERS

I. INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee, in relation to the Partial Offer, details of which are contained in the Composite Document dated 4 July 2024 (the “**Composite Document**”), of which this letter forms part. Unless the context otherwise requires, capitalized terms used in this letter shall have the same meaning as those defined in the Composite Document.

On 20 June 2024, the Offeror and the Company jointly announced (the “**Joint Announcement**”) that Guotai Junan Securities, on behalf of the Offeror would make a voluntary conditional cash partial offer to acquire 660,602,843 Shares (representing approximately 15.00% of the Shares in issue as at the Latest Practicable Date) from the Qualifying Shareholders at the Offer Price of HK\$0.16 per Offer Share.

As at the Latest Practicable Date, there are 4,404,018,959 Shares in issue with no outstanding options, warrants, derivatives or securities that carry a right to subscribe for or that are convertible or exchangeable into Shares or other types of equity interest, and as at the Latest Practicable Date, 2,786,946,458 Shares in issue are held by the Qualifying Shareholders.

In accordance with Rules 2.1 and 2.8 of the Takeovers Code, the Independent Board Committee, comprising all of the independent non-executive Directors, namely Mr. Cai Jianmin, Mr. Liu Xueling and Ms. Qian Weiqing, has been established to make a recommendation to the Qualifying Shareholders as to whether the Partial Offer is fair and reasonable, and as to approval and acceptance of the Partial Offer. Mr. Shi Zhongyang, a non-executive Director, is an employee of the Swatch Group. As The Swatch Group (Hong Kong) Limited is a presumed concert party of the Offeror, Mr. Shi Zhongyang is therefore not

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

considered independent for the purpose of giving advice or recommendations to the Qualifying Shareholders. We have been appointed as the Independent Financial Adviser by the Company with the approval of the Independent Board Committee to advise the Independent Board Committee in respect of the Partial Offer and in particular as to whether the Partial Offer is fair and reasonable, and as to approval and acceptance of the Partial Offer.

In the past two years, saved as the current appointment as the Independent Financial Adviser in respect of the Partial Offer (including to (i) discuss with the Directors in relation to the disclosure of material change of the financial and trading position of the Group in the Composite Document as required under Rule 10.11 of the Takeovers Code, and (ii) issue a letter to report on certain unaudited financial information of the Group as set out in Appendix III of the Composite Document as required under Rule 10.4 of the Takeovers Code), we are not associated with the Company, the Offeror or any party acting, or presumed to be acting, in concert with any of them and, accordingly, considered ourselves eligible to give independent advice on the Partial Offer. Apart from normal professional fees paid or payable to us in connection with the appointment as the Independent Financial Adviser of the Partial Offer, no arrangement exists whereby we will receive any fees or benefits from the Company, the Offeror or any party acting, or presumed to be acting, in concert with any of them. We are therefore independent under Rule 13.84 of the Listing Rules and under Rule 2.6 of the Takeover Code to act as the Independent Financial Adviser to the Independent Board Committee in connection with the Partial Offer.

II. BASIS OF OUR OPINION

In formulating our opinion, we have relied on the information, financial information and facts supplied to us and representations expressed by the Directors and/or the management of the Group and have assumed that all such information, financial information and facts and any representations made to us or referred to in the Joint Announcement, and the Composite Document, for which they are fully responsible, are true, accurate and complete as at the time they were made and as at the date hereof and made after due and careful inquiry by the Directors and/or management of the Group. We have been advised by the Directors and/or the management of the Group that all relevant information has been supplied to us and that no material facts have been omitted from the information supplied and representations expressed to us. We have also relied on certain information available to the public and have assumed such information to be accurate and reliable. We have no reason to doubt the completeness, truth or accuracy of the information and facts provided and we are not aware of any facts or circumstances which would render such information provided and representations made to us untrue, inaccurate or misleading. Should there be any subsequent material changes in such information during the Offer Period, the Company will inform the Qualifying Shareholders as soon as practicable in accordance with Rule 9.1 of the Takeovers Code. The Qualifying Shareholders shall also be informed as soon as practicable when there are any material changes to the information contained or referred to in this letter and our opinion after the Latest Practicable Date and throughout the Offer Period.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Our review and analyses were based upon, among others, the information provided by the Company and certain published information from the public domain including, the annual reports of the Company for the three years ended 31 December 2021 (the “**2021 Annual Report**”), 2022 (the “**2022 Annual Report**”), and 2023 (the “**2023 Annual Report**”) and other information as set out in the Composite Document and considered that we have reviewed sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent verification of the information nor have we conducted any form of in-depth investigation into the businesses, affairs, borrowing and financial position or prospects of the Group, the Offeror, Guotai Junan Capital, Guotai Junan Securities, the Swatch Group and each of their respective associates and parties acting in concert with them.

In relation to the Partial Offer, we have not considered the tax implications nor the stamp duty on the Qualifying Shareholders of the acceptance or non-acceptance of the Partial Offer, since tax implications depend on individual circumstances. In particular, the Qualifying Shareholders who are overseas residents or subject to overseas taxation or Hong Kong taxation on securities dealings should consider their own tax position and, if in any doubt should consult their own professional advisers. For further details on stamp duty, please refer to Appendix I of the Composite Document.

III. TERMS AND CONDITIONS OF THE PARTIAL OFFER

Set out below are the summary of terms and conditions of the Partial Offer, for details please refer to the “Letter from Guotai Junan Capital” as contained in the Composite Document.

1. Pre-Condition to the Partial Offer

The making of the Partial Offer was subject to the obtaining of the consent from the Executive in respect of the Partial Offer pursuant to Rule 28.1 of the Takeovers Code. On 25 June 2024, the Offeror and the Company jointly announced that the Pre-Condition was fulfilled.

2. Conditions to the Partial Offer

The Partial Offer is subject to the fulfilment of the following Conditions:

- (i) valid acceptances being received (and not, where permitted, withdrawn) in respect of 660,602,843 Shares (representing approximately 15.00% of the Shares in issue as at the Latest Practicable Date) at or before 4:00 p.m. (Hong Kong time) on the First Closing Date (or such later date as the Offeror may decide and the Executive may approve); and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (ii) approval of the Partial Offer pursuant to Rule 28.5 of the Takeovers Code by the Independent Shareholders holding over 50% of the Shares not held by the Offeror and parties acting in concert with it, signified by means of a separate tick box on the Form of Approval and Acceptance specifying the number of Shares in respect of which the Partial Offer is approved.

For Qualifying Shareholders who wish to approve and accept the Partial Offer, they are reminded to complete both Box A and Box B of the Form of Approval and Acceptance. Whether or not the Independent Shareholders accept the Partial Offer, they may approve the Partial Offer and specify the number of Shares in respect of which they approve the Partial Offer in the Form of Approval and Acceptance. Each Share held by the Independent Shareholders shall be entitled to one vote only. Multiple votes in respect of the same Share will not be taken into account in counting the approval of the Partial Offer. Qualifying Shareholders may also specify the number of Shares in respect of which they tender for acceptance of the Partial Offer.

In the event that valid acceptances are received:

- (i) for less than 660,602,843 Shares (representing approximately 15.00% of the Shares in issue as at the Latest Practicable Date) by the First Closing Date, unless the First Closing Date is extended in accordance with the Takeovers Code, the Partial Offer will not proceed and will lapse immediately; and
- (ii) for not less than 660,602,843 Shares (representing approximately 15.00% of the Shares in issue as at the Latest Practicable Date) on or before the First Closing Date, the Offeror will declare the Partial Offer unconditional as to acceptances on or before the First Closing Date.

Pursuant to Rule 15.1 of the Takeovers Code, the Partial Offer must initially be open for acceptance for at least 21 days following the Despatch Date.

Pursuant to Rule 15.3 of the Takeovers Code, where a conditional offer becomes or is declared unconditional (whether as to acceptances or in all respects), it should remain open for acceptance for not less than 14 days thereafter. Pursuant to Rule 28.4 of the Takeovers Code, (i) where the Partial Offer has become or been declared unconditional as to acceptance on the First Closing Date, the Partial Offer will remain open for acceptance for 14 days thereafter in accordance with the Takeovers Code and may not be further extended; and (ii) where the Partial Offer has become or been declared unconditional as to acceptance before the First Closing Date, the Partial Offer will remain open for acceptance for not less than 14 days thereafter, provided that the Final Closing Date shall not be extended to a day beyond the 14th day after the First Closing Date.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Accordingly, if the Partial Offer is declared unconditional in all respects on or before the 14th day after the Despatch Date, then the Final Closing Date would be on (but no earlier than) the First Closing Date. If the Partial Offer is declared unconditional in all respects later than the 14th day after the Despatch Date, then the Final Closing Date would be at least 14 days after the date of such declaration.

Pursuant to Rule 15.5, except with the consent of the Executive, the Partial Offer may not become or be declared unconditional as to acceptances after 7:00 p.m. on the 60th day after the Despatch Date.

Pursuant to Rule 28.6 of the Takeovers Code, since the Offeror and parties acting in concert with it will be holding more than 50% of the voting rights of the Company if the Partial Offer becomes unconditional in all respects and full valid acceptances of the Partial Offer are received, the Offeror and parties acting in concert with it will then be free to acquire further voting rights in the Company without incurring any obligation to make a general offer subject to Rule 28.3 of the Takeovers Code (that is, the Offeror and parties acting in concert with it (including any other person who is subsequently acting in concert with it) may not acquire voting rights in the Company during the 12-month period immediately following the end of the Offer Period, except with the consent of the Executive).

Shareholders and potential investors of the Company should note that the Partial Offer is subject to the satisfaction of the Conditions. Accordingly, the Partial Offer may or may not become unconditional.

3. The Partial Offer

As at the Latest Practicable Date, there are 4,404,018,959 Shares in issue, amongst Guotai Junan Securities, on behalf of the Offeror, would make a voluntary conditional partial cash offer to acquire 660,602,843 Shares (representing approximately 15.00% of the Shares in issue as at the Latest Practicable Date) from the Qualifying Shareholders at the Offer Price of HK\$0.16 per Offer Share in cash.

The Offer Price of HK\$0.16 per Offer Share was determined on an arm's length commercial basis after taking into account, among other things, the prospect of the Company, the trading liquidity and the historic closing prices of the Shares on the Stock Exchange and with reference to other similar transactions in Hong Kong in recent years.

The Offer Shares to be acquired by the Offeror from the Qualifying Shareholders shall be fully paid, free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights and benefits at any time accruing and attaching thereto, including all rights to any dividend or other distributions the record date of which falls on or after the Final Closing Date. As at the Latest Practicable Date, the Company has no declared but unpaid dividends, distributions and/or other return of capital. The Company confirms that as at the Latest Practicable Date, it does not have any intention to make, declare or pay any further dividend or make other distributions between the Latest Practicable Date and the Final Closing Date.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

If, after the date of the Latest Practicable Date and up to the Final Closing Date, any dividend and distributions is declared in respect of the Offer Shares and the record date of which falls on or before the Final Closing Date, the Offeror reserves the right to reduce the Offer Price by an amount equal to the amount of such dividend or distributions declared, made or paid in respect of each Offer Share, in which case any reference in the Joint Announcement, the Composite Document or any other announcement or document to the Offer Price will be deemed to be a reference to the Offer Price as so reduced.

4. Value of the Partial Offer

Comparison of value

The Offer Price of HK\$0.16 per Offer Share represents:

- (i) a premium of approximately 14.3% over the closing price of HK\$0.140 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 18.5% over the closing price of HK\$0.135 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 19.2% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including the Last Trading Day;
- (iv) a premium of approximately 19.7% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day;
- (v) a premium of approximately 15.7% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day;
- (vi) a discount of approximately 80.0% to the audited consolidated net asset value attributable to the Shareholders of approximately HK\$0.80 per Share as at 31 December 2023, calculated based on the audited consolidated net asset value attributable to the Shareholders of RMB3,186,036,000 (based on the exchange rate of RMB1: HK\$1.0982, the exchange rate published by the Hong Kong Association of Banks on its website as at 29 December 2023 (being the last business day in Hong Kong for the year of 2023) for illustrative purposes) as at 31 December 2023 and 4,404,018,959 Shares in issue as at the Latest Practicable Date; and
- (vii) a discount of approximately 81.3% to the consolidated net asset value attributable to the Shareholders as adjusted by the valuation report set out in Appendix II of approximately HK\$0.86 per Share as at 31 December 2023, calculated based on the adjusted audited consolidated net asset value

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

attributable to the Shareholders of RMB3,439,129,000 (based on the exchange rate of RMB1: HK\$1.0982, the exchange rate published by the Hong Kong Association of Banks on its website as at 29 December 2023 (being the last business day in Hong Kong for the year of 2023) for illustrative purposes) as at 31 December 2023 and 4,404,018,959 Shares in issue as at the Latest Practicable Date. The above-mentioned adjustment is due to revaluation of properties as a result of the valuation report set out in Appendix V, the detailed calculation of which is set out in Appendix II. Such revaluation has not been realised as at the Latest Practicable Date. Shareholders and potential investors in the securities of the Company should consider the above factors in assessing their voting/investment decisions.

Highest and lowest Share prices

During the Relevant Period, the highest and lowest closing prices of the Shares as quoted on the Stock Exchange were HK\$0.152 on 28 December 2023 and HK\$0.120 on 9 April 2024, respectively.

5. Other Terms to the Partial Offer

Acceptance of the Partial Offer

The Qualifying Shareholders may accept the Partial Offer in respect of some or all of the Offer Shares held by them.

Subject to the Partial Offer becoming unconditional in all respects: (i) if valid acceptances are received for 660,602,843 Shares, all Offer Shares validly accepted will be taken up; and (ii) if valid acceptances are received for more than 660,602,843 Shares as at the Final Closing Date, the total number of Offer Shares to be taken up by the Offeror from each accepting Qualifying Shareholder will be determined by the total number of Offer Shares tendered for acceptance in accordance with the following formula:

$$\frac{A}{B} \times C$$

A	=	660,602,843 Shares, being the total number of Offer Shares for which the Partial Offer is made
B	=	the total number of Offer Shares validly tendered by all Qualifying Shareholders under the Partial Offer
C	=	the number of Offer Shares tendered by the relevant individual Qualifying Shareholder under the Partial Offer

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Partial nature of the Partial Offer and effect of fractions

It is possible that, if a Qualifying Shareholder tenders all his/her/its Shares for acceptance under the Partial Offer, not all of such Shares will be taken up.

Fractions of Offer Shares will not be taken up under the Partial Offer and, accordingly, the number of Offer Shares that the Offeror will take up from each Qualifying Shareholder in accordance with the above formula will be rounded up or down to the nearest whole number at the discretion of the Offeror.

Odd lots

The Shares are currently traded in board lots of 4,000 Shares each. Such board lot size will not be changed as a result of the implementation of the Partial Offer. Qualifying Shareholders should note that acceptance of the Partial Offer may result in their holding odd lots of Shares. Accordingly, a designated broker has been appointed by the Offeror to match sales and purchases of odd lot holdings of Shares in the market for a period of six weeks following the closing of the Partial Offer to enable such Qualifying Shareholders to dispose of their odd lots or to top up their odd lots to whole board lots of 4,000 shares each. Please refer to section headed “Odd lots” in the “Letter from Guotai Junan Capital” of the Composite Document for further details.

Effect of accepting the Partial Offer

Acceptance of the Partial Offer by any Qualifying Shareholder will constitute a warranty by such Shareholder to the Offeror that the Shares sold by it to the Offeror under the Partial Offer are fully paid, free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights and benefits at any time accruing and attaching thereto, including all rights to any dividend or other distributions the record date of which falls on or after the Final Closing Date. As at the Latest Practicable Date, the Company has no declared but unpaid dividends, distributions and/or other return of capital. The Company confirms that as at the Latest Practicable Date, it does not have any intention to make, declare or pay any further dividend or make other distributions between the Latest Practicable Date and the Final Closing Date.

If, after the Latest Practicable Date and up to the Final Closing Date, any dividend and distributions is declared in respect of the Offer Shares and the record date of which falls on or before the Final Closing Date, the Offeror reserves the right to reduce the Offer Price by an amount equal to the amount of such dividend or distributions declared, made or paid in respect of each Offer Share, in which case any reference in the Joint Announcement, this Composite Document or any other announcement or document to the Offer Price will be deemed to be a reference to the Offer Price as so reduced.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Acceptance of the Partial Offer shall be irrevocable and shall not be capable of being withdrawn, except as permitted under the Takeovers Code.

Settlement of consideration

Subject to the Partial Offer becomes unconditional in all respects, each Qualifying Shareholder will receive a payment of the Offer Price in cash (subject to any adjustments as set out in the paragraph “Offer Shares to be acquired” in the Letter from Guotai Junan Capital) for every Offer Share in respect of which that Qualifying Shareholder validly accepts the Partial Offer and which is taken up by the Offeror under the Partial Offer (less any seller’s ad valorem stamp duty arising therefrom).

Settlement of the consideration payable by the Offeror in respect of acceptance of the Partial Offer will be made as soon as possible but in any event no later than 7 business days (as defined in the Takeovers Code) after the Final Closing Date. For further details regarding the timing of settlement of the consideration payable by the Offeror in respect of acceptance of the Partial Offer, please refer to Appendix I of the Composite Document.

IV. INFORMATION ON THE OFFEROR

The Offeror is a company incorporated in the British Virgin Islands with limited liability on 27 July 2022 and is principally engaged in investment holding. The sole shareholder and sole director of the Offeror is Mr. Cheung.

As at the Latest Practicable Date, Mr. Cheung is the chief executive officer and the president of high-end consuming accessories business of the Group and the son of Mr. Zhang, the chairman of the Company and an executive Director.

V. PRINCIPAL FACTORS AND REASONS CONSIDERED

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

1. Background information of the Group

The Company is a company incorporated in the Cayman Islands with limited liability and its Shares are listed on the Main Board of the Stock Exchange since September 2005. As at the Latest Practicable Date, the Group is primarily focused on (i) the high-end consuming accessories business which comprised of the manufacturing of high-end consuming accessories and the building up of high-end consuming service platforms; and (ii) international commodity trading and its related supply chain services principally in mainland China and Hong Kong. Each segment accounted for approximately 50% of the Group’s total revenue in the year ended 31 December 2023.

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The Group has also, via investment in its associated company, tapped into global bulk shipping industry.

Prior to COVID-19, the Group also engaged in the sales of internationally renowned brand watches. Due to the challenging conditions, severe losses in the renowned watch business and deteriorating market environment, the Group expected that the prospects for the retail business in Hong Kong, Macau, Taiwan and Southeast Asia would be gloomy, and that the outlook for renowned watch retail business would be even more pessimistic as a result of COVID-19 as stated in the announcement of the Group dated 4 September 2020, after careful and due consideration, the Board has resolved to cease the operation of the Group's watch retail business, while continuing to develop the Group's manufacturing of high-end consuming accessories and the building up of high-end consuming service platforms business.

Referring to the 2021 Annual Report, after the Group resolved to discontinue its watch retail business, in 2021, the Group increased its investment in the international commodity trading business in order to boost profitability and strengthen its foundation for future growth. As disclosed in the 2021 Annual Report, the international commodity trading business mainly covers the importation of iron ore and manganese ore to Mainland China and pursuant to the 2022 Annual Report and 2023 Annual Report, the international commodity trading business comprised of the trading of iron ore and coal.

Prospects of the Group's businesses

(i) The high-end consuming accessories business

According to the 2023 Annual Report, the Group will focus on expanding the development in manufacturing of high-end consuming accessories and engage in deeper cooperation with brands and international counterparts in various ways. The Group will continue to enhance the service standard of its integrated services for commercial space in Mainland China and international markets. The Group will also fully embark on a limited number of diversified business activities to capitalize on the potential of the manufacturing of high-end consuming accessories in other high-end lifestyle products such as jewelry, cosmetics and mobile phones, and to expand its commercial space beautification services to include living space beautification services, striving to become an indispensable independent segment in the global industry ecological chain of high-end consumption.

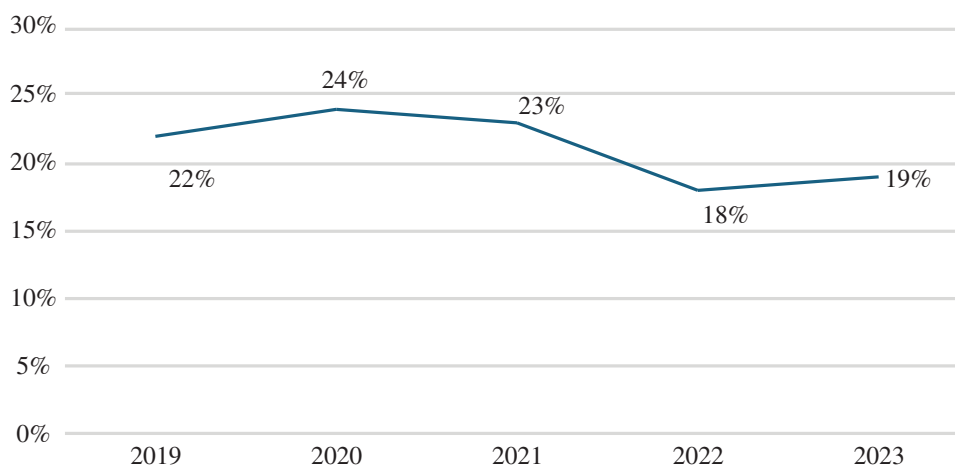
Pursuant to news published on the website of the Shanghai Municipal People's Government of the PRC in February 2023 (<https://www.shanghai.gov.cn/nw48081/20230213/6c9583ac684c4bcf8cb56661f679d9b4.html>) (the "**Article**"), China's personal luxury market declined 10%, ending a five-year growth spurt in 2022. Furthermore, pursuant to the Article, according to a separate luxury industry analysis conducted by PricewaterhouseCoopers, China's luxury market will overtake the US and Europe by 2025, accounting for 25% of the global market. China's total luxury spending is expected to record a 16% annual increase to reach RMB816 billion (US\$112 billion) by 2025.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As the major products of the Group's high-end consuming accessories business comprised of watch accessories and providing high-end consuming service platform for watch retail shops in Hong Kong and PRC, the growth in export of Swiss watches to Hong Kong and PRC would be related to the growth of the Group's high-end consuming accessories business.

Set out below is the percentage of Swiss watch export to PRC including (Hong Kong) between 2019 up to 2023 with data extracted from World distribution of Swiss watch exports report published in January 2022 and January 2024:

Swiss watch export percentage to China (including Hong Kong)



Source: Federation of the Swiss Watch Industry FH

Referring to the chart above, China (including Hong Kong)'s share of Swiss watch recorded a decrease in 2021 and 2022 from 24% in 2020 to 18% in 2022. Swiss watch export percentage to China (including Hong Kong) only started to pick up in 2023.

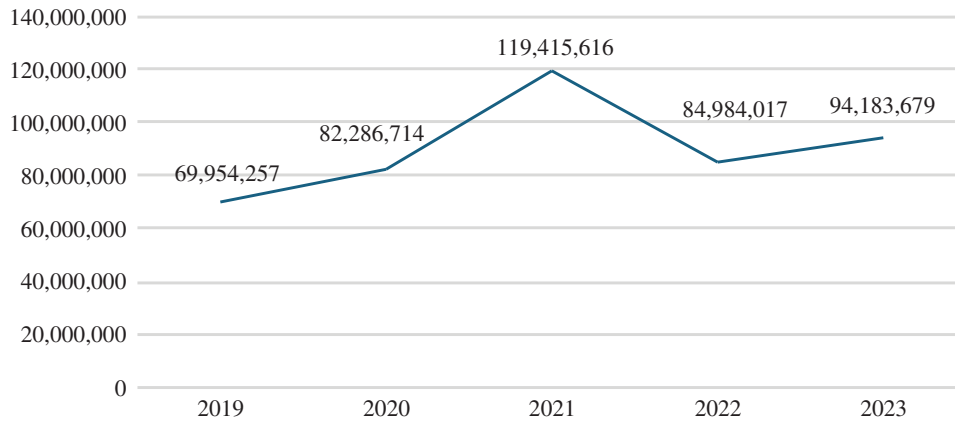
(ii) International commodity trading

Pursuant to the 2023 Annual Report, in response to the difficult operating environment, the Group actively adapted to the market dynamics and accordingly made flexible and precise delivery as much as possible, in order to increase sales and decrease costs.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is a summary of the demand in the PRC of the two major commodities traded by the Group in 2023:

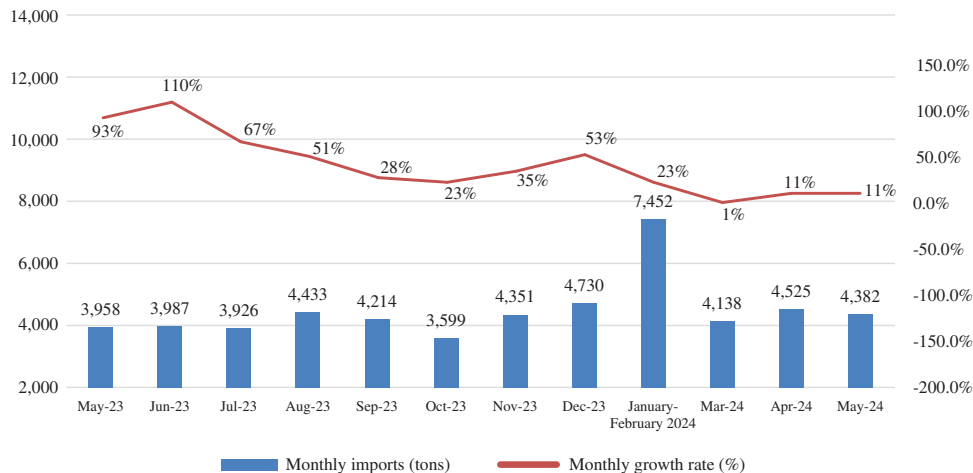
China Import amount of iron ore and concentrate 2019-2023 (in RMB)



Source: General Administration of Customs of the PRC

As illustrated above, demand for iron ore and concentrate decreased in 2022 and has started to pick up in 2023.

Monthly trend of China's Coal Imports



Source: China National Coal Association

With reference to the chart above, the monthly growth rate as compared to corresponding month in prior year recorded over 20% growth in from May to December 2023 with a highest growth rate in June 2023 of over 100%. Such growth rate gradually slowed down in 2024 and by April and May 2024 growth rates were only 11%.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Although in view of the market data above, both segments of the Group have been recovering, given the Group's performance has been fluctuating in the last five years and apart from 2021 and 2023, the Group had been loss making in the last five financial years and since then the Group has yet to declare any dividend in the last five years, the Partial Offer would present an immediate opportunity for Qualifying Shareholders to realise part of their investments in the Partial Offer for cash and redeploy the cash received from accepting the Partial Offer into other investment opportunities while allowing them to continue to enjoy any future development of the Company in considering the recovery and/or growth achieved in markets which the two business segments of the Group operated in.

2. Reasons for and benefits of the Partial Offer and intention of the Offeror

Reasons for the Partial Offer

The Partial Offer represents an opportunity for Mr. Cheung to succeed the business of his father, Mr. Zhang, by acquiring a controlling interest in the Company at a fair market price and is a means of demonstrating confidence, commitment and dedication of Mr. Zhang's family to the Company; and Mr. Cheung wishes to maintain the listing status of the Company.

The Offeror believes that the Partial Offer would send a positive signal to the stakeholders of the Company, especially to its staff, customers and contractors, and demonstrate its confidence in, and strengthen its relationship with, the Group whilst reinforcing its commitment and dedication to the Group. Given the thin trading over the past year, the Offeror also considers that the Partial Offer would offer an opportunity to Qualifying Shareholders who wish to realise their investment at a premium to the market price, while the Qualifying Shareholders may also choose to retain part of their equity interest in the Company if they wish. The Partial Offer provides an opportunity for Shareholders to monetize their investments in the Company immediately for cash at a premium without any downward pressure on the Share price while to participate in the future growth of the Company (which will retain its listing status on the Stock Exchange) going forward, and to benefit from the future growth and development of the Group.

Benefits to the Company and the Offeror

Each of Mr. Zhang and Mr. Cheung is a senior management member of the Group. Upon the close of the Partial Offer, it is expected that Mr. Zhang (through Best Growth) and Mr. Cheung (through the Offeror) and the parties acting in concert with Mr. Cheung (excluding The Swatch Group (Hong Kong) Limited) will collectively hold up to 51.72% of the total issued Shares of the Company. The Partial Offer demonstrates the Zhang's family's commitment to the Group and their confidence towards the long-term prospect of the Group. The Partial Offer will also further align the interests of Mr. Cheung, as the chief executive officer of the Group, with the Group through his equity shareholding in the Company and will in turn further incentivise Mr. Cheung as an important senior management member of the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

For Qualifying Shareholders: an opportunity to realize their investment in the Company at a premium amid the challenging environment

The Qualifying Shareholders will be given an attractive opportunity to realise part of their investment at a premium to the trading price of the Shares, and at the same time retain the balance of their equity interest in the Company in order to participate in the future growth of the Company (which will retain its listing status on the Stock Exchange) going forward, and to benefit from the future growth and development of the Group.

As disclosed above, the Offer Price of HK\$0.16 per Offer Share represents a premium over the closing prices as quoted on the Stock Exchange on the Latest Practicable Date, prior to the Last Trading Day and the average closing prices as quoted for the last 5, 10, and 30 consecutive days up to and including the Last Trading Day.

The average daily trading volume of the Shares for the 12 months up to and including the Last Trading Day was approximately 3.1 million Shares per day, representing only approximately 0.07% of the total number of Shares issued and outstanding as at the Last Trading Day. Such average daily trading volume continued at comparable level up to the Latest Practicable Date. The low trading volume of the Shares makes it difficult for Shareholders to execute substantial sales of Shares on-market without adversely affecting the price of the Shares.

The Partial Offer, in contrast, provides an opportunity for Shareholders to monetize their investments in the Company immediately for cash at a premium without any downward pressure on the Share price while to participate in the future growth of the Company (which will retain its listing status on the Stock Exchange) going forward, and to benefit from the future growth and development of the Group.

In view of the above, we concur with Directors that, from the Qualifying Shareholders' perspective, the Partial Offer provides an opportunity to the Qualifying Shareholders to monetize their investment/potential interest in the Company at a premium to the recent closing prices of the Shares. The low trading volume of the Shares makes it difficult for Shareholders to execute substantial sales of Shares on-market without adversely affecting the price of the Shares, and as such the Partial Offer would present an immediate opportunity for Qualifying Shareholders to realise their investments in the Partial Offer for cash and redeploy the cash received from accepting the Partial Offer into other investment opportunities while allowing them to continue to enjoy any future growth of the Company.

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Intention of the Offeror and public float

With the completion of the Partial Offer, the Offeror intends that the Company will continue its existing business and the employment of employees of the Group in their ordinary courses. The Offeror has no intention to introduce any major changes in the business of the Company and any redeployment of the fixed assets of the Company or to cease or dispose of any of the Company's existing business.

As at the Latest Practicable Date, the Company has a public float of approximately 62.32% of the Shares in issue. Assuming that there are no changes to the issued share capital of the Company between the Latest Practicable Date and up to the Final Closing Date and all the Offer Shares tendered are from Shareholders which are counted towards the public float, the Company will have at least a public float of approximately 47.32% of the Shares in issue immediately following the close of the Partial Offer. Accordingly, the number of Shares in public hands will continue to meet the 25% minimum public float requirement under Rule 8.08 of the Listing Rules immediately following the close of the Partial Offer. As required to be disclosed pursuant to Rule 14.81(1) of the Listing Rules, the Offeror intends to maintain the listing status of the Shares on the Stock Exchange upon completion of the Partial Offer. The sole director of the Offeror has undertaken to the Stock Exchange to take appropriate steps if required to ensure that sufficient public float exists in the Shares as a result of the Partial Offer.

Having considered that the Offeror intendeds to continue with the Group's existing business and the Offeror has no intention to (i) introduce any major changes to the business; (ii) discontinue the employment of employees of the Group; or (iii) re-deploy the fixed assets of the Company or to cease or dispose of any of the Company's existing business, we expect that there would not be substantial change in the business activities of the Group as a direct result of the Partial Offer.

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3. Analysis of the financial information of the Group

(i) Financial information of the Group

The following table summarises the consolidated financial results of the Group for the years ended 31 December 2021 (“FY2021”), 2022 (“FY2022”), 2023 (“FY2023”), which are extracted from the 2023 Annual Report and 2022 Annual Report:

	For the year ended 31 December 2023 (audited) (RMB'000)	For the year ended 31 December 2022 (audited) (RMB'000)	For the year ended 31 December 2021 (audited) (RMB'000)
<i>Continuing operations</i>			
Revenue	1,421,454	1,039,286	877,994
Cost of sales	(1,206,189)	(915,693)	(740,079)
Gross profit	215,265	123,593	137,915
Other revenue	47,299	32,033	35,822
Other net loss	(6,394)	(71,691)	(1,377)
Distribution costs	(61,100)	(55,481)	(52,532)
Administrative expenses	(172,805)	(133,323)	(118,238)
Profit/(loss) from operations	22,265	(104,869)	1,590
Share of profits of associates	16,358	76,457	50,997
Finance costs	(5,385)	(3,288)	(2,909)
Profit/(loss) before taxation	33,238	(31,700)	49,678
Income tax credit/(expense)	1,953	(2,970)	(392)
Profit/(loss) for the year from continuing operations	35,191	(34,670)	49,286

For the year ended 31 December 2023 vs 31 December 2022

The Group recorded revenue from continuing operations of RMB1,421.5 million for FY2023, representing a year-on-year increase of 36.8% compared to a revenue of RMB1,039.3 million for FY2022. The increase was mainly driven by the growth in revenue contributed from both (i) the revenue of the high-end consuming accessories business amounting to RMB710.7 million for FY2023 compared to RMB630.3 million generated in FY2022 representing a year-on-year increase of 12.8%; and (ii) the commodity trading business amounted to RMB710.7 million in FY2023 compared to RMB409.0 million recorded in FY2022, representing a year-on-year increase of 73.8%.

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For FY2023, the Group recorded a gross profit for its continuing operation amounted to approximately RMB215.3 million compared to RMB123.6 million in FY2022, representing a year-on-year increase of 74.2%. The gross profit margin for the continuing operations was approximately 15.1% during FY2023 representing a year-on-year increase of 3.2 percentage points from compared to the gross profit margin of 11.9% in FY2022. The increase in gross profit and gross profit margin was mainly attributable to the fluctuations in commodity trading prices.

As a result of the above, the Group recorded a profit of RMB35.2 million for FY2023 for the continuing operations compared to a loss of RMB35.0 million for FY2022.

For the year ended 31 December 2022 vs 31 December 2021

During FY2022, the Group liquidated its remaining watch stocks and completely ceased its renowned watch operation, hence the Group did not generate revenue from watches trading subsequent to FY2022.

The Group recorded a revenue from continuing operations of RMB1,039.3 million for FY2022 compared to a revenue of RMB878.0 million for FY2021, representing a year-on-year increase of 18.4%. The increase in revenue was largely brought on by (i) the 14.4% year-on-year increase in revenue from high-end consuming accessories business amounted to RMB630.3 million recorded in FY2022 compared to RMB550.9 million generated in FY2021; (ii) the 25.0% year-on-year increase in revenue from commodity trading amounted to RMB409.0 million for FY2022 from RMB327.1 million recorded in FY2021.

During FY2022, the Group's gross profit for the continuing operations amounted to approximately RMB123.6 million compared to RMB137.9 million for FY2021, representing a year-on-year decrease of 10.4%. The gross profit margin for the continuing operations for FY2022 was approximately 11.9% compared to 15.7% for FY2021, representing a year-on-year decrease of 3.8 percentage points. The decrease in gross profit and gross profit margin was mainly due to a decrease in sales price caused by the unfavourable economic environment during the year.

In addition to decrease in gross profit and gross profit margin during FY2022, the Group also recorded a foreign exchange loss incurred by the operating units as a result of exchange rate fluctuations. As such, the Group recorded a loss of RMB35.0 million during FY2022 for its continuing operations compared to a profit of RMB49.3 million for FY2021.

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(ii) *Financial position of the Group*

A summary of the audited financial position of the Group as at 31 December 2023, and 31 December 2022, as extracted from the 2023 Annual Report is set out below:

	As at 31 December 2023 RMB'000	As at 31 December 2022 RMB'000
Investment properties	266,398	126,694
Property, plant and equipment	551,137	512,032
Intangible assets	2,727	3,415
Goodwill	52,611	52,014
Interests in associates	137,386	132,780
Other investments	368,582	355,331
Prepayment and deposits	46,707	1,748
Deferred tax assets	3,259	2,721
Total non-current assets	1,428,807	1,186,735
Inventories	258,115	237,768
Trade and other receivables	558,072	703,627
Loans to associates	33,789	67,273
Other investments	10,654	7,336
Current tax recoverable	469	168
Deposits with banks	318,437	272,701
Cash and cash equivalents	990,815	1,050,187
Total current assets	2,170,351	2,339,060
Trade and other payables and contract liabilities	226,920	201,935
Bank loans	76,653	56,799
Lease liabilities	8,313	10,802
Current taxation	2,846	4,961
Total current liabilities	314,732	274,497
Bank loans	17,483	24,922
Lease liabilities	21,309	6,542
Total non-current liabilities	38,792	31,464
Net assets	3,245,634	3,219,834

The total assets of the Group amounted to approximately RMB3,599.2 million as at 31 December 2023. The non-current assets of the Group comprise mainly (i) investment properties of approximately RMB266.4 million and property, plant and equipment of approximately RMB551.1 million; and (ii) other investment amounting to approximately RMB368.6 million.

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The current assets of the Company comprised mainly (i) inventories of approximately RMB258.1 million; (ii) trade and other receivables of approximately RMB558.1 million; and (iii) cash and cash equivalents and deposits with banks of approximately RMB1,309.3 million.

The total liabilities of the Group amounted to approximately RMB353.5 million as at 31 December 2023 mainly comprising (i) trade and other payables and contract liabilities amounting to RMB226.9 million; (ii) bank loans of RMB94.1 million; and (iii) lease liabilities of RMB29.6 million.

Despite the fact that the Group recorded an increase in revenue and profit during FY2023 compared to FY2022, the Group's performance has been fluctuating in the last five years and apart from FY2021 and FY2023, the Group had been loss making in the last five financial years and since then has yet to declare any dividend.

(iii) Property valuation of the Group and the adjusted net assets value

The Group had carried out property valuation on the market values as at 31 March 2024 of the properties held by the Group located in Hong Kong, Taiwan and the PRC (the “**Properties**”). The valuation on the Properties as at 31 March 2024 was conducted by the Valuer, using various valuation approaches for different property types, for further details of the valuation report please refer to Appendix V to the Circular (the “**Valuation Report**”).

Expertise and independence of the Valuer

To assess the expertise and independence of the Valuer, we have (i) reviewed the engagement letter of the Valuer; and (ii) discussed with members of the valuation team engaged in the valuation of the Target Company to understand their experience and relationship with the Company as well as the valuation methodology adopted.

Based on our discussion with the Valuer and from public domain, the Valuer is member of Kroll global network with a team of over 6,500 professionals worldwide with nearly 100-year history. The Valuer has over 40 years presence in Asia Pacific and has a team of over 1,500 employees in Asia Pacific.

The valuation team engaged by the Group was led by Ms. Elaine H. L. Ng, who is a Registered Professional Surveyor (General Practice), a member of Hong Kong Institute of Surveyors and a member of Royal Institute of Chartered Surveyors, has over 16 years' post qualification experience in valuation of properties in Hong Kong, the PRC and Asia. Team members include (but not limited to) (i) Mr. Robert Hu, who is a member of CREA and CPV, Vice President of Kroll and has over 30 years' valuation experience in real estate in the PRC; and (ii) Ms. Kathy Li, who is a member of ASA, also a Vice President of Kroll and has over 30 years' valuation experience in real estate in the PRC.

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The Valuer has confirmed that it is an independent third party of the Company, the Offeror or any party acting, or presumed to be acting, in concert with any of them. Furthermore, the Valuer confirmed to us that apart from normal professional fees payable to it in connection with its engagement for the issuance of the Valuation Report and other valuation engagements from time-to-time, no arrangements exist whereby it will receive any fee or benefit from the Group, the Offeror or any party acting, or presumed to be acting, in concert with any of them.

Based on our discussion with the Valuer and our review of their scope of work, we are not aware of any matters that could cause us to have doubts on the expertise and independence of the Valuer.

The Valuation

In assessing the fairness and reasonableness of the valuation of the Properties, we have reviewed the Valuation Report, the basis and assumptions made, and the methodology adopted by the Valuer in preparing the Valuation. Details of the assumptions are set out in the Valuation Report as contained in Appendix V to the Composite Document.

The Properties comprise 17 properties located in Hong Kong, Taiwan and in the PRC owned by the Group and one leased by the Group with no commercial value, with permitted use comprising of Industrial, Office Unit, Residential, Office, Shop and Car Parking Space. Pursuant to the Valuation Report, different valuation methodologies have been adopted for different usage types of the properties. For commercial, residential properties and land parcels, the Valuer has adopted the market approach to determine their market values, while the Valuer adopted cost approach to determine the market value(s) of the industrial properties.

(a) For commercial, residential properties and land parcels

In the valuation of the properties in its existing state, market approach was adopted. Comparables were selected with characteristics comparable to each of the subject property, such as location, size and permitted use.

The market approach is commonly used for real estate when comparable transactions and prices are available in the market. The market approach studies recent sales of similar properties, making adjustments for the differences between them. In situations where limited data is available, alternative methods such as the cost approach will be considered.

We have reviewed the respective comparables adopted for valuing commercial, residential properties and land parcels and understand that the selected comparables (if available) were within the same district of the subject property, if not in a proximate district where the subject property is located.

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Due adjustments to the unit rates of those comparable have been made to reflect the difference in transaction including but not limited to transaction status, location, age, type, size and uses.

As advised by the Valuer, all of the above adjustments applied in conformity to the market practice. We noted that the adjustments applied in the Valuation were generally in line with the aforesaid basis and rationale.

(b) Industrial properties

In the valuation of the industrial properties in its existing state, cost approach was adopted, which comprised of (i) determination of land value by the direct comparison method; (ii) building value which took into account reproduction or replacement costs of the improvements are estimated as if the improvements were new; and (iii) adjustment for all elements of accrued depreciation including physical depreciation, functional and/or external obsolescence.

We have discussed with the Valuer and understood that unlike other standard factory units, there are apparently no market sale or lease transactions of real properties of similar type of production facilities in this region of PRC. Real properties of such type are usually bought together with other assets of the business. Hence, it is difficult, if not impossible, to find market comparables for meaningful analysis. Furthermore, industrial premises of similar type are largely purpose-built, and are not disposed of on a piecemeal basis. Therefore, it was not considered appropriate to adopt market or income approaches for industrial properties in the course of valuation.

Valuation criteria

Land value

To determine the land value, the Valuer has made reference to various recent sales prices of industrial land parcels within the vicinity.

The land sales comparable are selected as they have characteristics comparable to the subject property, such as location, size and permitted use.

We have reviewed the respective land sales comparable adopted and understand that the selected comparables (if available) were within the same district of the subject property, if not in a proximate district where the subject property is located.

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Valuation criteria

Building value-reproduction or replacement costs of the improvements

For the buildings of the property, the Valuer has made reference to the prevailing construction costs in the vicinity to derive the replacement cost. The Valuer has made reference to the market cost comparables disclosed in the commonly used market cost data platform, which is known as “Glodon Construction Cost Data Platform 廣聯達建築成本資料平臺” with the following link:

<https://www.gldzb.com/#/home>

From our research from public domain, Glodon Construction Cost Data Platform is a data base which could provide subscriber with costing data construction of various properties including residential, office, hotel, commercial, industrial for 30 provinces in the PRC.

We have reviewed the relevant cost data provided by the Valuer and noted that the construction costs adopted in the Valuation were in-line with the cost data as noted from “Glodon Construction Cost Data Platform 廣聯達建築成本資料平臺”.

Adjustment for depreciation

After the determination of replacement cost, the Valuer made further adjustment on depreciation of the buildings. We noted from the depreciation adjustment calculation of the Valuer that the adjustment took into account the term of the land use right and the number of years which the subject property have been in use, which reflects the depreciation of the buildings for its available useful life.

Given the unique nature of industrial properties, we concur with the Valuer that applying cost approach while taking into consideration various recent sales prices of industrial land parcels for value the land of which the industrial properties were situated on to be appropriate.

(c) Tax implications

As confirmed by the Group, as at the Valuation Date, the Group has no intention to sell the Properties and therefore the valuation did not take into account any tax implications.

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Taking into consideration the above, we consider we have performed work as required under note (1)(d) to Rule 13.80 of the Listing Rules in relation to the Valuer and its work in arriving at the Valuation. We have enquired (i) the terms of engagement of the Valuer (including its independence) with the Company; (ii) the qualification and experience of the Valuer in relation to the valuation of similar property interests in Hong Kong, Taiwan and in the PRC; and (iii) the work taken by the Valuer in conducting the Valuation. From the relevant information provided by the Valuer and based on our interview with them, we are satisfied with the terms of engagement of the Valuer and noted that the scope of work is appropriate for arriving at the opinion in the Valuation and the Valuer has confirmed to us that there is no limitation on the scope of work. We are also satisfied with their qualifications and experience for the preparation of the Valuation Report.

The adjusted unaudited net assets value

By taking into account the effect of fair value changes arising from the valuation of all the Properties of the Group as at 31 March 2024 (as contained in the Valuation Report) set out in Appendix V to this Composite Document), set out below is the calculation of the adjusted net asset value of the Group:

	<i>RMB'000 (except for the Adjusted NAV per Share)</i>
Audited consolidated net asset value of the Group attributable to Shareholders as at 31 December 2023 (Note 1)	3,186,036
Adjustments:	
– Fair value changes on the property interests of the Group as at 31 March 2024 attributable to Shareholders based on the Valuation Report (Note 2)	253,093
Adjusted net asset value	3,439,129
Adjusted net asset value per Share (“Adjusted NAV per Share”) (Note 3)	RMB0.78 (equivalent to approximately HK\$0.86)

Notes:

1. The amount is extracted from the audited consolidated statement of financial position of the Group as at 31 December 2023.

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2. The fair value change represents the excess of market value of the property interests as at 31 March 2024 over their corresponding carrying amount as at 31 December 2023 less the amount attributable to minority shareholders of the Group, as illustrated below:

Calculation of fair value gain:

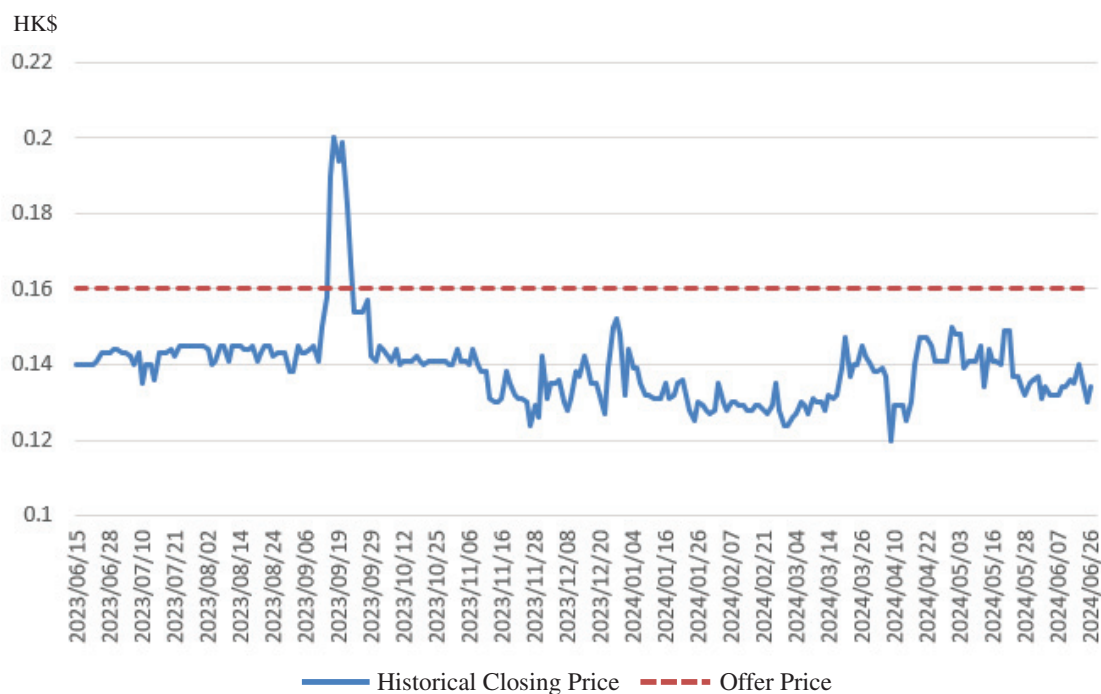
	<i>RMB'000</i>
Fair value of property interests of the Group as at 31 March 2024 (as set out in Appendix V to this Composite Document)	948,300
Less: Carrying value of the relevant property interests as at 31 December 2023	682,618
Fair value gain	265,682
Among which attributable to the Shareholders	253,093

3. The Adjusted NAV per Share is arrived at on the basis of 4,404,018,959 Shares in issue as at the Latest Practicable Date. The exchange rate of RMB1: HK\$1.0982, being the exchange rate published by the Hong Kong Association of Banks on its website as at 29 December 2023 (being the last business day in Hong Kong for the year of 2023), is adopted for the conversion of RMB into HK\$.

4. Analysis of market price of the Shares

(a) *Historical price performance compared to the Offer Price of HK\$0.16 per Offer Share*

The chart below illustrates the daily closing price of the Shares as quoted on the Stock Exchange for the period from 15 June 2023 to the Latest Practicable Date, being the period of approximately 12 months prior to the Last Trading Day and up to and including the Latest Practicable Date (the “**Review Period**”). We consider that the Review Period represents a reasonable period of time within which the prevailing market price of the Shares can be illustrated.



Source: Website of the Stock Exchange

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As illustrated above, the Offer Price was above the closing prices of the Shares during the majority time of the Review Period, which comprised of 251 trading days, saved for 6 trading days out of the 251 trading days between 15 September 2023 to 22 September 2023 which Shares were trading between HK\$0.167 per Share to HK\$0.2 per Share and gradually decrease thereafter. We have enquired with the management of the Group and were advised that, the Directors were not aware of any specific reasons which may have an impact of the fluctuations of Share prices during the above-mentioned trading days.

During the Review Period, the Shares have been trading between the price range of HK\$0.12 per Share to HK\$0.2 per Share with an average trading price of approximately HK\$0.14 per Share. The Offer Price represents a discount of approximately 20% to the highest closing price of the Shares of HK\$0.2 per Share and premium of approximately 33.3% and 14.3% over the lowest closing price of HK\$0.12 per Share and the average closing price of HK\$0.14 per Shares during the Review Period, respectively.

During the period between 15 June 2023 to 12 September 2023, the Group announced (i) an indirect wholly-owned subsidiary of the Company had won a bid to acquire 2 properties in the PRC on 3 August 2023; (ii) the Group's interim result on 22 August 2023 recording a loss for the period from continuing operations of RMB8.8 million as compared to a profit of RMB10.8 million as compared to the corresponding period in 2022; and (iii) an inside information regarding the transfer of Shares by the then controlling Shareholder to his family members on 23 August 2023. Share prices did not have a strong reaction towards the abovementioned announcements and traded at comparable price prior to the announcements and between 15 June 2023 to 12 September 2023, Share price traded at a range of HK\$0.135 to HK\$0.145 per Share.

Share price started to pick up on 13 September 2023 increasing to HK\$0.15 per Share and continue to rise and reached a peak during the Review Period of HK\$0.2 per Share on 18 September 2023. As mentioned above, the Directors advised that they were not aware of any specific reasons which may have an impact of the fluctuations of Share prices during such days. We noted that the Company announced the resignation of an independent non-executive director on 25 September 2023. Following such announcement, the closing price of the Shares on 26 September 2023 remained comparable to the closing price of Shares prior to the announcement.

After peaking at HK\$0.2 per Share on 18 September 2023, the Share price decreased gradually during the remaining trading days in 2023 and closed at HK\$0.148 on 29 December 2023, being the last trading day of 2023.

During the first two months of 2024 and prior to the announcement of positive profit alert announcement on 8 March 2024 and the results announcements on 20 March 2024 regarding the annual financial results of 2023 ("**2023 result announcements**"), the closing price of the Shares was trading between HK\$0.124 to HK\$0.144 per Share and closed at HK\$0.127 per Share on 7 March 2024 prior to 2023 results announcements. After the 2023 result announcements published on 20 March 2024, Share price started to pick and increased to

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HK\$0.137 on 21 March 2024 after the publication of the results announcements of 2023 recording a profit for the year from continuing operations of RMB35.2 million as compared to a loss of RMB34.7 million in 2022.

The closing price of the Shares fluctuated thereafter and recorded the lowest trading price of the Review Period of HK\$0.12 per Share on 9 April 2024 after the publication of 2023 Annual Report on 8 April 2024. The closing price of the Shares thereafter was on a gradual increasing trend and closed at HK\$0.135 per Share on 14 June 2024 prior the trading halt requested by the Company with effective from 17 June 2024 pending to the release of the Joint Announcement.

The price of the Shares closed at HK\$0.14 on 21 June 2024, which was the first trading day immediately following the publication of the Joint Announcement. Since then, the closing price of the Shares remained relatively stable in the range of HK\$0.13 to HK\$0.14 and closed at HK\$0.14 as at the Latest Practicable Date.

During the period after the publication of the Joint Announcement up to and including the Latest Practicable Date (the “**Post-Announcement Period**”), the Offer Price of HK\$0.16 per Share represents (i) a premium of approximately 23.1% over the lowest closing price of HK\$0.13 per Share; (ii) a premium of approximately 14.3% to the highest closing price of HK\$0.14 per Share during the Post-Announcement Period; and (iii) a premium of approximately 14.3% over the closing price of HK\$0.14 per Share as at the Latest Practicable Date.

We noted that the Offer Price represented a discount of approximately 80.0% and 81.3% to the audited consolidated net asset value attributable to the Shareholders of approximately HK\$0.80 per Share as at 31 December 2023 and the Adjusted NAV per Share of approximately HK\$0.86 respectively. Nevertheless, we also note that, (i) over 61.1% of the total assets of the Group as at 31 December 2023 represented property, plant and equipment, investment properties, intangible assets and goodwill which were illiquid in nature; and (ii) the Shares had been trading at a substantial discount to the consolidated net assets attributable to owners of the Company per Share throughout the Review Period (referring to analysis below).

(b) Comparison of Offer Price against NAV per Share and Adjusted NAV per Share

The Offer Price represents:

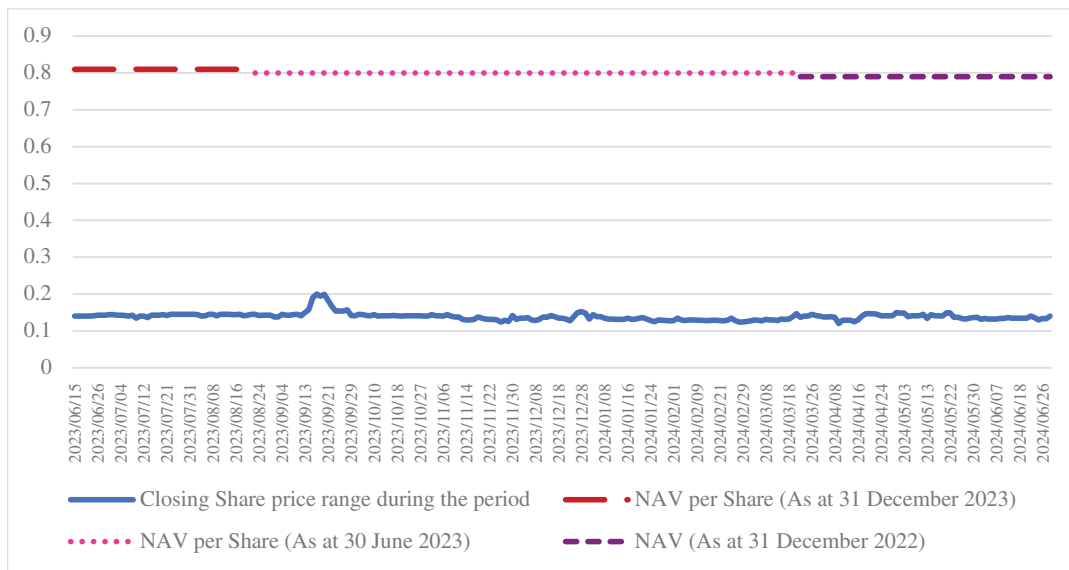
- (i) a discount of approximately 80.0% to the audited consolidated net asset value attributable to the Shareholders (“**NAV per Share**”) of approximately HK\$0.80 per Share as at 31 December 2023, calculated based on the audited consolidated net asset value attributable to the Shareholders of RMB3,186,036,000 (based on the exchange rate of RMB1: HK\$1.0982, the exchange rate published by the Hong Kong Association of Banks on its website as at 29 December 2023 (being the last business day in Hong Kong for the year of 2023) for illustrative purposes) as at 31 December 2023 and 4,404,018,959 Shares in issue as at the Latest Practicable Date; and

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(ii) a discount of approximately 81.3% to the Adjusted NAV per Share;

In assessing the Offer Price against the NAV per Share, we have also considered the historical trading price against the NAV per share subsequent to the publication of consolidated financial position during the Review Period as set out below:

Financial Year/ period end	NAV attributable to owners of the Company RMB	NAV per Share (Note 1) HK\$	Closing Share price range during the period (Note 2) HK\$	Average closing Share price (Note 3) HK\$	Discount to NAV per to Average Share price (Note 4) %
As at 31 December 2023	3,186,036,000	0.79	0.12-0.15 (From 21 March 2024 to 28 June 2024)	0.138 (From 21 March 2024 to 28 June 2024)	83%
As at 30 June 2023	3,251,070,000	0.80	0.124-0.20 (From 23 August 2023 to 20 March 2024)	0.138 (From 23 August 2023 to 20 March 2024)	83%
As at 31 December 2022	3,161,540,000	0.81	0.135-0.145 (From 15 June 2023 (Note 5) to 22 August 2023)	0.143 (From 15 June 2023 (Note 5) to 22 August 2023)	82%



- The NAV per share is calculated by dividing the audited/unaudited consolidated NAV attributable to owners of the Company as at the respective year/period end date as extracted from the respective annual/interim results announcement published by the Company over the number of issued shares as at respective year/period end date.

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For illustrative purpose, we have adopted the exchange rate below as published by the Hong Kong Association of Banks on its website at respective year/period end date:

31 December 2023 (as at 29 December 2023 as it is the last working day of the financial year): RMB1 = HK\$1.0982

30 June 2023: RMB1 = HK\$1.0797

31 December 2022: RMB1 = HK\$1.1299

2. Representing the range of the closing Share price during the period from the trading day following the publication by the Company of its audited annual results or unaudited interim results (as the case may be)/commencement of the Review Period to the trading day on which the subsequent unaudited interim results or audited annual results (as the case may be) were published/up to the Latest Practicable Date.
3. Representing the average closing Share price during the period from the trading day following the publication by the Company of its audited annual results or unaudited interim results (as the case may be)/commencement of the Review Period to the trading day on which the subsequent unaudited interim results or audited annual results (as the case may be) were published/up to the Latest Practicable Date.
4. Representing the discount of the average closing Share price to the NAV per Share as at the respective year/period end date and subject to rounding.
5. Being the commencement day the of the Review Period (i.e one year prior to the Last Trading Day).

We noted that the Offer Price represents a discount of 80.0% to the NAV per Share as at 31 December 2023 and a discount of 81.3% to the adjusted NAV per Share as at 31 December 2023. Considering the fact that the Shares have been trading not at a price level close to the NAV per share and with average trading prices recorded a discount between 82% and 83% towards the NAV per share of the respective period, it is implied that the market may not value the Shares solely with reference to the NAV per share and trading price of the Shares may not have a direct correlation to the change in NAV.

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(c) Comparison of price to earning ratio (“PE Ratio”) of the Offer Price against historical PE Ratio

In assessing the Offer Price, we have also considered the historical PE Ratio subsequent to the publication of consolidated financial performance of the Group during the Review Period against the implied PE Ratio of the Offer Price of 18.9 times calculated based on the profit attributable to the shareholders of the Company of approximately HK\$37.21 million (equivalent to approximately RMB33.89 million based on an exchange rate of RMB1=HK\$1.0982 as published by the Hong Kong Association of Banks on its website on 29 December 2023) for the year ended 31 December 2023 as set out below:

Financial Year/period end	Profit attributable to owners of the Company RMB	Earning/ (Loss) per Share (Note 1)	Closing Share price range during the period (Note 2) HK\$	Average closing Share price (Note 3) HK\$	Historical PE Ratio considering average closing price (Note 4) (times)
FY2023	33,885,000	RMB 0.00769 HK\$ 0.00845	0.12-0.15 (From 21 March 2024 to 28 June 2024)	0.138 (From 21 March 2024 to 28 June 2024)	16.33
FY2022	Loss making	RMB (0.018) HK\$ (0.02)	0.124-0.20 (From 15 June 2023 (Note 5) to 20 March 2024)	0.139 (From 15 June 2023 (Note 5) to 20 March 2024)	N/A, the Group was loss making in FY2022

1. Earning/(Loss) per Share is calculated by dividing the profit attributable to the shareholders of the Company pursuant to the disclosure in the respective annual reports of the Group over the number of issued shares as at respective year end.

For illustrative purpose, we have adopted the exchange rate below as published by the Hong Kong Association of Banks on its website at respective year/period end date and is subject to rounding:

31 December 2023 (as at 29 December 2023 as it is the last working day of the financial year): RMB1 = HK\$1.0982

31 December 2022: RMB1 = HK\$1.1299

2. Representing the range of the closing Share price during the period from the trading day following the publication by the Company of its audited annual results/commencement of the Review Period to the trading day on which the subsequent audited annual results were published/up to the Latest Practicable Date.
3. Representing the average closing Share price during the period from the trading day following the publication by the Company of its audited annual result/commencement of the Review Period to the trading day on which the subsequent audited annual results (as the case may be) were published/up to the Latest Practicable Date.
4. Calculated based on dividing the average closing price by the respective earnings per Share.
5. Being the commencement day the of the Review Period (i.e one year prior to the Last Trading Day).

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We noted that the implied PE ratio of the Offer Price is 18.9 times while the historical PE Ratio (taking into account the average closing price after the publication of the 2023 annual results up to the Latest Practicable Date) was 16.33 times, while no historical PE ratio could be computed between the commencement of the Review Period up until the publication of the financial result of the Group for the year ended 31 December 2023 on 21 March 2024 as the Group was loss making in 2022. In view of such, the Offer Price implied a better PE Ratio as compared to the available historical PE ratio during the Review Period.

(d) Trading volume

We have also reviewed the trading liquidity of the Shares during the Review Period. The table below sets out the trading volume of the Shares on the Stock Exchange during the Review Period:

				Percentage of average daily trading volume to the total number of Shares held by public Shareholders as at the Latest Practicable Date (Note 4)
	Number of trading days in the relevant month/period	Total trading volume for the month/period (Note 1)	Average daily volume for the month/period (Note 2)	Percentage of average daily trading volume to the issued Shares as at the end of each month/period (Note 3)
2023				
From 15 June to 30 June	11	6,586,800	598,800	0.01%
July	20	286,829,600	14,341,480	0.33%
August	23	56,697,700	2,465,117	0.06%
September	19	187,668,800	9,877,305	0.22%
October	20	11,302,402	565,120	0.01%
November	22	7,602,400	345,564	0.01%
December	19	68,428,427	3,601,496	0.08%
2024				
January	22	39,102,400	1,777,382	0.04%
February	19	71,344,800	3,754,989	0.09%
March	20	12,959,600	647,980	0.01%
April	20	9,180,000	459,000	0.01%
May	21	7,241,600	344,838	0.01%
From 1 June to Latest Practicable Date	15	6,052,000	403,467	0.01%
Average				0.07%
Maximum				0.33%
Minimum				0.01%

Source: Website of the Stock Exchange

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Notes:

1. Total trading volume is expressed in terms of number of Shares being traded.
2. Average daily trading volume is calculated by dividing the total trading volume for the month/period by the number of trading days during the month/period.
3. Based on the number of Shares outstanding as at the end of each month/period or at the Latest Practicable Date (as applicable).
4. Based on 2,287,053,658 Shares held by public Shareholders (which have excluded the Shares held by the Offeror and the parties acting in concert with it and the Directors) as at the Latest Practicable Date.

We note from the above table that average daily trading volume ranged from approximately 344,838 Shares to 14,341,480 Shares, representing approximately 0.01% to 0.33% of the total number of Shares in issue as at the end of the respective month/period or as at the Latest Practicable Date (as applicable), and approximately 0.02% to 0.63% of the total number of Shares held by public Shareholders (which have excluded the Shares held by the Offeror and the parties acting in concert with it and the Directors) as at the Latest Practicable Date. We noted that the trading volume during July 2023 and September 2023 was exceptionally high as disclosed in the Stock Exchange's official website. We have enquired with the management of the Group regarding the relatively high trading volume of the Shares comparing to that of the rest of the other months during the Review Period and we were advised that the Company is not aware of any particular reason that led to the higher trading volume of the Shares.

Taking into account the fact that the average daily trading volume of the Shares during the Review Period was approximately 0.07% of the total issued Shares and approximately 0.13% of the Free Float Shares, we are of the view that the trading volume of Shares is to be considered as low, and in normal circumstances, if the Qualifying Shareholders are to dispose of a large number of Shares in the market, it may exert downward pressure on the market price of Shares.

(e) Comparison against comparable companies

In order to assess the fairness and reasonableness of the Offer Price, we consider the reference to price-to-earnings multiple ("**PE Ratio**") and price-to-book multiple ("**PB Ratio**") which are all common valuation methods, would be relevant.

The Offer Price represents a PE Ratio of approximately 18.9 times calculated based on the profit attributable to the shareholders of the Company of approximately HK\$37.21 million (equivalent to approximately RMB33.89 million based on an exchange rate of RMB1=HK\$1.0982 as published by the Hong Kong Association of Banks on its website on 29 December 2023) for the year ended 31 December 2023; and a PB Ratio of approximately 0.20 times calculated based on the audited consolidated net asset value of approximately HK\$3,498.9 million (equivalent to approximately RMB3,186.0 million based on an exchange rate of RMB1=HK\$1.0982 as published by the Hong Kong Association of Banks on its website on 29 December 2023) as at 31 December 2023.

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As set out in the 2023 Annual Report for the year ended 31 December 2023, the revenue generated from the high end consumer accessories business and commodity trading business were approximately RMB710.7 million and RMB710.7 million which accounted for approximately 50.0% and 50.0% of the total revenue of the Group, respectively.

We have sought to identify comparable companies that are (i) engaged in both high end consuming accessories business and commodity trading business; (ii) listed on the Main Board of the Stock Exchange; and (iii) has a market capitalisation between HK\$100 million and HK\$1 billion, but were unable to identify comparable companies which conducted both high end consuming accessories business and commodity trading business similar to the Group.

Given that we did not identify any comparable companies which match the above criteria, we are of the view that a comparable analysis may not be applicable in assessing the fairness and reasonableness of the Partial Offer.

(f) Comparison against partial offer precedents

For the purpose of our analysis of the Offer Price, we have attempted to identify partial cash offer proposals based on the following criteria: (i) the company subject to the partial offer is publicly listed on the Stock Exchange; (ii) the partial cash offer proposals were first announced and subsequently completed during the period from 1 January 2019 up to and including the Latest Practicable Date; and (iii) the shareholding of the offeror and parties acting in concert with it of the precedents is over 30% but less than 50% prior to completion and will exceed 50% upon completion of such partial offer.

As we could only identify one precedent case, Xingda International Holdings Limited (stock code: 1899) which matches the above criteria, we are of the view that an analysis on comparison against only one partial offer precedent may not be applicable in assessing the fairness and reasonableness of the Partial Offer.

VI. DISCUSSION AND ANALYSIS

In forming our opinion and recommendation below, we have taken into account the factors set out under the section headed “V. Principal factors and reasons considered” above, none of which can be considered in isolation. We would like to draw the attention in particular to the points summarised below:

- (i) there would not be substantial change in the existing business of the Group as a result of the Partial Offer based on the intention of the Offeror as stated in section headed “2. Reasons for and benefits of the Partial Offer and intention of the Offeror” above in this letter;

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- (ii) no dividend has been declared in the past five years thus the Partial Offer provides an opportunity for Shareholders to monetize their investments in the Company immediately for cash at a premium without any downward pressure on the Share price while to participate in the future growth of the Company (which will retain its listing status on the Stock Exchange) going forward, and to benefit from the future growth and development of the Group;
- (iii) the global political situation is experiencing a high degree of unrest, making the global economy more perplexing and the business environment remains complicated and grim. China's economy has been struggling for recovery amid external instability and uncertainties as well as internal challenges. Despite, the Directors considered that the economy will recover and achieve growth in the long run, the Group's performance has been fluctuating in the last five years and apart from 2021 and 2023, the Group had been loss making in the last five financial years;
- (iv) the Offer Price represents a discount of 80.0% to the consolidated net asset value attributable to the Shareholder as at 31 December 2023 and a discount of 81.3% to the adjusted NAV per Share. Considering the fact that the Shares have been trading not at a price level close to the NAV per share and in fact at recording a discount between 82% and 83% of NAV per share for the past published financial results it may imply that the market may not value the Shares solely or directly with reference to the NAV per share and trading price of the Shares may not have a direct correlation to the change in NAV;
- (v) despite the Offer Price represents a discount of 80.0% and 81.3% to the audited consolidated net asset value attributable to the Shareholders of approximately HK\$0.80 per Share as at 31 December 2023 and the adjusted unaudited net asset value per Share of HK\$0.86 per Share respectively, we noted that over 61.1% of the total assets of the Group as at 31 December 2023 represented property, plant and equipment, investment properties, intangible assets and goodwill which were illiquid in nature; and
- (vi) the Offer Price was above the closing prices of the Shares during the majority time of the Review Period (saved for 6 trading days), the historical trading volumes of the Shares were low during the Review Period, with a range of average daily trading volume of the Shares as compared to the Shares held by the public from approximately 0.02% to approximately 0.63% and it is uncertain as to whether there would be sufficient liquidity in the Shares for the Qualifying Shareholders (especially those with relatively sizeable shareholdings) to dispose of a large volume of Shares in the open market at a fixed cash price within a short period of time without exerting downward pressure on the Shares price, therefore, the Partial Offer may represent an opportunity for the Qualifying Shareholders (especially those with relatively sizeable shareholdings) to dispose of part of their Shares at the Offer Price if they so wish and the Partial Offer may represent an opportunity for them to realise part of their investments.

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VII. RECOMMENDATION

Having considered the principal factors and reasons as discussed above, we consider that the Partial Offer (including the Offer Price) are fair and reasonable so far as the Independent Shareholders are concerned and accordingly, we advise the Independent Board Committee to recommend (i) the Independent Shareholders to approve the Partial Offer; and (ii) the Qualifying Shareholders to accept the Partial Offer.

Nonetheless, we would like to remind the Qualifying Shareholders who would like to realise their investments in the Shares to closely monitor the market price and liquidity of the Shares during the Offer Period and in any event come across any opportunity(ies) to obtain better return in selling their Shares in the open market may, instead of accepting the Partial Offer, consider selling their Shares in the open market should such sale proceeds, net of all transaction costs, exceed the amount receivable under the Partial Offer.

The Partial Offer is subject to approval pursuant to Rule 28.5 of the Takeovers Code by the Independent Shareholders holding over 50% of the Shares not held by the Offeror and parties acting in concert with it, signified by means of a separate tick box on the Form of Approval and Acceptance specifying the number of Shares in respect of which the Partial Offer is approved. Independent Shareholders should read carefully the procedures for approving the Partial Offer and Qualifying Shareholders should read carefully the procedures for accepting the Partial Offer as detailed in Appendix I to the Composite Document and the Form of Approval and Acceptance.

The Qualifying Shareholders should be aware that the Partial Offer is subject to the satisfaction of the Conditions. Accordingly, the Partial Offer may or may not become unconditional. The Qualifying Shareholders should therefore exercise caution when dealing in the Shares.

Yours faithfully,
For and on behalf of
HALCYON CAPITAL LIMITED
Terry Chu
Managing Director

Mr. Chu is a licensed person registered with the Securities and Futures Commission and a responsible officer of Halcyon Capital Limited, which is licensed under the SFO to carry out Type 6 (advising on corporate finance) regulated activities. Mr. Chu has participated in the provision of independent financial advisory services for a large number of various transactions involving companies listed on the Stock Exchange.

PROCEDURES FOR APPROVAL AND ACCEPTANCE OF THE PARTIAL OFFER**1. General Procedure for Approval and Acceptance**

- 1.1. While the number of Shares to be taken up by the Offeror pursuant to the Partial Offer represents approximately 15.00% of the issued Shares as at the Latest Practicable Date, Qualifying Shareholders may accept the Partial Offer in respect of some (which may be more than such percentage) or all of the Shares held by them. Subject to the Partial Offer becoming unconditional in all respects: (i) if valid acceptances are received for 660,602,843 Shares, all Shares validly accepted will be taken up; and (ii) if valid acceptances are received for more than 660,602,843 Shares, the total number of Shares to be taken up by the Offeror from each accepting Qualifying Shareholder will be determined by the total number of Offer Shares tendered for acceptance in accordance with the following formula:

$$\frac{A}{B} \times C$$

- A = 660,602,843 Shares, being the total number of Offer Shares for which the Partial Offer is made
- B = the total number of Offer Shares validly tendered by all Qualifying Shareholders under the Partial Offer
- C = the number of Offer Shares tendered by the relevant individual Qualifying Shareholder under the Partial Offer

As a result, it is possible that if a Qualifying Shareholder tenders all his/her/its Shares for acceptance under the Partial Offer, not all of such Shares will be taken up. Fractions of Shares will not be taken up under the Partial Offer and, accordingly, the number of Shares that the Offeror will take up from each Qualifying Shareholder in accordance with the above formula will be rounded up or down to the nearest whole number at the discretion of the Offeror.

- 1.2. Whether or not the Qualifying Shareholders accept the Partial Offer, they may approve the Partial Offer and specify the number of Shares in respect of which they approve the Partial Offer in the accompanying Form of Approval and Acceptance. Each Share, fully paid up, shall be entitled to ONE vote only. Multiple votes in respect of the same Share will not be taken into account in counting the approval of the Partial Offer. Only ONE vote for each Share may be cast. If a Shareholder has put a tick “√” to indicate his/her/its approval of the Partial Offer on the Form of Approval and Acceptance but no number of Shares in respect of such approval is specified or any other information in Box A of the Form of Approval and Acceptance is missing, incomplete or erroneous, the approval of the Partial Offer by such Shareholder will not be considered as valid until the number of Shares in respect of such approval is specified and/or such missing, incomplete or erroneous information

has been completed and rectified in such Form of Approval and Acceptance. Qualifying Shareholders may vote in respect of the total number of Shares held by him/her/it even though he/she/it does not intend to accept the Partial Offer and/or the number of Shares voted may be more than the number of Shares tendered for acceptance. Irrespective of the above, Qualifying Shareholders may specify the number of Shares in respect of which they tender for acceptance of the Partial Offer. If no number of Shares in respect of such acceptance is specified or any other information in Box B of the Form of Approval and Acceptance is missing, incomplete or erroneous, the acceptance of the Partial Offer by such Shareholder will not be considered as valid until the number of Shares in respect of such acceptance is specified and/or such missing, incomplete or erroneous information has been completed and rectified in such Form of Approval and Acceptance.

- 1.3. If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) (if applicable) in respect of the Shares is/are in the name of the Qualifying Shareholder(s), and he/she/it wishes to accept the Partial Offer whether in full or in respect of part of his/her/its holding of Shares, he/she/it should complete and return the accompanying Form of Approval and Acceptance in accordance with the instructions printed in this Composite Document and the instructions printed on the Form of Approval and Acceptance. The Qualifying Shareholder(s) who wishes to accept the Partial Offer in respect of only part of his/her/its Shares should arrange for the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) (if applicable) in respect of his/her/its Shares to be split through the Share Registrar before submitting the Form of Approval and Acceptance such that the number of Shares in respect of such acceptance specified in the Form of Approval and Acceptance shall be the same as the number of Shares represented by the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) (if applicable) submitted with such Form of Approval and Acceptance. The instructions in this Composite Document should be read together with the instructions on the Form of Approval and Acceptance (which instructions form part of the terms of the Partial Offer).
- 1.4. In order to be valid, the completed Form of Approval and Acceptance should be forwarded, and, for the purpose of acceptance of the Partial Offer only, together with the Share certificate(s), transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) (if applicable) for the number of Shares in respect of which the relevant Qualifying Shareholder wishes to accept the Partial Offer, by post or by hand to the Share Registrar, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, in an envelope marked "Hengdeli Holdings Limited – Partial Offer" as soon as possible after receipt of the Form of Approval and Acceptance but in any event by no later than 4:00 p.m. (Hong Kong time) on Thursday, 1 August 2024, being the First Closing Date as stated in this Composite

Document, or such other time and/or date as the Offeror may, subject to the Takeovers Code, decide and announce. In accordance with Rule 15.1 of the Takeovers Code, the Partial Offer must initially be open for acceptance for at least 21 days following the Despatch Date. Pursuant to Rule 15.3 of the Takeovers Code, when the Partial Offer becomes or is declared unconditional in all respects, the Partial Offer will remain open for acceptance for not less than 14 days thereafter. Pursuant to Rule 28.4 of the Takeovers Code, if the Partial Offer has been declared unconditional as to acceptances on the First Closing Date, the Offeror cannot extend the Final Closing Date to a day beyond the 14th day after the First Closing Date.

- 1.5. Unless the Partial Offer is extended or revised in accordance with the Takeovers Code, no Form of Approval and Acceptance received after the Final Closing Date will be accepted.
- 1.6. If the Form of Approval and Acceptance is executed by a person other than the registered holder, appropriate evidence of authority (e.g. a grant of probate or certified copy of a power of attorney) to the satisfaction of the Offeror must be delivered to the Share Registrar with the completed Form of Approval and Acceptance.
- 1.7. No acknowledgement of receipt of any Form of Approval and Acceptance, Share certificate(s), transfer receipt(s) or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) (if applicable) will be given.
- 1.8. In relation to any acceptance(s) of the Partial Offer in respect of Shares held in CCASS, the Offeror reserves the right to make such alterations, additions or modifications to the terms of the Partial Offer as may be necessary or desirable to give effect to any purported acceptance of the Partial Offer, whether to comply with the facilities or requirements of CCASS or otherwise, provided such alterations, additions or modifications are consistent with the requirements of the Takeovers Code or are otherwise made with the Executive's consent.

2. Nominee Holdings

- 2.1. If the Share certificate(s), transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) (if applicable) in respect of a Qualifying Shareholder's Share(s) is/are in the name of a nominee company or some name other than his/her/its own, and such Qualifying Shareholder wishes to approve and/or accept the Partial Offer (either in full or in respect of part of his/her/its holding(s) of Shares), he/she/it must either:
 - 2.1.1. lodge the Share certificate(s), transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) (if applicable) with the nominee company, or other nominee, with

instructions authorising it to approve and/or accept the Partial Offer on his/her/its behalf and requesting it to deliver the Form of Approval and Acceptance duly completed together with the relevant Share certificate(s), transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) (if applicable) to the Share Registrar, within such deadline (which may be earlier than the deadline specified under the Partial Offer) as may be stipulated by the nominee; or

- 2.1.2. arrange for the Shares to be registered in his/her/its name by the Company through the Share Registrar and send the Form of Approval and Acceptance duly completed and signed together with the relevant Share certificate(s), transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) (if applicable) to the Share Registrar by no later than 4:00 p.m. on Thursday, 1 August 2024, being the First Closing Date as stated in this Composite Document, or such other time and/or date as the Offeror may, subject to the Takeovers Code, decide and announce; or
 - 2.1.3. where his/her/its Shares are deposited in CCASS via his/her/its licensed securities dealer/broker/custodian bank, instruct his/her/its licensed securities dealer/broker/custodian bank to authorise HKSCC Nominees Limited to approve and/or accept the Partial Offer on his/her/its behalf on or before the deadline set by HKSCC Nominees Limited or any other date as shall be determined by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, that Qualifying Shareholder should check with his/her/its licensed securities dealer/broker/custodian bank for the timing on processing his/her/its instruction, and submit such instruction to his/her/its licensed securities dealer/broker/custodian bank as required by them; or
 - 2.1.4. if the Shares have been lodged with his/her/its Investor Participant Account with CCASS, authorise his/her/its instruction via the CCASS Phone System or CCASS Internet System no later than one business day before the deadline set by HKSCC Nominees Limited or any other date as shall be determined by HKSCC Nominees Limited.
- 2.2. Qualifying Shareholders with such a nominee holding of Shares should ensure that they take the above applicable course of action promptly to allow their nominee(s) sufficient time to complete the approval and/or acceptance procedure on his/her/its behalf before the First Closing Date, or such other time and/or date as the Offeror may, subject to the Takeovers Code, decide and announce.

3. Recent Transfer

If a Qualifying Shareholder has lodged transfer(s) of Shares for registration in his/her/its name and has not yet received the Share certificate(s) and wishes to approve and/or accept the Partial Offer, he/she/it should nevertheless complete and sign the Form of Approval and Acceptance and deliver it to the Share Registrar together with the transfer receipt(s) duly signed by him/her/it. Such action will be deemed to be an irrevocable authority to the Offeror, Guotai Junan Securities, Guotai Junan Capital and/or any of their respective agent(s) or such other person(s) as any of them may direct for the purpose of collecting from the Company or the Share Registrar by or on his/her/its behalf the relevant Share certificate(s) when issued and to deliver such Share certificate(s), subject to the terms of the Partial Offer, as if it was/they were delivered to the Share Registrar with the Form of Approval and Acceptance.

4. Lost or Unavailable Share Certificates

4.1. If the Share certificate(s), transfer receipt(s) and/or any other document(s) of title is/are not readily available and/or is/are lost and a Qualifying Shareholder wishes to approve and/or accept the Partial Offer, the Form of Approval and Acceptance should nevertheless be completed, signed and delivered, together with a letter stating that he/she/it has lost one or more of his/her/its Share certificate(s) and/or transfer receipts and/or other document(s) of title or that it/they is/are not readily available, to the Share Registrar so as to reach the Share Registrar no later than 4:00 p.m. on Thursday, 1 August 2024, being the First Closing Date as stated in this Composite Document, or such other time and/or date as the Offeror may, subject to the Takeovers Code, decide and announce. If the Qualifying Shareholder finds such document(s) or if it/they become available, the relevant Share certificate(s), transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) (if applicable) should be forwarded to the Share Registrar as soon as possible thereafter and in any event no later than 4:00 p.m. on Thursday, 1 August 2024, being the First Closing Date as stated in this Composite Document, or such other time and/or date as the Offeror may, subject to the Takeovers Code, decide and announce.

4.2. If a Qualifying Shareholder has lost his/her/its Share certificate(s), transfer receipt(s) and/or any other document(s) of title, he/she/it should write to the Share Registrar and request a letter of indemnity in respect of the lost Share certificate(s), transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) (as the case may be) which, when completed in accordance with the instructions given, should be returned, together with the Form of Approval and Acceptance and any Share certificate(s), transfer receipt(s) and/or any other document(s) of title which are available, to the Share Registrar either by post or by hand, so as to arrive not later than 4:00 p.m. on the First Closing Date as stated in this Composite Document, or such other time and/or date as the Offeror may, subject to the Takeovers Code, decide and announce. In such cases, the Qualifying Shareholder will be informed of the fees and/or expenses payable to the Share Registrar for which he/she/it will be responsible.

Qualifying Shareholders may also contact the Share Registrar (through the enquiry hotline at +852 2862 8555) to enquire about the applicable fees or any of the arrangements relating to lost or unavailable share certificates, or any of the other administrative and/or procedural arrangements relating to approval and/or acceptance of the Partial Offer.

5. Additional Forms of Approval and Acceptance

If a Qualifying Shareholder has lost the accompanying Form of Approval and Acceptance or such original has become unusable, and requires a replacement of such form, he/she/it should write to the Share Registrar or visit the Share Registrar at its office and request an additional Form of Approval and Acceptance for completion by such Qualifying Shareholder. Alternatively, he/she/it could download it from the website of the Stock Exchange at www.hkexnews.hk or the website of the Company at www.hengdeligroup.com.

6. Settlement

6.1. Provided that the Partial Offer becomes unconditional in all respects and a duly completed Form of Approval and Acceptance, accompanied by the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) (if applicable) are received by the Share Registrar by no later than 4:00 p.m. on the Final Closing Date (or such other time and/or date as the Offeror may, subject to the Takeovers Code, decide and announce) and are in order in all respects and in accordance with the Takeovers Code, the Share Registrar will send to the relevant Accepting Shareholder by ordinary post, at his/her/its own risks, a remittance for the amount due to him/her/it under the Partial Offer and (if applicable) any Share certificate(s) and/or any transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) (if applicable) for Shares not taken up or, if applicable, Share certificate(s) in respect of the balance of such Shares (taking into account of any scaling down of his/her/its acceptance, stamp duty and the fees payable to the Share Registrar in respect of lost or unavailable Share certificates) in accordance with the authority and provisions contained in the Form of Approval and Acceptance as soon as possible but in any event no later than 7 business days (as defined in the Takeovers Code) after the Final Closing Date. Settlement of the consideration to which any Accepting Shareholder is entitled under the Partial Offer will be implemented in full in accordance with the terms of the Partial Offer (save with respect to payment of seller's ad valorem stamp duty) without regard to any lien, right of set-off, counterclaim, or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Accepting Shareholder.

6.2. If the Partial Offer does not become unconditional in all respects, the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) (as the case may be) will be returned and/or sent to each Accepting Shareholder (by ordinary

post, at that Accepting Shareholder's own risk) as soon as possible but in any event no later than 7 business days (as defined in the Takeovers Code) after the lapse of the Partial Offer. Where such Accepting Shareholder has sent one or more transfer receipt(s) and in the meantime one or more Share certificate(s) has/have been collected by or on behalf of that Accepting Shareholder in respect thereof, that Accepting Shareholder will be sent (by ordinary post, at that Accepting Shareholder's own risk) such Share certificate(s) in lieu of the transfer receipt(s).

- 6.3. If the Shares tendered by an Accepting Shareholder have not been taken up by the Offeror in full, the Share certificate(s) or transfer receipt(s) or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) (as the case may be) in respect of the balance of such Shares or a replaced certificate will be returned or sent to him/her/it by ordinary post at his/her/its own risk as soon as possible but in any event no later than 7 business days (as defined in the Takeovers Code) after the Final Closing Date.

7. New Shareholders

Any new Shareholder may collect a copy of this Composite Document, together with a blank Form of Approval and Acceptance from the Share Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong during the period from the date of this Composite Document to the Final Closing Date (both days inclusive), between 9:00 a.m. and 4:30 p.m. (Hong Kong time) from Mondays to Fridays (other than public holidays). Such Shareholder may also contact the Share Registrar (through the enquiry hotline at +852 2862 8555) and request a copy of this Composite Document and a blank Form of Approval and Acceptance (as appropriate) to be sent to his/her/its registered address as recorded in the Register.

EFFECT OF ACCEPTANCE OF THE PARTIAL OFFER BY QUALIFYING SHAREHOLDERS

By validly accepting the Partial Offer, the Qualifying Shareholders will sell their tendered Shares which are finally taken up by the Offeror in accordance with the above formula under the section headed "Procedures for Approval and Acceptance of the Partial Offer – 1. General Procedure for Approval and Acceptance" in this Appendix to the Offeror, free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights and benefits at any time accruing and attaching thereto, including all rights to any dividend or other distributions the record date of which falls on or after the Final Closing Date.

Each Qualifying Shareholder by whom, or on whose behalf, a Form of Approval and Acceptance is executed irrevocably undertakes, represents, warrants and agrees to and with the Offeror, Guotai Junan Securities and Guotai Junan Capital (so as to bind him/her/it, his/her/its personal representatives, heirs, successors and assigns) to the effect:

1. Irrevocable Acceptances

That the Form of Approval and Acceptance which has been duly completed and received by the Share Registrar will constitute irrevocable approval and/or acceptance of the Partial Offer in respect of the number of Shares inserted in the Form and Acceptance and Approval for such purposes subject to and on the terms of the Partial Offer, except in the case of the acceptance of the Partial Offer, in compliance with Rule 17 of the Takeovers Code or in the circumstances that the Executive requires that such Accepting Shareholder is granted a right to withdraw in accordance with Rule 19.2 of the Takeovers Code. Rule 19.2 of the Takeovers Code relates to failure to announce the results of the Partial Offer as set out in the section headed “Announcements” in this Appendix and provides that the Executive may require that Accepting Shareholders be granted a right of withdrawal, on terms acceptable to the Executive, until the requirements of Rule 19 of the Takeovers Code can be met. Rule 17 of the Takeovers Code relates to the right of the Accepting Shareholder to withdraw his/her/its acceptance of the Partial Offer after 21 days from the First Closing Date, if the Partial Offer has not by then become unconditional as to acceptances. The Offeror will make an announcement in the event such situation arises to advise on the right of withdrawal.

If the Partial Offer is withdrawn with the consent of the Executive in accordance with the Takeovers Code, the Offeror shall, as soon as possible but in any event no later than 7 business days (as defined in the Takeovers Code) after the date of such withdrawal, return the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) (if applicable) in respect of such number of Shares lodged with the Form of Approval and Acceptance to the relevant Accepting Shareholder(s) by ordinary post.

2. Execution

That the due execution of the Form of Approval and Acceptance, subject to Rule 19.2 of the Takeovers Code, shall constitute approval by the relevant Qualifying Shareholder of the Partial Offer in respect of the number of Shares inserted in Box A and an acceptance by the relevant Qualifying Shareholder of the Partial Offer in respect of the number of the Shares inserted in Box B of the Form of Approval and Acceptance and subject to the terms and conditions set out or referred to in this Composite Document and the Form of Approval and Acceptance and that, once lodged, such acceptance shall be irrevocable, unless withdrawn in accordance with the Takeovers Code.

3. Representation and Warranties

- (a) That he/she/it has full power and authority to tender, sell, assign and transfer all the Shares (together with all rights and benefits at any time accruing and attaching thereto, including all rights to any dividend or other distributions the record date of which falls on or after the Final Closing Date) specified in such Form of Approval and Acceptance under the Partial Offer and that the Shares are fully paid and free from all liens, charges, options, claims, equities, adverse interests, third party rights

or encumbrances whatsoever and together with all rights and benefits at any time accruing and attaching thereto, including all rights to any dividend or other distributions the record date of which falls on or after the Final Closing Date; and

- (b) That if he/she is a resident, national or citizen of or it is an entity incorporated in a jurisdiction outside Hong Kong, he/she/it has fully observed any applicable legal or other requirements and that the Partial Offer may be accepted by him/her/it lawfully under the laws of the relevant jurisdiction and such acceptance shall be valid and binding in accordance with all applicable laws and regulations. Qualifying Shareholders should consult their professional advisers if in doubt.

4. Appointment and Authority

That the due execution of the Form of Approval and Acceptance constitutes:

- (a) the irrevocable appointment of the Offeror, Guotai Junan Securities, Guotai Junan Capital, any director or officer of the Offeror, Guotai Junan Securities or Guotai Junan Capital, or such other person as any of them may direct, as such Qualifying Shareholder's agent ("**Agent**"); and
- (b) an irrevocable instruction to the Agent to complete and execute the Form of Approval and Acceptance and/or any other document at the Agent's discretion on behalf of the person accepting the Partial Offer and to do any other acts or things (such as, among others, due execution of instruments of transfer and/or contract notes to effect transfers of Shares accepted by the Offeror pursuant to the Partial Offer to the Offeror and to tender the relevant Share certificate(s) for cancellation) as may in the opinion of the Agent be necessary, expedient or desirable for the purpose of the Offeror to acquire some or all of the Shares (as the Offeror may determine in accordance with the formula as set out in the paragraph headed "Other terms of the Partial Offer" in the letter from Guotai Junan Capital in respect of which such person has accepted the Partial Offer).

5. Undertakings

That by executing the Form of Approval and Acceptance, he/she/it:

- (a) agrees to ratify and confirm each and every act or thing which may be done or effected by the Offeror or any Agent in the proper exercise of his/her/its powers and/or authorities under the terms of the Partial Offer (such as, among others, acts or things effecting the transfer of Offer Shares accepted by the Offeror pursuant to the Partial Offer);
- (b) undertakes to deliver to the Share Registrar the Share certificate(s), transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) (if applicable) in respect of the Shares for which the Partial Offer is accepted, or an indemnity or indemnities acceptable to the

Offeror in lieu thereof, or to procure the delivery of such document(s) to the Share Registrar as soon as possible thereafter and, in any event, no later than 4:00 p.m. on Thursday, 1 August 2024, being the First Closing Date as stated in this Composite Document, or such other time and/or date as the Offeror may, subject to the Takeovers Code, decide and announce;

- (c) accepts that the provisions of the Form of Approval and Acceptance and the other terms and conditions in this Composite Document are deemed to be incorporated into the terms and conditions of the Partial Offer;
- (d) undertakes to execute any further deeds and/or documents, do any such acts or things and give any further assurances which may be required in connection with his/her/its acceptance of the Partial Offer as the Offeror may consider to be necessary, expedient or desirable in accordance with the Takeovers Code, including, without limitation, to acquire any Shares in respect of which he/she/it has accepted the Partial Offer free from all liens, charges, options, claims, equities, adverse interests, third parties rights or encumbrances whatsoever and together with rights and benefits at any time accruing and attaching thereto, including all rights to any dividend or other distributions the record date of which falls on or after the Final Closing Date and/or to perfect any of the authorities expressed to be given hereunder;
- (e) authorises the Offeror or the Agent to procure the despatch by post of the consideration to which he/she/it is entitled at his/her/its risk to the address of the registered Shareholder or the first-named of joint registered Shareholders on the Register or, if different, to the name and address of the person as specified on the Form of Approval and Acceptance; and
- (f) submits to the non-exclusive jurisdiction of the courts of Hong Kong in relation to all matters arising out of or in connection with the Partial Offer or the Form of Approval and Acceptance.

6. General

That:

- (a) acceptance of the Partial Offer by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror, Guotai Junan Securities and Guotai Junan Capital that the Shares acquired under the Partial Offer are fully paid and sold by any such person or persons free from all liens, charges, options, claims, equities, adverse interests, third party rights or encumbrances whatsoever and together with all rights accruing or attaching thereto, including, without limitation, the right to receive dividends and other distributions declared, made or paid, if any, on or after the Final Closing Date;

- (b) the Qualifying Shareholders may approve and/or accept the Partial Offer by completing the Form of Approval and Acceptance in accordance with the instructions set out in the Form of Approval and Acceptance (which constitute part of the terms of the Partial Offer). A Form of Approval and Acceptance will be rejected as invalid if the procedures and/or instructions contained in this Composite Document and in the Form of Approval and Acceptance are not complied with;
- (c) the Partial Offer and all acceptances of it, the Form of Approval and Acceptance and all contracts made pursuant to the Partial Offer, and all actions taken or made or deemed to be taken or made pursuant to these terms will be governed by and construed in accordance with Hong Kong laws. Delivery of a Form of Approval and Acceptance will constitute submission to the non-exclusive jurisdiction of the Hong Kong courts;
- (d) the accidental omission to despatch, or the failure of any person to receive this Composite Document or the Form of Approval and Acceptance, will not invalidate any aspect of the Partial Offer. Extra prints of these documents are available to any Qualifying Shareholder at the office of the Share Registrar during the period from the date of this Composite Document to the Final Closing Date (both days inclusive), between 9:00 a.m. and 4:00 p.m. (Hong Kong time) from Mondays to Fridays (other than public holidays), and on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.hengdeligroup.com;
- (e) the Offeror reserves the right, subject to any applicable law or regulatory requirements (including the Takeovers Code), to amend the Offer Price or other terms of the Partial Offer. In the event of such amendment (which will not, for the avoidance of doubt, include an alteration of the total number of Offer Shares), a supplemental document and new Form of Approval and Acceptance ("**Revised Form of Approval and Acceptance**") will be despatched to the Qualifying Shareholders. Any revised Partial Offer will be kept open for at least 14 days following the date on which the revised offer document is despatched. If in the course of the Partial Offer, the Offeror revises the terms of the Partial Offer, all Qualifying Shareholders, whether they have accepted the Partial Offer or not, will be entitled to the revised terms. Qualifying Shareholders, whether or not they have submitted the Form of Approval and Acceptance to the Share Registrar and whether or not they have approved and/or accepted the Partial Offer, may submit the Revised Form of Approval and Acceptance. If a Qualifying Shareholder chooses to submit the Revised Form of Approval and Acceptance, the approval, acceptance and number of Shares specified for approval and/or acceptance as stated on the Revised Form of Approval and Acceptance completed and lodged in accordance with the instructions set out therein shall prevail, otherwise, the execution of the Form of Approval and Acceptance by or on behalf of any Qualifying Shareholder who has accepted the Partial Offer shall be deemed to constitute valid acceptance of the revised Partial Offer unless such Qualifying Shareholder becomes entitled to withdraw his or her acceptance and has duly done so in accordance with the terms of the Partial Offer

as set out in this Composite Document and/or the relevant supplemental document. Accordingly, Qualifying Shareholders who have accepted the Partial Offer and lodged the completed Form of Approval and Acceptance in accordance with the instructions set out therein prior to the despatch of the relevant supplemental document need not complete and submit the Revised Form of Approval and Acceptance;

- (f) the right of acceptance of the Partial Offer is personal to the Qualifying Shareholders and is not capable of being assigned or renounced in favour of others or otherwise transferred by the Qualifying Shareholders;
- (g) all questions as to the number of Offer Shares to be taken up by the Offeror, the Offer Price to be paid therefor, or any alteration of such price in accordance with the terms contained herein, and the validity, form, eligibility (including the time of receipt) and acceptance for payment of any acceptance will be determined by the Offeror in its sole discretion, which determination will be final and binding on all of the parties (except as otherwise required under the applicable laws or by the Executive). The Offeror reserves the absolute right to reject any or all acceptances it determines not to be in proper form or the acceptance or payment for which may, in the opinion of the Offeror, be unlawful;
- (h) any irregular acceptance failing to satisfy the requirements of Rule 30.2 of the Takeovers Code and the notes thereto will not be counted towards fulfilling the acceptance condition of the Partial Offer and approval requirements under Rule 28.5. None of the Offeror, the Company, Guotai Junan Securities, Guotai Junan Capital, the Share Registrar or any of their respective directors or any other person involved in the Partial Offer is or will be obliged to give notice of any defects or irregularities in acceptances and none of them will incur any liability for failure to give any such notice;
- (i) in making their decisions, the Qualifying Shareholders must rely on their own examination of the Group and the terms of the Partial Offer including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein, together with the Form of Approval and Acceptance, shall not be construed as any legal or business advice on the part of the Offeror, the Company, Guotai Junan Securities, Guotai Junan Capital or any other person involved in the Partial Offer. Shareholders should consult their own professional advisers for professional advice in relation to their decisions; and
- (j) all communications, notices, Form(s) of Approval and Acceptance, Share certificate(s), transfer receipt(s), other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances (including the payment of consideration which the Qualifying Shareholders are entitled) to be delivered or sent by, to or from the Shareholders will be delivered or sent by, to and from them, or their designated agents, at their own risks and none of the Offeror, the

Company, Guotai Junan Securities, Guotai Junan Capital, the Independent Financial Adviser or the Share Registrar or any of their respective directors or any other person involved in the Partial Offer accepts any liability for any loss or any other liabilities whatsoever which may arise as a result.

OVERSEAS SHAREHOLDERS

This Composite Document will not be filed or registered under the applicable securities or equivalent legislation or rules of any jurisdiction other than Hong Kong.

The making of the Partial Offer to Qualifying Shareholders who are citizens, residents or nationals of jurisdictions outside Hong Kong may be subject to the laws and regulations of the relevant jurisdictions. Such Qualifying Shareholders may be prohibited from participating in the Partial Offer or affected by the laws and regulations of the relevant jurisdictions and it is the responsibility of each such Qualifying Shareholder who wishes to accept the Partial Offer to satisfy himself/herself/itself 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, or filing and registration requirements which may be required to comply with all necessary formalities or legal or regulatory requirements and the payment of any transfer or other taxes due from such Shareholder in such relevant jurisdictions.

Any acceptance by any Qualifying Shareholder will be deemed to constitute a representation and warranty from such Qualifying Shareholder to the Offeror and the Company that all local laws and requirements in connection with such acceptance have been complied with and that the Partial Offer can be accepted by such Qualifying Shareholder lawfully under the laws and regulations of the relevant jurisdiction and such acceptance shall be valid and binding in accordance with all applicable laws and regulations. Qualifying Shareholders should consult their professional advisers if in doubt.

TAXATION AND HONG KONG STAMP DUTY

Qualifying Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptance of the Partial Offer. It is emphasized that none of the Offeror, the Company and their ultimate beneficial owners and parties acting in concert with any of them, Guotai Junan Securities, Guotai Junan Capital, the Share Registrar or any of their respective directors or professional advisers or any persons involved in the Partial Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance of the Partial Offer.

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

such Qualifying Shareholder on valid acceptance of the Partial Offer in respect of Offer Shares taken by the Offeror (where the stamp duty calculated includes a fraction of HK\$1, the stamp duty will be rounded-up to the nearest HK\$1). The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Qualifying Shareholders accepting the Partial Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Partial Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

ANNOUNCEMENTS

The announcement of the results of the Partial Offer will be jointly issued by the Offeror and the Company on the website of the Stock Exchange by 7:00 p.m. on the day when the Partial Offer has become or has been declared unconditional as to acceptances (if such date is prior to the First Closing Date) or on the First Closing Date, as the case may be, and on the Final Closing Date. Such announcement will comply with the disclosure requirements under Rule 19.1 and Note 7 to Rule 19 of the Takeovers Code and will include, amongst other things, the results of the Partial Offer, and details of the way in which each Accepting Shareholder's pro-rata entitlement was determined. In any announcement of an extension of the Partial Offer, either the next closing date will be stated or, if the Partial Offer is unconditional in all respects, a statement may be made that the Partial Offer will remain open for acceptance for such period in accordance with the Takeovers Code. Pursuant to Rule 28.4 of the Takeovers Code, if the Partial Offer has been declared unconditional as to acceptances on the First Closing Date, the Offeror cannot extend the Final Closing Date to a day beyond the 14th day after the First Closing Date.

Each of such announcements will specify the total number of Shares:

- (a) for which acceptances of the Partial Offer have been received;
- (b) held, controlled or directed by the Offeror or parties acting in concert with it before the Offer Period; and
- (c) acquired or agreed to be acquired during the Offer Period by the Offeror or any parties acting in concert with it.

Each of such announcements will include the details of the way in which each of the Accepting Shareholder's pro-rata entitlement was/is to be determined in compliance with Note 7 to Rule 19 of the Takeovers Code.

Each of such announcements will include details of any relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company which the Offeror or any parties acting in concert with it has borrowed or lent, save for any borrowed Shares which have been either on-lent or sold.

Each of such announcements will include the percentages of the relevant classes of share capital of the Company, and the percentages of voting rights represented by these numbers.

As required under the Takeovers Code, all announcements in relation to the Partial Offer, in respect of which the Executive has confirmed that he has no further comments thereon, will be published on the websites of the Stock Exchange and the Company.

INTERPRETATION

A reference in this Composite Document to a Qualifying Shareholder includes a reference to a person(s) who, by reason of an acquisition or transfer of Shares is entitled to execute a Form of Approval and Acceptance and in the event of more than one person executing a Form of Approval and Acceptance, the provisions of this Composite Document apply to them jointly and severally.

A reference in this Composite Document and the Form of Approval and Acceptance shall include any extension and/or revision thereof.

(A) FINANCIAL INFORMATION OF THE GROUP

Set out below is a summary of the audited consolidated financial information of the Group for each of the years ended 31 December 2021, 2022 and 2023 as extracted from annual reports for the year ended 31 December 2022 and 2023 of the Company respectively.

The consolidated financial statements of the Group for each of the years ended 31 December 2021, 2022 and 2023 were audited by ZHONGHUI ANDA CPA Limited and did not contain any qualified or modified opinion, nor any emphasis of matter or material uncertainty related to going concern.

	For the year ended 31 December		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Continuing operations			
Revenue	877,994	1,039,286	1,421,454
Cost of sales	(740,079)	(915,693)	(1,206,189)
Gross profit	137,915	123,593	215,265
Other revenue	35,822	32,033	47,299
Other net loss	(1,377)	(71,691)	(6,394)
Distribution costs	(52,532)	(55,481)	(61,100)
Administrative expenses	(118,238)	(133,323)	(172,805)
Profit/(loss) from operations	1,590	(104,869)	22,265
Share of profits of associates	50,997	76,457	16,358
Finance costs	(2,909)	(3,288)	(5,385)
Profit/(loss) before taxation	49,678	(31,700)	33,238
Income tax credit/(expense)	(392)	(2,970)	1,953
Profit/(loss) for the year from continuing operations	49,286	(34,670)	35,191
Discontinued operations			
Loss for the year from discontinued operations	(29,076)	(53,469)	–
Profit/(loss) for the year	20,210	(88,139)	35,191
Attributable to:			
Owners of the Company			
– Continuing operations	55,358	(26,553)	33,885
– Discontinued operations	(29,076)	(53,469)	–
	26,282	(80,022)	33,885

	For the year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
	(audited)	(audited)	(audited)
Attributable to:			
Non-controlling interests			
– Continuing operations	(6,072)	(8,117)	1,306
– Discontinued operations	—	—	—
	<u>(6,072)</u>	<u>(8,117)</u>	<u>1,306</u>
Profit/(loss) for the year	20,210	(88,139)	35,191
Basic and diluted earnings/(loss) per share			
– Continuing operations	RMB0.012	RMB(0.006)	RMB0.008
– Discontinued operations	<u>RMB(0.006)</u>	<u>RMB(0.012)</u>	<u>—</u>
	<u>RMB0.006</u>	<u>RMB(0.018)</u>	<u>RMB0.008</u>
Profit/(loss) for the year	20,210	(88,139)	35,191
Other comprehensive income for the year (after tax and reclassification adjustments)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of overseas subsidiaries' financial statements	(39,325)	109,319	23,375
Share of associates exchange differences on translating foreign operations	<u>(747)</u>	<u>7,163</u>	<u>2,615</u>
	<u>(40,042)</u>	<u>116,482</u>	<u>25,990</u>
Items that will not be reclassified subsequently to profit or loss:			
Equity investments at fair value through other comprehensive income – net movement in fair value reserves (non-recycling)	(60,485)	(195,425)	(59,515)

	For the year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
	(audited)	(audited)	(audited)
Exchange differences on translation of equity investments at fair value through other comprehensive income	(9,516)	41,156	6,596
Exchange differences on translation of the Company's financial statements	(28,876)	89,889	17,538
	<u>(98,877)</u>	<u>(64,380)</u>	<u>(35,381)</u>
Total comprehensive income for the year	(118,709)	(36,037)	25,800
Attributable to:			
Owners of the Company			
– continuing operations	(78,363)	11,780	24,496
– discontinued operations	(33,895)	(39,510)	–
	<u>(112,258)</u>	<u>(27,730)</u>	<u>24,496</u>
Attributable to:			
Non-controlling interests			
– continuing operations	(6,451)	(8,307)	1,304
– discontinued operations	–	–	–
	<u>(6,451)</u>	<u>(8,307)</u>	<u>1,304</u>
Total comprehensive income for the year	(118,709)	(36,037)	25,800

The Company did not distribute any dividends to the Shareholders for the years ended 31 December 2021, 2022 and 2023 respectively. Save as disclosed above, there are no other items or expenses which were material in respect of the consolidated financial results of the Group for the three years ended 31 December 2021, 2022 and 2023. There were no change in accounting policy for the three years ended 31 December 2021, 2022 and 2023 which would result in the financial figures for such years not being comparable to a material extent.

By taking into account the effect of fair value changes arising from the valuation of all the property interests of the Group as at 31 March 2024 (as contained in the property valuation report of the Group (the “**Valuation Report**”) set out in Appendix V to this Composite Document), set out below is the calculation of the adjusted net assets value of the Group:

	RMB'000 (except for the adjusted net asset value per Share)
Audited consolidated net asset value of the Group attributable to Shareholders as at 31 December 2023 (<i>Note 1</i>)	3,186,036
Adjustments:	
– Fair value changes on the property interests of the Group as at 31 March 2024 attributable to Shareholders based on the Valuation Report (<i>Note 2</i>)	253,093
Adjusted net asset value	3,439,129
Adjusted net asset value per Share (<i>Note 3</i>)	RMB0.78 (equivalent to approximately HK\$0.86)

Notes:

1. The amount is extracted from the audited consolidated statement of financial position of the Group as at 31 December 2023.
2. The fair value change represents the excess of market value of the property interests as at 31 March 2024 over their corresponding carrying amount as at 31 December 2023 less the amount attributable to minority shareholders of the Group, as illustrated below:

Calculation of fair value gain

	<i>RMB'000</i>
Fair value of property interests of the Group as at 31 March 2024 (as set out in Appendix V to this Composite Document)	948,300
Less: Carrying value of the relevant property interests as at 31 December 2023	682,618
Fair value gain	265,682
Among which attributable to the Shareholders	253,093

3. The Adjusted net asset value per Share is arrived at on the basis of 4,404,018,959 Shares in issue as at the Latest Practicable Date. The exchange rate of RMB1 : HK\$1.0982, being the exchange rate published by the Hong Kong Association of Banks on its website as at 29 December 2023 (being the last business day in Hong Kong for the year of 2023), is adopted for the conversion of RMB into HK\$.

(B) CONSOLIDATED FINANCIAL INFORMATION

The Company is required to set out or refer to in this Composite Document the consolidated statement of financial position, statement of cash flows and any other primary statement as shown in the audited consolidated financial statements of the Group for the years ended 31 December 2021, 2022 and 2023, together with the significant accounting policies and any points from the notes to the relevant published financial statements which are of major relevance to the appreciation of the above financial information.

The audited consolidated financial statements of the Group for the year ended 31 December 2023 has been set out on pages 97 to 232 of the annual report of the Company for the year ended 31 December 2023 which was posted on 8 April 2024 on the Stock Exchange's website (<http://www.hkexnews.hk>).

Please see below the link to the annual report of the Company for the year ended 31 December 2023:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0408/2024040801518.pdf>

The audited consolidated financial statements of the Group for the year ended 31 December 2022 has been set out on pages 89 to 221 of the annual report of the Company for the year ended 31 December 2022 which was posted on 3 April 2023 on the Stock Exchange's website (<http://www.hkexnews.hk>).

Please see below the link to the annual report of the Company for the year ended 31 December 2022:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0403/2023040303190.pdf>

The audited consolidated financial statements of the Group for the year ended 31 December 2021 has been set out on pages 85 to 205 of the annual report of the Company for the year ended 31 December 2021 which was posted on 4 April 2022 on the Stock Exchange's website (<http://www.hkexnews.hk>).

Please see below the link to the annual report of the Company for the year ended 31 December 2021:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0404/2022040401784.pdf>

The audited consolidated financial statements of the Group for each of the three years ended 31 December 2021, 2022 and 2023 (but not any other parts of the annual reports for the years ended 31 December 2021, 2022 and 2023) are incorporated by reference into this Composite Document and form part of this Composite Document.

(C) STATEMENT OF INDEBTEDNESS

At the close of business on 31 March 2024, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Composite Document, the Group had the following liabilities:

	<i>RMB'000</i>
Secured and guaranteed	
Bank loans	118,414
Unsecured and unguaranteed	
Lease liabilities	27,421
Total	145,835

The secured bank loans are secured by (i) certain land and buildings of the Group; (ii) corporate guarantee of a subsidiary of the Company and (iii) personal guarantee of a non-controlling shareholder of a subsidiary of the Company.

As at 31 March 2024, the Group did not have any contingent liabilities.

Save as aforesaid, and apart from intra-group liabilities, at the close of business on 31 March 2024, the Group had no other outstanding mortgages, charges, debentures or other loan capital or bank overdrafts or loans or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance or acceptance credits, debt securities, guarantees or other material contingent liabilities.

(D) MATERIAL CHANGE

The Directors confirm that, save for the following matters, there has been no material change in the financial or trading position or outlook of the Group subsequent to 31 December 2023, the date to which the latest audited consolidated financial statements of the Company were made up, up to and including the Latest Practicable Date.

1. While the Group had recorded a profit during the financial year ended December 31, 2023, pursuant to the management account for the three months period ended March 31, 2024, the Group record a slight loss attributable to owners of the Company in the first quarter of 2024, in which the Group's financial performance changed from a profit making position in 2023 to a loss making position during the three months ended March 31, 2024 (the "Estimate Statement"); and

2. Given that (i) the Group provides shop design and decoration services on project basis; and (ii) the Group's businesses include commodity trading and as a result of the nature and size of such commodity business, major suppliers and customers of the Group are different from the major suppliers and customers in the financial year ended 31 December 2023 in particular certain major suppliers which accounted for over 20% of the Group's procurement amount in 2023 had yet to enter into procurement transactions with the Group in the first three months of 2024 and certain major customers of the Group which accounted for over 40% of the revenue in 2023 had yet to enter into or reduced their transactions with the Group.

The Estimate Statement constitutes a profit forecast under Rule 10 of the Takeovers Code and shall be reported on by each of the financial adviser to and auditor or reporting accountant of the Company in accordance with Rule 10.1 and Rule 10.2 of the Takeovers Code. Accordingly, the Estimate Statement has been reported on by the Independent Financial Adviser and ZHONGHUI ANDA CPA Limited (being the auditor of the Company) as set out in Appendix III and Appendix IV to this Composite Document respectively.

**APPENDIX III LETTER FROM THE INDEPENDENT FINANCIAL
ADVISED ON THE ESTIMATE STATEMENT**

4 July 2024

The Board of Directors

Hengdeli Holdings Limited

Room 301, 3/F, Lippo Sun Plaza,
28 Canton Road, Tsim Sha Tsui,
Kowloon, Hong Kong

Dear Sirs,

We refer to the statement in relation to the estimate of the unaudited consolidated loss for the period attributable to owners of the parent for the three months ended 31 March 2024 (the “**Estimate Statement**”) as set out in statement (1) under the section headed “Material Change” in Appendix II to the composite offer and response document jointly issued by Hengdeli Holdings Limited (the “**Company**”) and Empire Charm Limited (the “**Offeror**”) dated 4 July 2024 (the “**Composite Document**”) in relation to the voluntary conditional cash partial offer made on behalf of the Offeror to acquire 660,602,843 shares in the share capital of the Company from qualifying shareholders. Capitalised terms used herein shall have the same meanings as defined in the Composite Document unless otherwise specified.

With reference to the Estimate Statement made by the Directors, it states that:

“pursuant to the management account for the three months period ended March 31, 2024, the Group record a slight loss attributable to owners of the Company in the first quarter of 2024, in which the Group’s financial performance changed from a profit making position in 2023 to a loss making position during the three months ended March 31, 2024”

The Estimate Statement constitutes a profit forecast under Rule 10 of the Takeovers Code and is required to be reported on by the Company’s financial adviser or independent financial adviser, and its auditors or consultant accountants.

We have reviewed the Estimate Statement and other relevant information and documents (in particular, the unaudited consolidated management accounts of the Group for the three months ended 31 March 2024 (the “**Unaudited Management Accounts**”)) which you as the Directors are solely responsible for, and discussed with you and the senior management of Company the information and documents (in particular, the Unaudited Management Accounts) provided by the Company which formed the key bases upon which the Estimate Statement has been made. In respect of the accounting policies and calculations concerned, upon which the Estimate Statement has been made, we have considered, and relied upon, the report as set out in the Appendix IV to the Composite Document addressed to the Board from ZHONGHUI ANDA CPA Limited, being the auditors of the Company. ZHONGHUI ANDA CPA Limited is of the opinion that so far as the accounting policies and calculations are concerned, the

**APPENDIX III LETTER FROM THE INDEPENDENT FINANCIAL
ADVISER ON THE ESTIMATE STATEMENT**

Estimate Statement has been properly compiled and presented in accordance with a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the audited consolidated financial statements of the Group for the year ended 31 December 2023.

Based on the above, we are of the opinion that the Estimate Statement, for which the Directors are solely responsible for, has been prepared with due care and consideration.

For the purpose of this letter, we have relied on and assumed the accuracy and completeness of all information provided to us and/or discussed with the Group. We have not assumed any responsibility for independently verifying the accuracy and completeness of such information or undertaken any independent evaluation or appraisal of any of the assets or liabilities of the Group. Save as provided in this letter, we do not express any other opinion or views on the Estimate Statement. The Directors remain solely responsible for the Estimate Statement.

Our opinion has been given for the sole purpose of compliance with Note 1(c) to Rules 10.1 and 10.2 of the Takeovers Code and for no other purpose. We do not accept any responsibility to any person(s), other than the Company, in respect of, arising out of, or in connection with this letter.

Yours faithfully,
For and on behalf of
Halcyon Capital Limited
Terry Chu
Managing Director

4 July 2024

The Board of Directors
Hengdeli Holdings Limited
Hong Kong

Dear Sirs,

ESTIMATE STATEMENT FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024

We refer to the statement as set out in the composite document of the Company dated 4 July 2024 in relation to the material change of the Group, which contains an estimate of unaudited consolidated loss of the Group for the three months ended 31 March 2024 (the “**Estimate Statement**”) as extracted below:

“pursuant to the management account for the three months period ended March 31, 2024, the Group record a slight loss attributable to owners of the Company in the first quarter of 2024, in which the Group’s financial performance changed from a profit making position in 2023 to a loss making position during the three months ended March 31, 2024.”

The Estimate Statement has been prepared by the directors of the Company and constitutes a profit forecast under Rule 10 of the Code on Takeovers and Mergers issued by the Securities and Futures Commission.

DIRECTORS’ RESPONSIBILITIES

The Estimate Statement has been prepared by the directors of the Company based on the unaudited consolidated management accounts of the Group for the three months ended 31 March 2024.

The Company’s directors are solely responsible for the Estimate Statement.

OUR INDEPENDENCE AND QUALITY MANAGEMENT

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements”, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

REPORTING ACCOUNTANTS’ RESPONSIBILITIES

Our responsibility is to express an opinion on the accounting policies and calculations of the Estimate Statement based on our procedures.

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 “Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness” and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the HKICPA. Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company’s directors have properly compiled the Estimate Statement in accordance with the bases and as to whether the Estimate Statement is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

OPINION

In our opinion, so far as the accounting policies and calculations are concerned, the Estimate Statement has been properly compiled in accordance with the bases and presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the audited financial statements of the Group for the year ended 31 December 2023.

Yours faithfully,
ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Hong Kong

4 July 2024



Level 3, Three Pacific Place,
1 Queen's Road East,
Hong Kong

The Board of Directors
Hengdeli Holdings Limited
Unit 3807-09, Tower 6,
The Gateway, Harbour City,
Kowloon, Hong Kong

Dear Sirs,

In accordance with the instruction from Hengdeli Holdings Limited (the “**Company**”) or its subsidiaries (collectively hereinafter referred to as the “**Group**”) to provide our opinion of the market values of 18 properties located in Hong Kong, Taiwan and the People's Republic of China (the “**PRC**”) (or hereafter referred as the “**Properties**” or the “**property interests**”).

We confirm that we have carried out inspections of the Properties, made relevant enquiries and obtained such further information as we consider necessary for providing the market values of such property interests as of 31 March 2024 (referred to as the “Valuation Date”). We considered there are no material difference between the current valuation of the properties and the market values of the Properties as of Valuation Date.

This letter which forms part of our valuation report explains the basis and methodologies of valuation, and clarifies our assumptions made, title investigation of property interests and the limiting conditions.

BASIS OF VALUATION

Our valuation is our opinion of the *Market Value* which is defined in accordance with the HKIS Valuation Standards of the Hong Kong Institute of Surveyors 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 an asset and liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

This estimate specifically excludes an estimated price inflated or deflated by special considerations or concessions granted by anyone associated with the sale, or any element of special value.

PROPERTIES APPRAISED

The Properties comprise 18 properties located in Hong Kong, Taiwan and in the PRC. The salient details of the Properties are tabulated below:

No.	Property Address	Permitted Uses	Year Built	Site Area (sq.m.)	Gross Floor Area ("GFA") (sq.m.)
Group I – Properties held for own-occupation:					
1	No. 17, Hejing Road, Liwan District, Guangzhou, Guangdong Province, the PRC	Industrial	2005	10,503.00	12,885.16
2	No. 6, Wuling Road, Liwan District, Guangzhou, Guangdong Province, the PRC	Industrial	2009	11,766.28	18,332.52
3	An industrial complex located at No. 777 Fenyue Road, north of National Highway 318, Fenhu Bay, Lili Town, Wujiang District, Suzhou City, Jiangsu Province, the PRC	Industrial	2006-2021	42,073.50	54,830.98
4	Units 402 & 403 on 4th Floor, Huashang Times Square located at No. 8, Lane 3599, Qixin Road, Minhang District, Shanghai, the PRC	Office Unit	2009	–	188.83
5	Office Unit 56D01, No. 1 Qiaocheng, Northeast of the Intersection of Qiaoxiang Road and Shenyun Road, Shenzhen City, Guangdong Province, the PRC	Office Unit	2019	–	73.93

No.	Property Address	Permitted Uses	Year Built	Site Area (sq.m.)	Gross Floor Area ("GFA") (sq.m.)
6	Office Unit 56D02, No. 1 Qiaocheng, Northeast of the Intersection of Qiaoxiang Road and Shenyun Road, Shenzhen City, Guangdong Province, the PRC	Office Unit	2019	—	66.31
7	An industrial complex located at Bailutang Town, Suxian District, Chenzhou City, Hunan Province, the PRC	Industrial	2023	16,822	20,517.95
8	Lane 199, Jiangtao Road, Minhang District, Shanghai	Residential	2023	168.67	168.67
9	Room 3801, No. 17, Swan Street, Haizhu District, Guangzhou City, Guangdong Province, the PRC	Office	2021	—	240.34
10	Levels 1 and 2 and 4 car parking spaces of a composite development known as "Zhongxiao 101" (忠孝101) located at No. 101 Section 5, Zhongxiao East Road, Xinyi District, Taipei, Taiwan	Shop and 4 Car Parking Spaces	2014	—	574.03
11	Room 301, 3/F, Lippo Sun Plaza, 28 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong	Office Unit	1988	—	2,653

No.	Property Address	Permitted Uses	Year Built	Site Area (sq.m.)	Gross Floor Area ("GFA") (sq.m.)
12	Room 302, 3/F, Lippo Sun Plaza, 28 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong	Office Unit	1988	–	1,159
13	Room 314, 3/F, Lippo Sun Plaza, 28 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong	Office Unit	1988	–	3,271

Group II – Properties held for investment:

14	Block No. 6, Lane 268, Linxin Road, Changning District, Shanghai, the PRC	Industrial	2012	–	4,331.37
15	Block No. 5, Lane 268, Linxin Road, Changning District, Shanghai, the PRC	Industrial	2012	–	3,794.24
16	Unit No. 2701 on 27/F, "Kaisa Plaza", Block 1, Court No. 86 Jianguo Road, Chaoyang District, Beijing, the PRC	Residential	2017	–	1,572.09
17	Unit No. 2801 on 28/F, "Kaisa Plaza", Block 1, Court No. 86 Jianguo Road, Chaoyang District, Beijing, the PRC	Residential	2017	–	1,574.51

Group III – Leased property:

18	Leased office on Level 4-6, Palace Hotel Building of Peace Hotel, No. 23 Nanjing East Road, Huangpu District, Shanghai, the PRC	Leased – Office Unit	–	–	2,825.00
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Remarks:

All the site area(s) and floor area(s) of the PRC and Taiwan Properties are extracted from the relevant title documents provided, while the area(s) of the Hong Kong properties are made reference to the searching engine of EPRC website.

VALUATION METHODOLOGY

For commercial, residential properties and land parcels, we have adopted the market approach to determine their market values, while we adopted cost approach to determine the market value(s) of the industrial properties.

The market approach is commonly used for real estate when comparable transactions and prices are available in the market. The market approach studies recent sales of similar properties, making adjustments for the differences between them. In situations where limited data is available, alternative methods such as the cost approach will be considered.

On the other hand, for industrial properties, unlike other standard factory units, there are apparently no market sale or lease transactions of real properties of similar type of production facilities in this region of PRC. Real properties of such type are usually bought together with other assets of the business. Hence, it is difficult, if not impossible, to find market comparables for meaningful analysis. Furthermore, industrial premises of similar type are largely purpose-built, and are not disposed of on a piecemeal basis. Therefore, it was not considered appropriate to adopt market or income approaches for industrial properties in the course of our valuation.

The approach details are outlined as follows:

Cost Approach

The cost approach begins with the determination of land value, which is valued by the direct comparison method where comparison based on prices realized on actual sales or market price information of comparable land parcels is made. Comparable land parcels of similar size, character and location are analyzed and carefully weighed against all the respective advantages and disadvantages of each land use rights interest in order to arrive at a fair comparison of land value.

Once land value has been determined, reproduction or replacement costs of the improvements are estimated as if the improvements were new. The estimate is then further adjusted for all elements of accrued depreciation including physical depreciation, functional and/or external obsolescence.

The depreciated replacement cost establishes value based on the cost of reproducing or replacing the property, less depreciation from physical deterioration, and functional and economic/external obsolescence, if present and measurable.

Cost of Replacement New is defined as the estimated amount required to replace the property at one time with a modern new unit using the most current technology and materials that will duplicate the production capacity and utility of an existing unit at current market prices for materials, labor, manufactured equipment, contractors' overheads and profit, and fees, but without provision for overtime, bonuses for labor, or premiums for material or equipment.

Physical Deterioration is the loss in value resulting from wear and tear in operation and exposure to the elements.

Functional Obsolescence is the loss in value caused by conditions within the asset such as changes in design, materials, or processes that result in inadequacy, overcapacity, lack of utility, or excess operating costs.

Economic/External Obsolescence is an incurable loss in value caused by negative influences outside of the asset itself, such as general economic conditions, availability of financing, or inharmonious property uses.

The cost approach generally provides a meaningful indication of the value of land improvements, special buildings, special structures, and special machinery and equipment associated with a viable business or justified by economic demand.

Market Approach

The market approach, also referred to as the sales comparison method, is used to estimate value through the analysis of recent sales of comparable property. In the valuation of the Property, similar properties that have recently sold or are offered for sale in the current market are analyzed and compared with the property being appraised, and adjustments are made for differences in such factors as date of sale, location, size, type, tenure, condition of the improvements and prospective use.

For selecting comparables, we have set out the following major criteria tabulated below:

- a) Location – the selection criteria is in the same districts, or the neighboring district closest to the subject Properties;
- b) Time of transaction records – the selection criteria is the closest to the Valuation Date ones, within the past 2 years;
- c) Floor level – the selection criteria is the same level as the subject Properties;
- d) Size – the selection criteria is similar to the subject Properties; and
- e) Use/Nature – same permitted use / nature as the subject Properties.

We have also adopted asking price of comparables under Market Approach when there are few recent transaction records available in the market. According to section 30.3 under “Market Approach Methods – Comparable Transactions Method” of International Valuation Standard (“IVS”), this practice is acceptable and appropriate.

In this assignment, we have adopted market approach to determine the market value(s) of commercial/residential properties and cost approach to determine the market value(s) of the remaining specialized industrial properties.

Income Capitalization Approach

The income capitalization approach simulates the reasoning of an investor who views the cash flows that would result from the anticipated revenue and expense on a property throughout its lifetime. The net income developed in our analysis is the balance of potential income remaining after vacancy and collection loss, and operating expenses. This net income is then capitalized at an appropriate rate to derive an estimate of value or discounted by an appropriate yield rate over a typical projection period in a discounted cash flow analysis.

Thus, two key steps are involved: (1) estimating the net income applicable to the subject and (2) choosing appropriate capitalization rates and discount rates. The appropriate rates are ones that will provide both a return on the investment and a return of the investment over the life of the particular property.

TITLE INVESTIGATION

We have been provided with copies of documents in relation to the title or leases of the property interests situated in the PRC, while we have searched and investigated the land register published by Land Registry for Hong Kong properties and searched for land and building registration transcripts for Taiwan properties. However, we have not scrutinized the original documents to verify ownership or to verify any amendments, which may not appear on the copies handed to us. We have relied to a considerable extent on the information provided by the Group.

We have also relied to a considerable extent on the information provided by the Group and the PRC legal opinion provided by the PRC legal adviser, Guangdong Jinke Law Firm (for Property Nos. 1-7, 9) and Allbright Law Offices (for Property Nos. 8, 16-17), JunZeJun Law Offices (for Property Nos. 14-15) on the PRC Law regarding the Properties located in the PRC.

All legal documents disclosed in this letter and valuation particulars are for reference only and no responsibility is assumed for any legal matters concerning the legal title to the property interests set out in this letter and valuation particulars.

ASSUMPTIONS

Our valuations have been made on the assumption that the owner sells the property interests on the market in its existing state without the benefit of deferred terms contracts, leaseback, joint ventures, management agreements or any similar arrangement which would serve to affect the value(s) of the property interests.

No allowance has been in our valuations for any charges, mortgages or amounts owing on the Property valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, all the property interests are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their value(s).

Further, it is assumed that the utilization of the land and improvements is within the boundaries of the property interests described and that no encroachment or trespass exists unless noted in the valuation particulars.

LIMITING CONDITIONS

We have relied to a considerable extent on the information provided by the Group and have accepted advice given to us by the Group on such matters as statutory notices, easements, tenure, occupancy, site areas and floor areas and all other relevant matters. Dimensions and areas included in the valuation particulars are based on information contained in the documents provided to us and are only approximations.

Having examined all relevant documentation, we have had no reason to doubt the truth and accuracy of the information provided to us. We have assumed that no material factors have been omitted from the information to reach an informed view and have no reason to suspect that any material information has been withheld.

We have not carried out detailed site measurements to verify the land area or building area in respect of the Properties but have assumed that the areas provided to us are correct. All dimensions and areas are approximations only.

As confirmed by the Group, as at the Valuation Date, the Group has no intention to sell the subject properties in and therefore there is no likelihood of any tax liability crystallizing.

Our Mr. Jason Wang has carried out inspections of the Property Nos. 1-2 on 29 February 2024. Mr. Robert Hu has carried out inspections of the Property No. 8 and 18 on 1 March 2024. Ms. Kathy Li has carried out inspections of the Property No. 7 on 15 March 2024, Property Nos. 16-17 on 31 January 2024. They have visited and inspected the Properties to identify the existence of the Properties, to record the existing external condition(s) and, where possible, the internal condition(s) of the Properties and took photographs for record.

No structural survey has been made and we are therefore unable to report as to whether the Properties are or are not free of rot, infestation or any other structural defects. No tests were carried out on any of the services.

No site investigations have been carried out to determine the suitability of the ground conditions or the services for the sites of the properties.

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 report. It is also assumed that all required licenses, consents, or other legislative, or administrative authority from any local, provincial, or national government or private entity or organization either have been or can be obtained or renewed for any use which the report covers.

REMARKS

In valuing the property interests, we have complied with all the requirements contained in Paragraph 34(2) and (3) of Schedule 3 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32), Chapter 5 and Practice Note 12 to the Listing Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and The HKIS Valuation Standards (2020 Edition) published by the Hong Kong Institute of Surveyors and Rule 11 of the Codes on Takeovers and Mergers and Share Buy-backs. We confirm that we are an independent qualified valuer, as referred in Rule 11 of the Codes on Takeovers and Mergers and Share Buy-backs published by the Securities and Futures Commission.

We hereby certify that we have neither present nor prospective interest in the Property or the value reported. This valuation report is issued subject to our Assumptions and Limiting Conditions.

Unless otherwise stated, all monetary amount stated in this report is in Renminbi (RMB). The currencies adopted in the report are HKD1 = RMB0.9259 and RMB1 = TWD 4.4173 as of the valuation date.

Yours faithfully,

For and on behalf of

Kroll (HK) Limited

Elaine H.L. Ng

MRICS, MHKIS, RPS (GP), MCIREA

Director

Notes:

Ms. Elaine H. L. Ng, who is a Registered Professional Surveyor (General Practice), a member of Hong Kong Institute of Surveyors and a member of Royal Institute of Chartered Surveyors, has over 16 years' post qualification experience in valuation of properties in Hong Kong, the People's Republic of China and Asia.

Mr. Robert Hu, who is a member of CREA and CPV, he works in Kroll as a Vice President for over 30 years' valuation experience in real estate in the People's Republic of China.

Ms. Kathy Li, who is a member of ASA, she works in Kroll as a Vice President for over 30 years' valuation experience in real estate in the People's Republic of China.

Mr. Jason Wang, who is a CPA, he has 2 years' post qualification experience in valuation of properties in Hong Kong, the People's Republic of China and Asia.

SUMMARY OF VALUES

Group I – Properties Held For Owner-Occupation:

No.	Property	Market Value in existing state as of 31 March 2024 (RMB)	Interest attributable to the Group	Market Value in existing state attributable to the Group as of 31 March 2024 (RMB)
1.	An industrial complex located at No. 17 Hejing Road, Liwan District, Guangzhou City, Guangdong Province, the PRC	45,100,000	100%	45,100,000
2.	An industrial complex located No. 6, Wuling Road, Liwan District, Guangzhou, Guangdong Province, the PRC	70,100,000	100%	70,100,000
3.	An industrial complex located at No. 777 Fenyue Road, north of National Highway 318, Fenhu Bay, Lili Town, Wujiang District, Suzhou City, Jiangsu Province, the PRC	116,700,000	60%	70,020,000
4.	Units 402 & 403 on 4th Floor, Huashang Times Square (Minhang) located at No. 8, Lane 3599, Qixin Road, Minhang District, Shanghai, the PRC	4,400,000	60%	2,640,000
5.	Office Unit 56D01, The Sky Town, Northeast of the Intersection of Qiaoxiang Road and Shenyun Road, Shenzhen City, Guangdong Province, the PRC	11,800,000	100%	11,800,000
6.	Office Unit 56D02, The Sky Town, Northeast of the Intersection of Qiaoxiang Road and Shenyun Road, Shenzhen City, Guangdong Province, the PRC	10,600,000	100%	10,600,000

APPENDIX V
PROPERTY VALUATION REPORT

No.	Property	Market Value	Interest	Market Value
		in existing state as of 31 March 2024 (RMB)	attributable to the Group	in existing state attributable to the Group as of 31 March 2024 (RMB)
7.	An industrial complex located at Bailutang Town, Suxian District, Chenzhou City, Hunan Province, the PRC	53,800,000	60%	32,280,000
8.	Lane 199, Jiangtao Road, Minhang District, Shanghai	35,900,000	100%	35,900,000
9.	Room 3801, No. 17, Swan Street, Haizhu District, Guangzhou City, Guangdong Province, the PRC	27,400,000	100%	27,400,000
10.	Levels 1 and 2 and 4 car parking spaces of a composite development known as “Zhongxiao 101” (忠孝101) located at No. 101 Section 5, Zhongxiao East Road, Xinyi District, Taipei, Taiwan	89,600,000	100%	89,600,000
11.	Room 301, 3/F, Lippo Sun Plaza, 28 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong	25,300,000	100%	25,300,000
12.	Room 302, 3/F, Lippo Sun Plaza, 28 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong	13,600,000	100%	13,600,000
13.	Room 314, 3/F, Lippo Sun Plaza, 28 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong	28,100,000	100%	28,100,000
Sub-total:		532,400,000		462,440,000

Group II – Properties Held For Investment:

No.	Property	Market Value in existing state as of 31 March 2024 (RMB)	Interest attributable to the Group	Market Value in existing state attributable to the Group as of 31 March 2024 (RMB)
14.	Block No. 6, Lane 268, Linxin Road, Changning District, Shanghai, the PRC	100,100,000	100%	100,100,000
15.	Block No. 5, Lane 268, Linxin Road, Changning District, Shanghai, the PRC	93,300,000	100%	93,300,000
16.	Unit No. 2701 on 27/F, “Kaisa Plaza”, Block 1, Court No. 86 Jianguo Road, Chaoyang District, Beijing, the PRC	111,200,000	100%	111,200,000
17.	Unit No. 2801 on 28/F, “Kaisa Plaza”, Block 1, Court No. 86 Jianguo Road, Chaoyang District, Beijing, the PRC	111,300,000	100%	111,300,000
Sub-total:		415,900,000		415,900,000

Group III – Leased Property:

No.	Property	Market Value in existing state as of 31 March 2024 (RMB)	Interest attributable to the Group	Market Value in existing state attributable to the Group as of 31 March 2024 (RMB)
18.	Level 4-6, Palace Hotel Building of Peace Hotel, No. 23 Nanjing East Road, Huangpu District, Shanghai, the PRC	No Commercial Value	100%	No Commercial Value
Sub-total:		No Commercial Value		No Commercial Value
Grand-total:		948,300,000		878,340,000

VALUATION PARTICULARS

Group I – Properties Held For Owner-Occupation

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 31 March 2024
1.	An industrial complex located at No. 17 Hejing Road, Liwan District, Guangzhou City, Guangdong Province, the PRC 中國廣東省廣州市荔灣區荷景路17號廠房	The Property comprises an industrial complex erected on a land parcel with a site area of approximately 10,503.00 square metres. It was built in 2005. As advised by the Group, the Property has a gross floor area of approximately 12,885.16 square metres. The land use rights of the property have been granted for a term of 50 years expiring on 14 September 2054 for industrial and warehouse purposes.	As advised by the Group, the Property was owner-occupied as of the valuation date, while portion of the Property was undergoing renovation work.	RMB45,100,000 (100% interest attributable to the Group)

Notes:

- Pursuant to a Realty Title Certificate, Yue (2022) Guangzhou Shi Bu Dong Chan Quan Di No. 05005744, dated 28 March 2022, the land use rights and building ownership rights of the Property with a site area of 10,503 square metres and a total gross floor area of 12,885.16 square metres are held by 廣州亨雅實業集團有限公司 (“Guangzhou Artdeco”) for a term of 50 years expiring on 14 September 2054 for industrial and warehouse purposes.
- The property is located at southern side of Hejing Road in between Zijing Road and Yulan Road, with about 20 minutes’ driving distance from Guangzhou downtown area on its north-eastern side, 30 minutes’ driving distance to the Foshan City downtown area on its south-western side. The immediately neighborhood intermingled with industrial complexes, parking lots, department stores and small retails.
- Guangzhou Artdeco is an indirectly wholly-owned subsidiary of the Company.
- We have been provided with the legal opinion on the property prepared by the Group’s PRC Legal Adviser, which contains, inter alia, that:
 - Guangzhou Artdeco possesses the proper title of the land use rights and building ownership rights of the property with all premium and costs fully settled and is entitled to use, transfer, lease and mortgage the property or dispose of the property by other lawful means in accordance with the laws of the PRC during the term of the land use rights.
 - The buildings or structures of the property are in compliance with local planning and building regulations and have been approved by the relevant authorities with all related cost or fee fully settled.
 - The property is not subject to any encumbrances, mortgages, litigations or disputes.

5. Our valuation has been made on the following basis and analysis:

In the valuation of the property in its existing state, cost approach was adopted. It begins with the determination of land value, which is valued by the direct comparison method. Once land value has been determined, reproduction or replacement costs of the improvements are estimated as if the improvements were new. The estimate is then further adjusted for all elements of accrued depreciation including physical depreciation, functional and/or external obsolescence. To determine the land value, we have made reference to various recent sales prices of industrial land parcels within the vicinity. The salient details of these comparables are tabulated below:

Property	Comparable 1	Comparable 2	Comparable 3
Location (English)	Southeast of Liwan District, North of Huancheng Expressway	South of Longxi Avenue, North of Zhujiang Marine Laboratory	North of Longxi Avenue, west of Ring Expressway, south of Old Longxi Road
Current Status	Vacant Land	Vacant Land	Vacant Land
Land Grade	Grade 3	Grade 3	Grade 3
Plot Ratio	$0.00 \geq 2.50$	$2.50 \geq 4.00$	$2.50 \geq 4.00$
Site Area	24,068.00 m ²	13,045.75 m ²	38,913.38 m ²
Use	Storage	Industrial	Industrial
Transaction Status	Transacted by land auction	Transacted by land auction	Transacted by land auction
Date of Sale	12-Apr-2023	28-Sep-2022	19-Oct-2023
Transaction Status	¥135,940,000	¥117,933,600	¥280,285,700
AV Unit Rate (RMB/sq.m)	¥2,259/m ²	¥2,260/m ²	¥1,801/m ²

The land sales comparable are selected as they have characteristics comparable to the subject Property, such as location, size and permitted use. The price range of the comparables from RMB1,801 to RMB2,260 per square metre on gross floor area. The unit rate assumed by us is consistent with the sales prices of relevant comparables after due adjustments. Due adjustments to the unit rates of those sales prices have been made to reflect the difference in transaction time, location and its remaining land tenure. In the course of our valuation, we have adopted an average unit rate of RMB1,708 per square metre on gross floor area, the market value of the land parcel is RMB22,000,000.

For the buildings of the property, we have made reference to the prevailing construction costs in the vicinity to derive the replacement cost. We have made reference to the market cost comparables disclosed in the commonly used market cost data platform, which is known as “Glodon Construction Cost Data Platform 廣聯達建築成本數據平台”. The adopted unit replacement cost is about RMB2,500 to RMB3,400 per square metre. After the determination of replacement cost, we have made further adjustment depreciation of the buildings, the depreciation rate is about 37.8%. In the course of our valuation, we have also taken into account the renovation cost incurred by the Company as of the valuation date at about RMB600,000. The total building & structure value together with the renovation cost incurred is about RMB23,100,000.

The market value of the Property as of the Valuation Date is Land Value + Building Value = RMB22,000,000 + RMB23,100,000 = RMB45,100,000.

VALUATION PARTICULARS

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 31 March 2024
2.	An industrial complex located at No. 6 Wuling Road, Liwan District, Guangzhou City, Guangdong Province, the PRC 中國廣東省廣州市荔灣區五菱路6號廠房	<p>The Property comprises an industrial complex erected on a land parcel with a site area of approximately 11,766.28 square metres. It was built in 2009.</p> <p>As advised by the Group, the Property has a gross floor area of approximately 18,332.52 square metres.</p> <p>The land use rights of the property have been granted for a term of 50 years expiring on 1 June 2056 for industrial and warehouse purposes.</p>	As advised by the Group, the Property was owner-occupied as of the valuation date.	<p>RMB70,100,000</p> <p>(100% interest attributable to the Group)</p>

Notes:

- Pursuant to a Realty Title Certificate, Su (2021) Suzhou Shi Wu Jiang Qu Bu Dong Chan Quan Di No. 05216831, dated 24 September 2019, the land use rights and building ownership rights of the Property with a site area of 11,766.28 square metres and a total gross floor area of 18,332.52 square metres are held by 廣州市宇鴻中藥飲片有限公司 (“Guangzhou Yuhong”) for a term of 50 years expiring on 2 June 2056 for industrial and warehouse purposes.
- The property is located at southern side of Wuling Road close to the junction with Yulan Road. It is also close to the Guangzhouhuancheng Expressway and Dongxin Expressway (Toll Road). It is about 25 minutes’ driving distance from Guangzhou downtown area on its north-eastern side, 30 minutes’ driving distance to the Foshan City downtown area on its south-western side. The immediately neighborhood intermingled with industrial complexes, parking lots and small retails.
- Guangzhou Yuhong is an indirectly wholly-owned subsidiary of the Company.
- We have been provided with the legal opinion on the property prepared by the Group’s PRC Legal Adviser, which contains, inter alia, that:
 - Guangzhou Yuhong possesses the proper title of the land use rights and building ownership rights of the property with all premium and costs fully settled and is entitled to use, transfer, lease and mortgage the property or dispose of the property by other lawful means in accordance with the laws of the PRC during the term of the land use rights.
 - The buildings or structures of the property are in compliance with local planning and building regulations and have been approved by the relevant authorities with all related cost or fee fully settled.
 - The property is not subject to any encumbrances, mortgages, litigations or disputes.

5. Our valuation has been made on the following basis and analysis:

In the valuation of the property in its existing state, cost approach was adopted. It begins with the determination of land value, which is valued by the direct comparison method. Once land value has been determined, reproduction or replacement costs of the improvements are estimated as if the improvements were new. The estimate is then further adjusted for all elements of accrued depreciation including physical depreciation, functional and/or external obsolescence. To determine the land value, we have made reference to various recent sales prices of industrial land parcels within the vicinity. The salient details of these comparables are tabulated below:

Property	Comparable 1	Comparable 2	Comparable 3
Location (English)	Southeast of Liwan District, North of Hancheng Expressway (荔灣區東南角，環城高速以北)	South of Longxi Avenue, North of Zhujiang Marine Laboratory (荔灣區北至龍溪大道、南至珠江水產研究所)	North of Longxi Avenue, West of Ring Expressway, South of Old Longxi Road (龍溪大道以北、環城高速公路以西、舊龍溪路以南)
Current Status	Vacant Land	Vacant Land	Vacant Land
Land Grade	Grade 3	Grade 3	Grade 3
Plot Ratio (maximum)	0.00 \geq 2.50	2.50 \geq 4.00	2.50 \geq 4.00
Site Area	24,068.00 m ²	13,045.75 m ²	38,913.38 m ²
Use	Storage	Industrial	Industrial
Transaction Status	Transacted by land auction	Transacted by land auction	Transacted by land auction
Date of Sale	12-Apr-2023	28-Sep-2022	19-Oct-2023
Transaction Status	¥135,940,000	¥117,933,600	¥280,285,700
AV Unit Rate (RMB/sq.m)	¥2,259/m ²	¥2,260/m ²	¥1,801/m ²

The land sales comparable are selected as they have characteristics comparable to the subject Property, such as location, size and permitted use. The price range of the comparables from RMB1,801 to RMB2,260 per square metre on gross floor area. The unit rate assumed by us is consistent with the sales prices of relevant comparables after due adjustments. Due adjustments to the unit rates of those sales prices have been made to reflect the difference in transaction time, location and tenure. In the course of our valuation, we have adopted an average unit rate of RMB1,882 per square metre on gross floor area, the market value of the land parcel is RMB34,500,000.

For the buildings of the property, we have made reference to the prevailing construction costs in the vicinity to derive the replacement cost. We have made reference to the market cost comparables disclosed in the commonly used market cost data platform, which is known as “Glodon Construction Cost Data Platform 廣聯達建築成本數據平台”. The adopted unit replacement cost is about RMB2,400 to RMB3,400 per square metre. After the determination of replacement cost, we have made further adjustment depreciation of the buildings, the depreciation rate is about 31.1%. The total building & structure value is about RMB35,600,000.

The market value of the Property as of the Valuation Date is Land Value + Building Value = RMB34,500,000 + RMB35,600,000 = RMB70,100,000.

VALUATION PARTICULARS

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 31 March 2024
3.	An industrial complex located at No. 777 Fenyue Road, north of National Highway 318, Fenu Bay, Lili Town, Wujiang District, Suzhou City, Jiangsu Province, the PRC 中國江蘇省蘇州市吳江區黎里鎮汾湖灣318國道北側汾越路777號之廠房	The Property comprises an industrial complex erected on a land parcel with a site area of approximately 42,073.50 square metres. It was built in between 2006 and 2021. As advised by the Group, the Property has a gross floor area of approximately 54,830.98 square metres. The land use rights of the property have been granted for a term of 50 years expiring on 10 January 2051 for industrial purposes.	As advised by the Group, the Property was mainly owner-occupied for industrial use, while portions of the Property were leased to third parties or associates of the Company for industrial and dormitory uses as of the valuation date.	RMB116,700,000 (60% interest attributable to the Group: RMB70,020,000)

Notes:

- Pursuant to a Realty Title Certificate, Su (2021) Suzhou Shi Wu Jiang Qu Bu Dong Chan Quan Di No. 9016943, dated 19 April 2021, the land use rights and building ownership rights of the Property with a site area of 42,073.50 square metres and a total gross floor area of 54,830.98 square metres are held by 蘇州亨冠展覽展示服務有限公司 (“Suzhou Henge”) for a term of 50 years expiring on 10 January 2051 for industrial purposes.
- Pursuant to a Maximum Amount Mortgage Contract, Contract No.: 0110200016-2021 Wujiang (Dai) Zi No. 0171, Suzhou Henge (the “mortgagor”) agreed to pledge the Property to Industrial and Commercial Bank of China Limited Suzhou Yangtze River Delta Integration Demonstration Zone Branch (the “mortgagee”) for a maximum amount of RMB140,000,000 for a term from 22 April 2021 to 22 April 2026.
- Pursuant to three Tenancy Agreements, portions of the Property with a total leased area of 5,400 sq.m. were leased out at an aggregated annual rent of RMB1,606,700 inclusive of tax as of the valuation date.
- The property is located on the northern side of National Highway close to the junction with Laixiu Road and Fenyang Road on its western side. It is also close to the Changjia Expressway (Toll Road) G1521 on its eastern side. It is about 45 minutes’ driving distance from Suzhou downtown area on its north-western side and 45 minutes’ driving distance to the Jiaxing City downtown area on its southern side. The immediately neighborhood intermingled with industrial complexes, parking lots and small retails.
- Suzhou Henge is an indirectly 60%-owned subsidiary of the Company.
- We have been provided with the legal opinion on the property prepared by the Group’s PRC Legal Adviser, which contains, inter alia, that:
 - Suzhou Henge possesses the proper title of the land use rights and building ownership rights of the property with all premium and costs fully settled and is entitled to use, transfer, lease and mortgage the property or dispose of the property by other lawful means in accordance with the laws of the PRC during the term of the land use rights.
 - The buildings or structures of the property are in compliance with local planning and building regulations and have been approved by the relevant authorities with all related cost or fee fully settled.
 - The aforesaid mortgage contract has been registered. During the mortgage period, the pledged property is prohibited or restricted from transfer, and the mortgagor may not dispose of it without prior approval.
 - Except the aforesaid mortgage, the property is not subject to any encumbrances, litigations or disputes.

7. Our valuation has been made on the following basis and analysis:

In the valuation of the property in its existing state, cost approach was adopted. It begins with the determination of land value, which is valued by the direct comparison method. Once land value has been determined, reproduction or replacement costs of the improvements are estimated as if the improvements were new. The estimate is then further adjusted for all elements of accrued depreciation including physical depreciation, functional and/or external obsolescence. To determine the land value, we have made reference to various recent sales prices of industrial land parcels within the vicinity. The salient details of these comparables are tabulated below:

Property	Comparable 1	Comparable 2	Comparable 3
Location (English)	North of Yegang Road, West of Guangming Road	South of Hengtong Avenue, North of 713 Village way, Qidu Town	East of Quande Road, North of Fangjian River
Current Status	Vacant Land	Vacant Land	Vacant Land
Land Grade	Grade 7	Grade 7	Grade 7
Plot Ratio	More than 1.6	More than 1.6	More than 1.6
Site Area	21,677.41 m ²	8,159.58 m ²	13,395.98 m ²
Land Use	Industrial	Industrial	Industrial
Transaction Status	Transacted by land auction	Transacted by land auction	Transacted by land auction
Date of Sale	08-Jun-2023	12-Jan-2023	01-Mar-2023
Transaction Status	¥9,516,383	¥3,198,555	¥6,162,151
Site Unit Rate (RMB/sq.m)	¥439/m ²	¥392/m ²	¥460/m ²

The land sales comparable are selected as they have characteristics comparable to the subject Property, such as location, size and permitted use. The price range of the comparables from RMB392 to RMB460 per square metre on site area. The unit rate assumed by us is consistent with the sales prices of relevant comparables after due adjustments. Due adjustments to the unit rates of those sales prices have been made to reflect the difference in transaction time, location and tenure. In the course of our valuation, we have adopted an average unit rate of RMB332 per square metre on site area, the market value of the land parcel is RMB14,000,000.

For the buildings of the property, we have made reference to the prevailing construction costs in the vicinity to derive the replacement cost. We have made reference to the market cost comparables disclosed in the commonly used market cost data platform, which is known as “Glodon Construction Cost Data Platform 廣聯達建築成本數據平台”. The adopted unit replacement cost is about RMB1,900 to RMB2,200 per square metre. After the determination of replacement cost, we have made further adjustment depreciation of the buildings, the depreciation rate is about 10.6% to 40.5%. The building value is about RMB102,700,000. The market value of the building under cost approach as of the Valuation Date is Land Value + Building Value = RMB14,000,000 + RMB102,700,000 = RMB116,700,000.

VALUATION PARTICULARS

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 31 March 2024
4.	Units 402 & 403 on 4th Floor, Huashang Times Square (Minhang) located at No. 8, Lane 3599, Qixin Road, Minhang District, Shanghai, the PRC 中國上海閔行區七莘路3599弄8號華商時代廣場4樓402及403室	<p>The Property comprises two office units on 4th Floor of a 6-storey office building of Huashang Times Square (Minhang) erected on a site area of about 35,788.82 sq.m. It was built in 2009.</p> <p>As advised by the Group, the Property has a total gross floor area of approximately 188.83 square metres.</p> <p>The land use rights of the property have been granted for a term of 40 years expiring on 7 January 2044 for office purposes.</p>	<p>As advised by the Group, the Property was owner-occupied as of the valuation date.</p>	<p>RMB4,400,000</p> <p>(60% interest attributable to the Group: RMB2,640,000)</p>

Notes:

- Pursuant to two Realty Title Certificate, Hu (2019) Min Zi Bu Dong Chan Quan Di No. 031883, 032139, the land use rights and building ownership rights of the Property with a gross floor area(s) of 81.00 square metres and 107.83 are held by 上海亨冠裝飾工程管理有限公司 (“Shanghai Henge”) for a term of 40 years expiring on 7 January 2044 for office purposes.
- Pursuant to a Maximum Amount Mortgage Contract, Contract No.: 31100620230003729, Shanghai Henge (the “mortgagee”) dated 26 July 2023, Shanghai Henge agreed to pledge the Property to Agricultural Bank of China Co., Ltd. Shanghai Jinshan Branch (the “mortgagor”) for a maximum amount of RMB5,640,000 for a term from 26 July 2023 to 25 July 2026.
- The property is located at north-western side of the junction of Xingzhan Road and Qixin Road. It is also close to the Huqingping Expressway G50, Jiamin Viad and Husong Highway S124. It is about 24 minutes’ driving distance from Shanghai downtown area on its north-eastern side and 47 minutes’ driving distance to the Shanghai Pudong International Airport on its east-southern side. The immediately neighborhood intermingled with shopping malls, residential developments and commercial properties.
- Shanghai Henge is an indirectly 60%-owned subsidiary of the Company.
- We have been provided with the legal opinion on the property prepared by the Group’s PRC Legal Adviser, which contains, inter alia, that:
 - Shanghai Henge possesses the proper title of the land use rights and building ownership rights of the property with all premium and costs fully settled and is entitled to use, transfer, lease and mortgage the property or dispose of the property by other lawful means in accordance with the laws of the PRC during the term of the land use rights.
 - The buildings or structures of the property are in compliance with local planning and building regulations and have been approved by the relevant authorities with all related cost or fee fully settled.
 - The aforesaid mortgage contract has been registered. During the mortgage period, the pledged property is prohibited or restricted from transfer, and the mortgagor may not dispose of it without prior approval.
 - The property is not subject to any encumbrances, mortgages, litigations or disputes.

6. Our valuation has been made on the following basis and analysis:

Market Value – Office Unit:

In the valuation of the property in its existing state, market approach was adopted. The following office comparables were selected as they have characteristics comparable to the subject property, such as location, size and permitted use. The price range of these comparables is from RMB24,000 to RMB25,532 per square metre (on gross floor area basis). The salient details of these comparables are tabulated below:

Property	Comparable 1	Comparable 2	Comparable 3
Floor Level	High	High	Middle
Development's Name	Qixin Red Spot City	Huashang Times Square (Hinhang)	Fortune 108 Square
Property Address	Lane 1809, Qixin Road	No. 8, Lane 3599, Qixin Road	Lane 1839, Qixin Road
District	Minhang District	Minhang District	Minhang District
Usage	Office	Office	Office
Year Built	2017	2014	2011
GFA (sq.m.)	240.00 m ²	110.00 m ²	141.00 m ²
Date of Sale	28-Feb-2024	28-Feb-2024	28-Feb-2024
Transaction Status	Asking	Asking	Asking
Unit Rate (RMB/sq.m)	¥24,000/m ²	¥25,000/m ²	¥25,532/m ²

The unit rate adopted by us is consistent with the sales prices of relevant comparables after due adjustments. Due adjustments to the unit rates of those sales prices have been made to reflect the difference in transaction status, location, age, type, size and uses. In the course of our valuation, we have adopted an average unit rate of RMB23,600 per square metre, the market value of the Property is RMB4,400,000.

VALUATION PARTICULARS

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 31 March 2024
5.	Office Unit 56D01, No. 1 Qiaocheng, Northeast of the Intersection of Qiaoxiang Road and Shenyun Road, Shenzhen City, Guangdong Province, the PRC 中國廣東省深圳市 僑香路與深雲路交 匯處東北側僑城一 號廣場56D01	The Property comprises an office unit of an office building, known as “The Sky Town”. It was built in 2019. As advised by the Group, the Property has a gross floor area of approximately 73.93 square metres. The land use rights of the property have been granted for a term of 50 years expiring on 7 October 2065 for new industry/dormitory purposes.	As advised by the Group, the Property was owner-occupied as of the valuation date.	RMB11,800,000 (100% interest attributable to the Group)

Notes:

- Pursuant to a Realty Title Certificate, Yue (2022) Shenzhen City Bu Dong Chan Quan Di No. 0125900 dated 16 August 2022, the land use rights and building ownership rights of the Property with a gross floor area(s) of 73.93 square metres are held by 廣州亨雅實業集團有限公司 (“Guangzhou Artdeco”) for a term of 50 years expiring on 7 October 2065 for new industry/dormitory purposes.
- The property is located at south-eastern side of the junction of Qiaoxiang Road and Shenyun Road. It is also close to the Shennan Blvd, Baishi Road and Binhai Blvd. It is about 17 minutes’ driving distance from Shenzhen Airport on its eastern side and 25 minutes’ driving distance to the Luohu District on its eastern side. The immediately neighborhood intermingled with shopping malls, hotels, culture villages, tourism spots.
- Guangzhou Artdeco is an indirectly wholly-owned subsidiary of the Company.
- We have been provided with the legal opinion on the property prepared by the Group’s PRC Legal Adviser, which contains, inter alia, that:
 - Guangzhou Artdeco possesses the proper title of the land use rights and building ownership rights of the property with all premium and costs fully settled and is entitled to use, transfer, lease and mortgage the property or dispose of the property by other lawful means in accordance with the laws of the PRC during the term of the land use rights.
 - The property is not subject to any encumbrances, mortgages, litigations or disputes.
 - According to Article 10 and Article 16 of the “Administrative Measures for the Transfer of Industrial Buildings and Supporting Housing in Shenzhen” 《深圳市工業樓宇及配套用房轉讓管理辦法》 (implemented on 1 February 2020), the transferee of a property must meet the corresponding conditions and the property is not allow to be transferred within 5 years from the completion date of the property transaction registration, that means the Property cannot be transferred between 1 July 2021 and 30 June 2026.

5. Our valuation has been made on the following basis and analysis:

Market Value – Commodity Flat Unit:

In the valuation of the property in its existing state, market approach was adopted. The following commodity flat comparables were selected as they have characteristics comparable to the subject property, such as location, size and permitted use. The price range of these comparables is from RMB151,213 to RMB165,366 per square metre (on gross floor area basis). The salient details of these comparables are tabulated below:

Property	Comparable 1	Comparable 2	Comparable 3
Floor Level	High Level	High Level	High Level
Development's Name	The Sky Town	The Sky Town	The Sky Town
Property Address	Northeast of the Intersection of Qiaoxiang Road and Shenyun Road	Northeast of the Intersection of Qiaoxiang Road and Shenyun Road	Northeast of the Intersection of Qiaoxiang Road and Shenyun Road
District	Nanshan District	Nanshan District	Nanshan District
Usage	Commodity Flat	Commodity Flat	Commodity Flat
Year Built	2019	2019	2019
GFA (sq.m.)	145.49 m ²	302.36 m ²	305.00 m ²
Date of Sale	20-Jan-2024	22-Dec-2023	16-Dec-2023
Transaction Status	Asking	Asking	Asking
Price (RMB)	¥22,000,000	¥50,000,000	¥50,000,000
Unit Rate (RMB/sq.m)	¥151,213/m ²	¥165,366/m ²	¥163,934/m ²

The unit rate adopted by us is consistent with the sales prices of relevant comparables after due adjustments. Due adjustments to the unit rates of those sales prices have been made to reflect the difference in transaction status, location, age, type, size and uses. In the course of our valuation, we have adopted an average unit rate of RMB160,000 per square metre, the market value of the Property is RMB11,800,000.

The sales constraint as mentioned in 4c) above covers the whole city, not only the subject property but also the comparables, so that the valuation result has already reflected this constraint in the course of the valuation.

VALUATION PARTICULARS

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 31 March 2024
6.	Office Unit 56D02, No. 1 Qiaocheng, Northeast of the Intersection of Qiaoxiang Road and Shenyun Road, Shenzhen City, Guangdong Province, the PRC 中國廣東省深圳市 僑香路與深雲路交 匯處東北側僑城一 號廣場56D02	The Property comprises an office unit of an office building, known as “The Sky Town”. It was built in 2019. As advised by the Group, the Property has a gross floor area of approximately 66.31 square metres. The land use rights of the property have been granted for a term of 50 years expiring on 7 October 2065 for new industry/dormitory purposes.	As advised by the Group, the Property was owner-occupied as of the valuation date.	RMB10,600,000 (100% interest attributable to the Group)

Notes:

- Pursuant to a Realty Title Certificate, Yue (2022) Shenzhen City Bu Dong Chan Quan Di No. 0125897 dated 16 August 2022, the land use rights and building ownership rights of the Property with a gross floor area(s) of 66.31 square metres are held by 廣州亨雅實業集團有限公司 (“Guangzhou Artdeco”) for a term of 50 years expiring on 7 October 2065 for new industry/dormitory purposes.
- The property is located at south-eastern side of the junction of Qiaoxiang Road and Shenyun Road. It is also close to the Shennan Blvd, Baishi Road and Binhai Blvd. It is about 17 minutes’ driving distance from Shenzhen Airport on its eastern side and 25 minutes’ driving distance to the Luohu District on its eastern side. The immediately neighborhood intermingled with shopping malls, hotels, culture villages, tourism spots.
- Guangzhou Artdeco is an indirectly wholly-owned subsidiary of the Company.
- We have been provided with the legal opinion on the property prepared by the Group’s PRC Legal Adviser, which contains, inter alia, that:
 - Guangzhou Artdeco possesses the proper title of the land use rights and building ownership rights of the property with all premium and costs fully settled and is entitled to use, transfer, lease and mortgage the property or dispose of the property by other lawful means in accordance with the laws of the PRC during the term of the land use rights.
 - The property is not subject to any encumbrances, mortgages, litigations or disputes.
 - According to Article 10 and Article 16 of the “Administrative Measures for the Transfer of Industrial Buildings and Supporting Housing in Shenzhen” 《深圳市工業樓宇及配套用房轉讓管理辦法》 (implemented on 1 February 2020), the transferee of a property must meet the corresponding conditions and the property is not allow to be transferred within 5 years from the completion date of the property transaction registration, that means the Property cannot be transferred between 1 July 2021 and 30 June 2026.

5. Our valuation has been made on the following basis and analysis:

Market Value – Commodity Flat Unit:

In the valuation of the property in its existing state, market approach was adopted. The following commodity flat comparables were selected as they have characteristics comparable to the subject property, such as location, size and permitted use. The price range of these comparables is from RMB151,213 to RMB165,366 per square metre (on gross floor area basis). The salient details of these comparables are tabulated below:

Property	Comparable 1	Comparable 2	Comparable 3
Floor Level	High Level	High Level	High Level
Development's Name	The Sky Town	The Sky Town	The Sky Town
Property Address	Northeast of the Intersection of Qiaoxiang Road and Shenyun Road	Northeast of the Intersection of Qiaoxiang Road and Shenyun Road	Northeast of the Intersection of Qiaoxiang Road and Shenyun Road
District	Nanshan District	Nanshan District	Nanshan District
Usage	Commodity Flat	Commodity Flat	Commodity Flat
Year Built	2019	2019	2019
GFA (sq.m.)	145.49 m ²	302.36 m ²	305.00 m ²
Date of Sale	20-Jan-2024	22-Dec-2023	16-Dec-2023
Transaction Status	Asking	Asking	Asking
Price (RMB)	¥22,000,000	¥50,000,000	¥50,000,000
Unit Rate (RMB/sq.m)	¥151,213/m ²	¥165,366/m ²	¥163,934/m ²

The unit rate adopted by us is consistent with the sales prices of relevant comparables after due adjustments. Due adjustments to the unit rates of those sales prices have been made to reflect the difference in transaction status, location, age, type, size and uses. In the course of our valuation, we have adopted an average unit rate of RMB160,000 per square metre, the market value of the Property is RMB10,600,000.

The sales constraint as mentioned in 4c) above covers the whole city, not only the subject property but also the comparables, so that the valuation result has already reflected this constraint in the course of the valuation.

VALUATION PARTICULARS

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 31 March 2024
7.	An industrial complex located at Bailutang Town, Suxian District, Chenzhou City, Hunan Province, the PRC 中國湖南省郴州市蘇仙區白露塘鎮之廠房	The Property comprises an industrial complex erected on a land parcel with a site area of approximately 16,822 square metres. It was built in 2023. As advised by the Group, the Property has a gross floor area of approximately 20,517.95 square metres. The land use rights of the property have been granted for a term of 30 years expiring on 25 February 2050 for industrial purposes.	As advised by the Group, the Property was mainly owner-occupied for industrial use as of the valuation date.	RMB53,800,000 (60% interest attributable to the Group: RMB32,280,000)

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract, No. 049845, dated 21 February 2020, the land use rights of the Property with a site area of 16,822 sq.m. have been granted to 郴州亨冠建築裝飾工程有限公司 (“Chenzhou Henge”) at a land premium of RMB5,020,000 for a term of expiring on 25 February 2050 for industrial purposes. As advised by the Group, the Chenzhou Henge has transferred RMB5,020,000 to Chenzhou Public Resources Trading Center (“郴州市公共資源交易中心”) as of 17 February 2020.
- Pursuant to a State-owned Land Use Rights Certificate, Xiang (2020) Su Xian Bu Dong Chan Quan Di No. 0007079, the land use rights of the Property with a site area of 20,798 square metres are held by Chenzhou Henge for a term of expiring on 25 February 2050 for industrial purposes.
- Pursuant to 17 Realty Title Certificates, Xiang (2023) Su Xian Fu Dong Chan Quan Di Nos. 0071516 – 0071519, 0071521 – 00171527, 0071529 – 00171532 and 0071586 – 00171587, all dated 18 September 2023, issued by Chenzhou Municipal Natural Resources and Planning Bureau, the land use rights and building ownership rights of the Property were held by Chenzhou Henge for a term expiring on 25 February 2050 for industrial use.
- The property is located within High-tech Industrial Development Zone of Bailutang Town of Suxian District, it covers Pingtian Avenue, Linweisi Road, Xiangshui East Road, Xihe East Road, Bailutang Avenue, etc. The immediately neighborhood intermingled with industrial and logistics developments.
- Chenzhou Henge is an indirectly 60%-owned subsidiary of the Company.
- We have been provided with the legal opinion on the property prepared by the Group’s PRC Legal Adviser, which contains, inter alia, that:
 - Chenzhou Henge possesses the proper title of the land use rights and building ownership rights of the property with all premium and costs fully settled and is entitled to use, transfer, lease and mortgage the property or dispose of the property by other lawful means in accordance with the laws of the PRC during the term of the land use rights.
 - The construction works of the property are in compliance with local planning and building regulations and have been approved by the relevant authorities with all related cost or fee fully settled.
 - The property is not subject to any encumbrances, mortgages, litigations or disputes.

7. Our valuation has been made on the following basis and analysis:

In the valuation of the property in its existing state, cost approach was adopted. It begins with the determination of land value, which is valued by the direct comparison method. Once land value has been determined, reproduction or replacement costs of the improvements are estimated as if the improvements were new. The estimate is then further adjusted for all elements of accrued depreciation including physical depreciation, functional and/or external obsolescence. To determine the land value, we have made reference to various recent sales prices of industrial land parcels within the vicinity. The salient details of these comparables are tabulated below:

Property	Comparable 1	Comparable 2	Comparable 3
Location (English)	Shigaitangpian District, Chenzhou City	Bailutang County, Suxian District, Chenzhou City	Shigaitangpian District, Chenzhou City
Current Status	developed	developed	developed
Land Grade	Grade 4	Grade 5	Grade 4
Plot Ratio (maximum)	>1.2	>1.0	>1.0
Site Area	43,405 m ²	1,752 m ²	798 m ²
Use	Industrial	Industrial	Industrial
Transaction Status	Transacted by land auction	Transacted by land auction	Transacted by land auction
Date of Sale	9-Dec-2023	13-Nov-2023	8-Oct-2023
Transaction Status	¥18,000,000	¥560,000	¥310,000
AV Unit Rate (RMB/sq.m)	¥415/m ²	¥320/m ²	¥389/m ²

The land sales comparable are selected as they have characteristics comparable to the subject Property, such as location, size and permitted use. The price range of the comparables from RMB320 to RMB415 per square metre on gross floor area. The unit rate assumed by us is consistent with the sales prices of relevant comparables after due adjustments. Due adjustments to the unit rates of those sales prices have been made to reflect the difference in transaction time, location and tenure. In the course of our valuation, we have adopted an average unit rate of RMB314 per square metre on gross floor area, the market value of the land parcel is RMB5,300,000.

For the buildings and structures of the property, we have made reference to the prevailing construction costs in the vicinity to derive the replacement cost. We have made reference to the market cost comparables disclosed in the commonly used market cost data platform, which is known as “Glodon Construction Cost Data Platform 廣聯達建築成本數據平台”. The adopted unit replacement cost is about RMB1,430 to RMB2,440 per square metre. After the determination of replacement cost, we have made further adjustment depreciation of the buildings, the depreciation rate is about 2.0%. The total building & structure value is about RMB48,500,000.

The market value of the Property as of the Valuation Date is Land Value + Building Value = RMB5,300,000 + RMB48,500,000 = RMB53,800,000.

VALUATION PARTICULARS

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 31 March 2024
8.	Residential and office unit, No. 49, Lane 199, Jiangtao Road, Minhang District, Shanghai, the PRC 中國上海市閔行區江桃路199弄49號商住兩用房	The Property comprises a residential and office unit of an building, known as “Tao Hua Yuan”. It was built in 2023. As advised by the Group, the Property has a gross floor area of approximately 168.67 square metres.	As advised by the Group, the Property was to be under renovation works as of the valuation date.	RMB35,900,000 (100% interest attributable to the Group)

Notes:

- Pursuant to a Shanghai Commodity Flat Sales Agreement of the Apartment Unit (上海市商品房買賣合同), the Property was transferred from 上海頤特諾房地產有限公司 (the “Assignor”) to 上海的益商貿有限公司 (the “Assignee” or “Shanghai Deyi”) dated 17 March 2023, the Assignor agreed to assign the Property to the Assignee at the transaction price of RMB24,320,000 for residential and office use.
- Pursuant to a Realty Title Certificate, Hu (2024) Shanghai Shi Bu Dong Chan Quan Di No. 016765, the land use rights and building ownership rights of the Property with a gross floor area of 555.95 square metres (including ancillary underground area 386.96 square metres) are held by Shanghai Deyi for a term of 70 years expiring on 29 June 2090 for residential purposes.
- Shanghai Deyi is an indirectly wholly-owned subsidiary of the Company.
- The property is located along Jiang Tao Street, closed to the junction with Jiangliu Road and Pu Shen Road. The immediately neighborhood intermingled with residential, commercial and composite developments.
- We have been provided with the legal opinion on the property prepared by the Group’s PRC Legal Adviser, which contains, inter alia, that:
 - Shanghai Deyi possesses the proper title of the land use rights and building ownership rights of the property with all premium and costs fully settled and is entitled to use, transfer, lease and mortgage the property or dispose of the property by other lawful means in accordance with the laws of the PRC during the term of the land use rights.
 - The property is not subject to any other encumbrances, litigations or disputes.

6. Our valuation has been made on the following basis and analysis:

Market Value – Residential:

In the valuation of the property in its existing state, market approach was adopted. The following residential units comparables were selected as they have characteristics comparable to the subject property, such as location, size and permitted use. The price range of these comparables is from RMB192,204 to RMB235,660 per square metre (on gross floor area basis). The salient details of these comparables are tabulated below:

Property	Comparable 1	Comparable 2	Comparable 3
Property Address	Lane 299, Jiangtao Road	Lane 555, Jiangtao Road	Lane 1839, Qixin Road, Minhang District
District	Minhang District	Minhang District	Pudong District
Usage	Residential	Residential	Residential
Year Built	2020	2010	2006
GFA (sq.m.)	224.90 m ²	390.21 m ²	681.11 m ²
Date of Offer	28-Feb-2024	28-Feb-2024	7-Mar-2024
Transaction Status	Asking	Asking	Asking
Unit Rate (RMB/sq.m)	¥235,660/m ²	¥192,204/m ²	¥211,420/m ²

The unit rate adopted by us is consistent with the sales prices of relevant comparables after due adjustments. Due adjustments to the unit rates of those sales prices have been made to reflect the difference in transaction status, location, age, type, size and uses. In the course of our valuation, we have adopted average unit rate of RMB212,900 per square metre, the market value of the Property is RMB35,900,000.

VALUATION PARTICULARS

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 31 March 2024
9.	Room 3801, No. 17 Swan Street, Haizhu District, Guangzhou City, Guangdong Province, the PRC 中國廣東省廣州市海珠區天鵝街17號3801房	<p>The Property comprises a residential unit of a 46-storey residential development, which was completed in 2021.</p> <p>As advised by the Group, the Property has a gross floor area of about 240.34 square metres.</p> <p>The land use rights of the property have been granted for a term of 70 years expiring on 1 February 2080 for residential purposes.</p>	As advised by the Group, the Property was owner-occupied as of the valuation date.	RMB27,400,000 (100% interest attributable to the Group)

Notes:

- Pursuant to a Guangzhou Commodity Flat Sales Agreement of the Apartment Unit (廣州市商品房買賣合同) dated 20 October 2021, the Property was transferred from 廣州世茂新紀元置業有限公司 (the “Assignor”) to 廣州雅迪裝飾包裝有限公司 (the “Assignee”), the Property was transferred to the Assignee at the transaction price of RMB28,600,664 for residential use.
- Pursuant to a Realty Title Certificate, Yue (2022) Guangzhou Shi Bu Dong Chan Quan Di No. 05005715, the land use rights and building ownership rights of the Property with a gross floor area of 240.34 square metres are held by 廣州亨雅實業集團有限公司 (“Guangzhou Artdeco”) for a term of 70 years expiring on 1 February 2080 for residential purposes. The former name of 廣州亨雅實業集團有限公司 is 廣州雅迪裝飾包裝有限公司, it changed its name to 廣州亨雅實業集團有限公司 on 24 March 2022.
- The property is located along Tiane Street, closed to the junction with Gexin Road and Rongjiang Road. Xianluo Wharf, Guangzhou Volunteer Park, Pacific Wharf No. 1 and Guangda Garden can be found in the vicinity. The immediately neighborhood intermingled with residential, commercial and composite developments.
- Guangzhou Artdeco is an indirectly wholly-owned subsidiary of the Company.
- We have been provided with the legal opinion on the property prepared by the Group’s PRC Legal Adviser, which contains, inter alia, that:
 - Guangzhou Artdeco possesses the proper title of the land use rights and building ownership rights of the property with all premium and costs fully settled and is entitled to use, transfer, lease and mortgage the property or dispose of the property by other lawful means in accordance with the laws of the PRC during the term of the land use rights.
 - The property is not subject to any encumbrances, mortgages, litigations or disputes.
 - As per the requirements set forth in a letter, Sui Fu Ban Han [2017] No. 65, the buildings of the Property can only be transferred after 3 years from 24 November 2021, that means the Property cannot be transferred from 24 November 2021 and 23 November 2024.

6. Our valuation has been made on the following basis and analysis:

Market Value – Residential:

In the valuation of the property in its existing state, market approach was adopted. The following residential units comparables were selected as they have characteristics comparable to the subject property, such as location, size and permitted use. The price range of these comparables is from RMB105,941 to RMB114,504 per square metre (on gross floor area basis). The salient details of these comparables are tabulated below:

Property	Comparable 1	Comparable 2	Comparable 3
Development's Name	Swan Bay	Skyfame Byland	Jinhai Bay
Property Address	No. 17 Swan Street	Zhouzui Road	555 Binjiang East Road
District	Haizhu District	Haizhu District	Haizhu District
Usage	Residential	Residential	Residential
Year Built	2021	2015	2003
GFA (sq.m.)	234.71 m ²	250.14 m ²	262.00 m ²
Date of Offer	19-Jan-2024	19-Jan-2024	19-Jan-2024
Transaction Status	Asking	Asking	Asking
Unit Rate (RMB/sq.m)	¥109,923/m ²	¥105,941/m ²	¥114,504/m ²

The unit rate adopted by us is consistent with the sales prices of relevant comparables after due adjustments. Due adjustments to the unit rates of those sales prices have been made to reflect the difference in transaction status, location, age, type, size and uses. In the course of our valuation, we have adopted an average unit rate of RMB114,100 per square metre, the market value of the Property is RMB27,400,000.

The sales constraint as mentioned in 5c) above covers the whole city, not only the subject property but also the comparables, so that the valuation result has already reflected this constraint in the course of the valuation.

VALUATION PARTICULARS

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 31 March 2024
10.	Level 1 and Level 2 and 4 car parking spaces of a composite development known as “Zhongxiao 101” (忠孝101) located at No. 101 Section 5, Zhongxiao East Road, Xinyi District, Taipei, Taiwan	<p>The subject property comprises a retail unit on 1st and 2nd floor of a 13-storey composite development known as “Zhongxiao 101” (忠孝101) and 1 car parking space on Level 1 and 4 car parking spaces on Level 2. The development was built in 2014.</p> <p>The retail unit of the subject property has a gross floor area of 219.82 square metres on Level 1 and 354.21 square metres on Level 2, inclusive of a total balcony area of 19.39 square metres and 4 car parking spaces of about 63.14 square metres.</p>	As advised by the Group, part of the subject property was vacant as of the valuation date.	<p>RMB89,600,000 (or TWD 395,600,000)</p> <p>(100% interest attributable to the Group)</p>

Notes:

- Pursuant to two Certificates of Ownership of Buildings (建物所有權狀), 105 Bei Song Zi Di Nos. 013287 and 013288, issued by Taipei Zhongshan Land Administration Office (台北市中山地政事務所), registered on December 15, 2014, the ownership of the Property is held by 台灣亨得利有限公司 (“Taiwan Hengdeli”) for general retail (Class A) use.
- Pursuant to two Certificates of Ownership of Land (土地所有權狀), 105 Bei Song Zi Di Nos. 024420 and 024421, issued by Taipei Zhongshan Land Administration Office (台北市中山地政事務所), registered on December 15, 2014, the ownership of the Property is held by Taiwan Hengdeli.
- Pursuant to a Credit Agreement (授信約定書), dated 1 December 2016, entered into between Chang Hwa Bank and Taiwan Hengdeli, the Property was pledged to Chang Hwa Bank for a term from 20 December 2016 to 20 December 2036 borrowing for an amount of TWD400,000,000.
- Pursuant to a Short-term Tenancy Agreement, dated 28 February 2024, portion of the Property with a gross floor area of about 219.82 square metres was leased to a lessee for a term of 2 months from 15 March 2024 to 14 May 2024 at a monthly rent of TWD 200,000, exclusive of decoration cost, water, electricity costs and management fee.
- The Property is located at Taipei downtown area, and it's located on northern side of Zhongxiao East Road along MRT Line 5 of Bannan Line. It is also close to the junction with Section 1 of Keelung Road. The immediately neighborhood intermingled with shopping malls, hotels, schools and tourism spots.
- According to the land searches as mentioned in Notes 1 and 2 above, the land use rights and building ownership rights of the Property are held by Taiwan Hengdeli.
- Taiwan Hengdeli is an indirectly wholly-owned subsidiary of the Company.

8. Our valuation has been made on the following basis and analysis:

Market Value – Level 1 Retail Unit:

In the valuation of the property in its existing state, market approach was adopted. The following retail comparables were selected as they have characteristics comparable to the subject property, such as location, size and permitted use. The price range of these comparables is from TWD 2,933,591 per ping to TWD 3,934,426 per ping (on gross floor area basis). The salient details of these comparables are tabulated below:

Property	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Floor Level	Level 1	Level 1	Level 1	Level 1	Level 1
Property Address	No. 451-461, Section 5, Zhongxiao East Road	Lane 553, Section 4, Zhongxiao East Road	No. 64, Lane 443, Yongji Road	No. 49, Section 5, Zhongxiao East Road	No. 95, Section 4, Minsheng East Road
District	Xinyi District	Xinyi District	Xinyi District	Xinyi District	Songshan District
Usage	Retail	Retail	Retail	Retail	Retail
Building Age (years)	18.9	52.8	48.0	39.3	42.6
GFA (sq.m.)	71.11	107.80	100.83	119.80	51.27
GFA (Ping)	21.51	32.61	30.5	36.24	15.51
Date of Sale	29 Feb 2024	29 Feb 2024	11 July 2023	27 August 2022	26 May 2022
Transaction Status	Asking	Asking	Transacted	Transacted	Transacted
Unit Rate (TWD/Ping)	4,091,120	3,219,871	3,934,426	3,587,196	2,933,591

The unit rate adopted by us is consistent with the sales prices of relevant comparables after due adjustments. Due adjustments to the unit rates of those sales prices have been made to reflect the difference in transaction status, location, age, type, size and uses. The unit rate adopted by us is consistent with the sales prices of relevant comparables after due adjustments. Due adjustments to the unit rates of those sales prices have been made to reflect the difference in transaction status, location, age, type, size and uses. In the course of our valuation, we have adopted a weighted average unit rate of TWD 3,200,000 per ping based on saleable area.

In determining the unit price for Level 2 retail, we have performed pair comparison analysis to derive the value difference between Level 1 and Level 2 units. The difference between the two levels should be 50%, that is about TWD 1,600,000 per ping, which is in line with our analysis results.

Market Value – Car Parking Space:

In the valuation of the property in its existing state, market approach was adopted. The following car parking comparables were selected as they have characteristics comparable to the subject property, such as location and permitted use. The price range of these comparables is from TWD 2,900,000 to TWD 3,000,000. The salient details of these comparables are tabulated below:

Property	Comparable 1	Comparable 2	Comparable 3
Floor Level	Basement	Basement	Basement
Property Address	No. 272 Songlong Road, Xinyi District	No. 465-467, Section 5, Zhongxiao, East Road	No. 32, Lane 147, Section 1, Zhongxiao, East Road
District	Xinyi District	Xinyi District	Xinyi District
Usage	Car parking	Car parking	Car parking
Date of Sale	22 April 2024	25-Jan-2024	28-Dec-2023
Transaction Status	Transacted	Transacted	Transacted
Unit Price (TWD/lot)	2,900,000	3,000,000	2,920,000

The unit rate adopted by us is consistent with the sales prices of relevant comparables after due adjustments. Due adjustments to the unit rates of those sales prices have been made to reflect the difference in location and uses. In the course of our valuation, we have adopted a unit rate of TWD 2,900,000 per lot on basement 2 level and TWD 2,800,000 per lot on basement 3 level.

The market value of the retail unit is approximately TWD 3,200,000/Ping x 66.5 Ping = TWD 212,789,026, while taking half of the unit rate for Level 2, i.e. TWD 1,600,000/Ping. Adding with the car parking space of about TWD 2,800,000 to TWD 2,900,000 each, the market value of the Property is TWD 395,600,000 (or about RMB89,600,000).

The value breakdowns are tabulated below:

	Unit Rate (TWD/Ping)	GFA (Ping)	Market Value
Level 1	3,200,000	66.50	NT\$212,789,026
Level 2	1,600,000	107.15	NT\$171,437,070
B2 Car Parking Spaces x2	2,900,000 each	2 units	NT\$5,800,000
B3 Car Parking Spaces x2	2,800,000 each	2 units	NT\$5,600,000
		Rounded to or about	NT\$395,600,000 RMB89,600,000

Remarks: RMB1 = TWD 4.4173 as of the valuation date, while 1 Ping = 3.3058 sq.m.

VALUATION PARTICULARS

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 31 March 2024
11.	Unit 301, 3/F, Lippo Sun Plaza, No. 28 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong 274,787/100,000,000 shares of and in the Kowloon Inland Lot No. 10722 (the "Lot")	The Property comprises an office unit of a 17-storey, which was built in 1988. The gross floor area and saleable area of the Property are approximately 2,653 square feet and 2,051 square feet respectively. The Lot is held under a Conditions of Sale No. 11856 for a term from 24 October 1985 to 30 June 2047.	As advised by the Group, the property was owner-occupied as of the valuation date.	RMB25,300,000 (or HKD27,300,000) (100% interest attributable to the Group)

Notes:

1. The registered owner of the Property is Hengdeli International Company Limited ("Hengdeli International"), vide Memorial No. 08042102380030 dated 27 March 2008, through an assignment at a consideration of HKD52,000,000 (part of transaction).
2. The Property is located on the eastern side of Canton Road and western side of Kowloon Park Drive, close to the junction with Peking Road. It takes about 7 minutes' walking distance from East Tsim Sha Tsui Station L5 exit. The immediately neighborhood intermingled with commercial developments, hotels, retails and tourism spots.
3. According to the land search as mentioned in Note 1 above, the land use rights and building ownership rights of the Property are held by Hengdeli International.
4. Hengdeli International is an indirectly wholly-owned subsidiary of the Company.

5. Our valuation has been made on the following basis and analysis:

Market Value – Office Unit:

In the valuation of the property in its existing state, market approach was adopted. The following office comparables were selected as they have characteristics comparable to the subject property, such as location, size and permitted use. The price range of these comparables is from HKD14,875 to HKD18,921 per square foot (on saleable area basis). The salient details of these comparables are tabulated below:

Property	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Units	19	6	18	7
Floor Level	12/F	11/F	12/F	8/F
Development's Name	Lippo Sun Plaza	Lippo Sun Plaza	Lippo Sun Plaza	Lippo Sun Plaza
Property Address	No. 28 Canon Road	No. 28 Canon Road	No. 28 Canon Road	No. 28 Canon Road
District	Tsim Sha Tsui	Tsim Sha Tsui	Tsim Sha Tsui	Tsim Sha Tsui
Usage	Office	Office	Office	Office
Year Built	1988	1988	1988	1988
Salable Area ("SA") (sq.ft.)	1,057	1,116	1,511	2,532
Date of Sale	09-Feb-2024	29-Jan-2024	23-Jan-2024	16-Jan-2024
Price (HKD)	\$20,000,000	\$17,328,000	\$28,000,000	\$37,663,000
Unit Rate (HK\$/sq.ft.) (SA)	\$18,921	\$15,527	\$18,531	\$14,875

The unit rate adopted by us is consistent with the sales prices of relevant comparables after due adjustments. Due adjustments to the unit rates of those sales prices have been made to reflect to the difference in transaction status, location, age, type, size and uses. In the course of our valuation, we have adopted an average unit rate of HKD13,300 per square foot based on saleable area, the market value of the Property is HKD27,300,000 (or RMB25,300,000).

Remarks: HKD1 = RMB0.9259 as of the valuation date.

VALUATION PARTICULARS

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 31 March 2024
12.	Unit 302, 3/F, Lippo Sun Plaza, No. 28 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong	<p>The Property comprises an office unit of a 17-storey, which was built in 1988.</p> <p>The gross floor area and saleable area of the Property are approximately 1,159 square feet and 896 square feet respectively.</p> <p>The Lot is held under a Conditions of Sale No. 11856 for a term from 24 October 1985 to 30 June 2047.</p>	<p>As advised by the Group, the Property was subject to a lease at a monthly rent of HKD42,360 exclusive of management fee as of the valuation date.</p>	<p>RMB13,600,000 (or HKD14,700,000)</p> <p>(100% interest attributable to the Group)</p>
	119,971/100,000,000 shares of and in the Kowloon Inland Lot No. 10722 (the "Lot")			

Notes:

1. The registered owner of the Property is Hengdeli International Company Limited ("Hengdeli International"), vide Memorial No. 11041202250029 dated 28 March 2011, through an assignment at a consideration of HKD12,169,500.
2. The Property is located on the eastern side of Canton Road and western side of Kowloon Park Drive, close to the junction with Peking Road. It takes about 7 minutes' walking distance from East Tsim Sha Tsui Station L5 exit. The immediately neighborhood intermingled with commercial developments, hotels, retails and tourism spots.
3. According to the land search as mentioned in Note 1 above, the land use rights and building ownership rights of the Property are held by Hengdeli International.
4. Hengdeli International is an indirectly wholly-owned subsidiary of the Company.

5. Our valuation has been made on the following basis and analysis:

Market Value – Office Unit:

In the valuation of the property in its existing state, market approach was adopted. The following office comparables were selected as they have characteristics comparable to the subject property, such as location, size and permitted use. The price range of these comparables is from HKD14,875 to HKD18,921 per square foot (on saleable area basis). The salient details of these comparables are tabulated below:

Property	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Units	19	6	18	7
Floor Level	12/F	11/F	12/F	8/F
Development's Name	Lippo Sun Plaza	Lippo Sun Plaza	Lippo Sun Plaza	Lippo Sun Plaza
Property Address	No. 28 Canon Road	No. 28 Canon Road	No. 28 Canon Road	No. 28 Canon Road
District	Tsim Sha Tsui	Tsim Sha Tsui	Tsim Sha Tsui	Tsim Sha Tsui
Usage	Office	Office	Office	Office
Year Built	1988	1988	1988	1988
Salable Area ("SA") (sq.ft.)	1,057	1,116	1,511	2,532
Date of Sale	09-Feb-2024	29-Jan-2024	23-Jan-2024	16-Jan-2024
Price (HKD)	\$20,000,000	\$17,328,000	\$28,000,000	\$37,663,000
Unit Rate (HK\$/sq.ft.) (SA)	\$18,921	\$15,527	\$18,531	\$14,875

The unit rate adopted by us is consistent with the sales prices of relevant comparables after due adjustments. Due adjustments to the unit rates of those sales prices have been made to reflect to the difference in transaction status, location, age, type, size and uses. In the course of our valuation, we have adopted an average unit rate of HKD16,400 per square foot based on saleable area, the market value of the Property is HKD14,700,000 (or RMB13,600,000).

Remarks: HKD1 = RMB0.9259 as of the valuation date.

VALUATION PARTICULARS

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 31 March 2024
13.	Unit 314, 3/F, Lippo Sun Plaza, No. 28 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong 338,755/100,000,000 shares of and in the Kowloon Inland Lot No. 10722 (the "Lot")	<p>The Property comprises an office unit of a 17-storey, which was built in 1988.</p> <p>The gross floor area and saleable area of the Property are approximately 3,271 square feet and 2,530 square feet respectively.</p> <p>The Lot is held under a Conditions of Sale No. 11856 for a term from 24 October 1985 to 30 June 2047.</p>	<p>As advised by the Group, portion of the Property was subject to two leases at a total monthly rent of HKD118,214 exclusive of management fee.</p>	<p>RMB28,100,000 (or HKD30,400,000)</p> <p>(100% interest attributable to the Group)</p>

Notes:

1. The registered owner of the Property is Hengdeli International Company Limited ("Hengdeli International"), vide Memorial No. 08042102380030 dated 27 March 2008, through an assignment at a consideration of HKD52,000,000 (part of transaction).
2. The Property is located on the eastern side of Canton Road and western side of Kowloon Park Drive, close to the junction with Peking Road. It takes about 7 minutes' walking distance from East Tsim Sha Tsui Station L5 exit. The immediately neighborhood intermingled with commercial developments, hotels, retails and tourism spots.
3. According to the land search as mentioned in Note 1 above, the land use rights and building ownership rights of the Property are held by Hengdeli International.
4. Hengdeli International is an indirectly wholly-owned subsidiary of the Company.

5. Our valuation has been made on the following basis and analysis:

Market Value – Office Unit:

In the valuation of the property in its existing state, market approach was adopted. The following office comparables were selected as they have characteristics comparable to the subject property. The price range of these comparables is from HKD14,875 to HKD18,921 per square foot (on saleable area basis). The salient details of these comparables are tabulated below:

Property	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Units	19	6	18	7
Floor Level	12/F	11/F	12/F	8/F
Development's Name	Lippo Sun Plaza	Lippo Sun Plaza	Lippo Sun Plaza	Lippo Sun Plaza
Property Address	No. 28 Canon Road	No. 28 Canon Road	No. 28 Canon Road	No. 28 Canon Road
District	Tsim Sha Tsui	Tsim Sha Tsui	Tsim Sha Tsui	Tsim Sha Tsui
Usage	Office	Office	Office	Office
Year Built	1988	1988	1988	1988
Salable Area ("SA") (sq.ft.)	1,057	1,116	1,511	2,532
Date of Sale	09-Feb-2024	29-Jan-2024	23-Jan-2024	16-Jan-2024
Price (HKD)	\$20,000,000	\$17,328,000	\$28,000,000	\$37,663,000
Unit Rate (HK\$/sq.ft.) (SA)	\$18,921	\$15,527	\$18,531	\$14,875

The unit rate adopted by us is consistent with the sales prices of relevant comparables after due adjustments. Due adjustments to the unit rates of those sales prices have been made to reflect to the difference in transaction status, location, age, type, size and uses. In the course of our valuation, we have adopted an average unit rate of HKD12,000 per square foot based on saleable area, the market value of the Property is HKD30,400,000 (or about RMB28,100,000).

Remarks: HKD1 = RMB0.9259 as of the valuation date.

VALUATION PARTICULARS

Group II – Properties Held For Investment

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 31 March 2024
14.	Block No. 6, Yangtze River International Enterprise Square, Lane 268, Linxin Road, Changning District, Shanghai, the PRC Road, Changning District, Shanghai, the PRC 中國上海市長寧區 臨新路268弄揚子 江國際企業廣場6 號樓	<p>The Property comprises a 6-storey high-technology industrial block erected of an industrial complex known as “Yangtze River International Enterprise Square”, which has a aggregated site area of about 67,121 square metres. It was built in 2012.</p> <p>As advised by the Group, the Property has a gross floor area of approximately 4,331.37 square metres.</p> <p>The land use rights of the property have been granted for a term of 50 years expiring on 25 June 2057 for industrial purposes.</p>	<p>As advised by the Group, the Property was under renovation works as of the valuation date.</p>	<p>RMB100,100,000</p> <p>(100% interest attributable to the Group)</p>

Notes:

- Pursuant to a Shanghai Certificate of Real Estate Ownership, Hu Fang Di Chang Zi (2012) Di 010737, dated 29 October 2012, the land use rights and building ownership rights of the Property with a site area of 67,121.00 square metres and a total gross floor area of 4,331.37 square metres are held by 上海乾廣投資管理有限公司 (“Shanghai Qianguang”) for a term of 50 years expiring on 25 June 2057 for industrial purposes.
- As advised by the Group, the Property was under renovation works as of the valuation date, it was expected to be completed at the end April 2024. The total budget of the renovation works is about RMB33,859,900, while the total cost incurred was about RMB17,872,600 as of the valuation date. We have taken into account this incurred renovation cost in the course of our valuation.
- The property is located at southern side of Linxin Road close to the junction with Fuquan Road (North). It is also close to the Outer Ring Expressway A20 and Beidi Viad S125. It is about 25 minutes’ driving distance from Shanghai downtown area on its eastern side, 20 minutes’ driving distance to Shanghai Hongqiao International Airport on its south-western side and 50 minutes’ driving distance to Shanghai Pudong International Airport on its south-eastern side. The immediately neighborhood intermingled with commercial/residential complexes, shopping malls, parking lots and office buildings.
- Shanghai Qianguang is an indirectly wholly-owned subsidiary of the Company.
- We have been provided with the legal opinion on the property prepared by the Group’s PRC Legal Adviser, which contains, inter alia, that:
 - Shanghai Qianguang possesses the proper title of the land use rights and building ownership rights of the property with all premium and costs fully settled and is entitled to use, transfer, lease and mortgage the property or dispose of the property by other lawful means in accordance with the laws of the PRC during the term of the land use rights.
 - The buildings or structures of the property are in compliance with local planning and building regulations and have been approved by the relevant authorities with all related cost or fee fully settled.
 - The property is not subject to any encumbrances, mortgages, litigations or disputes.

6. Our valuation has been made on the following basis and analysis:

Market Value – Industrial Block (upon completion of renovation works):

In the valuation of the property in its existing state, market approach was adopted. The following industrial comparables were selected as they have characteristics comparable to the subject property, such as location, size and permitted use. The price range of these comparables is from RMB24,600 to RMB33,520 per square metre (on gross floor area basis). The salient details of these comparables are tabulated below:

Property	Comparable 1	Comparable 2	Comparable 3
Floor Level	4-storey Whole Building	6-storey Whole Building	High Level
Development's Name	IBP International Business Garden	Donghua University Technology Park	Zhaohua Debiyi Park
Property Address	No. 1-10, Lane 280, Linhong Road	Lane 177, Fulian 2nd Road	No. 357 Zhaohua Road
District	Changning District	Changning District	Changning District
Usage	Industrial	Industrial	Industrial
Year Built	2010	2011	2012
GFA (sq.m.)	8,950.00 m ²	4,450.00 m ²	450.00 m ²
Date of Sale	27-Feb-2024	27-Feb-2024	27-Feb-2024
Transaction Status	Asking	Asking	Asking
Unit Rate (RMB/sq.m)	¥33,520/m ²	¥26,966/m ²	¥24,600/m ²

The unit rate adopted by us is consistent with the sales prices of relevant comparables after due adjustments. Due adjustments to the unit rates of those sales prices have been made to reflect to the difference in transaction status, location, age, type, size and uses. In the course of our valuation, we have adopted an average unit rate of RMB23,100 per square metre, the market value of the Property is RMB100,100,000.

VALUATION PARTICULARS

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 31 March 2024
15.	Block No. 5, Yangtze River International Enterprise Square, Lane 268, Linxin Road, Changning District, Shanghai, the PRC Road, Changning District, Shanghai, the PRC 中國上海市長寧區 臨新路268弄揚子 江國際企業廣場5 號樓	<p>The Property comprises a 6-storey high-technology industrial block erected of an industrial complex known as “Yangtze River International Enterprise Square”, which has a aggregated site area of about 67,121 square metres. It was built in 2012.</p> <p>As advised by the Group, the Property has a gross floor area of approximately 3,794.24 square metres.</p> <p>The land use rights of the property have been granted for a term of 50 years expiring on 25 June 2057 for industrial purposes.</p>	<p>As advised by the Group, the Property was leased out at a current monthly rent of RMB272,019.6 for ancillary office use as of the valuation date.</p>	<p>RMB93,300,000</p> <p>(100% interest attributable to the Group)</p>

Notes:

- Pursuant to a Shanghai Certificate of Real Estate Ownership, Hu Fang Di Chang Zi (2012) Di 010628, dated 26 October 2012, the land use rights and building ownership rights of the Property with a site area of 67,121.00 square metres and a total gross floor area of 3,794.24 square metres are held by 上海乾前投資管理有限公司 (“Shanghai Qianqian”) for a term of 50 years expiring on 25 June 2057 for industrial purposes.
- Pursuant to 20 lease agreements entered into between Shanghai Qianqian and lessees, the property has been leased to these lessees at an aggregated monthly rent of RMB272,019.6 inclusive of tax expenses for ancillary office use.
- The property is located at southern side of Linxin Road close to the junction with Fuquan Road (North). It is also close to the Outer Ring Expressway A20 and Beidi Viad S125. It is about 25 minutes’ driving distance from Shanghai downtown area on its eastern side, 20 minutes’ driving distance to Shanghai Hongqiao International Airport on its south-western side and 50 minutes’ driving distance to Shanghai Pudong International Airport on its south-eastern side. The immediately neighborhood intermingled with commercial/residential complexes, shopping malls, parking lots and office buildings.
- Shanghai Qianqian is an indirectly wholly-owned subsidiary of the Company.
- We have been provided with the legal opinion on the property prepared by the Group’s PRC Legal Adviser, which contains, inter alia, that:
 - Shanghai Qianqian possesses the proper title of the land use rights and building ownership rights of the property with all premium and costs fully settled and is entitled to use, transfer, lease and mortgage the property or dispose of the property by other lawful means in accordance with the laws of the PRC during the term of the land use rights.
 - The buildings or structures of the property are in compliance with local planning and building regulations and have been approved by the relevant authorities with all related cost or fee fully settled.
 - The lease agreements as mentioned in Note 2 above have not been registered, but this does not affect the validity of the lease agreements.
 - The property is not subject to any encumbrances, mortgages, litigations or disputes.

6. Our valuation has been made on the following basis and analysis:

Market Value – Industrial Block (currently used as ancillary office use):

In the valuation of the property in its existing state, market approach was adopted. The following industrial comparables were selected as they have characteristics comparable to the subject property, such as location, size and permitted use. The price range of these comparables is from RMB24,600 to RMB33,520 per square metre (on gross floor area basis). The salient details of these comparables are tabulated below:

Property	Comparable 1	Comparable 2	Comparable 3
Floor Level	4-storey Whole Building	6-storey Whole Building	High Level
Development's Name	IBP International Business Garden	Donghua University Technology Park	Zhaohua Debiyi Park
Property Address	No. 1-10, Lane 280, Linhong Road	Lane 177, Fulian 2nd Road	No. 357 Zhaohua Road
District	Changning District	Changning District	Changning District
Usage	Industrial	Industrial	Industrial
Year Built	2010	2011	2012
GFA (sq.m.)	8,950.00 m ²	4,450.00 m ²	450.00 m ²
Date of Sale	27-Feb-2024	27-Feb-2024	27-Feb-2024
Transaction Status	Asking	Asking	Asking
Unit Rate (RMB/sq.m)	¥33,520/m ²	¥26,966/m ²	¥24,600/m ²

The unit rate adopted by us is consistent with the sales prices of relevant comparables after due adjustments. Due adjustments to the unit rates of those sales prices have been made to reflect to the difference in transaction status, location, age, type, size and uses. In the course of our valuation, we have adopted an average unit rate of RMB24,600 per square metre, the market value of the Property is RMB93,300,000.

VALUATION PARTICULARS

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 31 March 2024
16.	Unit No. 2701 on 27/F, Block 1, Court No. 86 Jianguo Road, Chaoyang District, Beijing, the PRC 中國北京市朝陽區建國路86號院1號樓27層2701	<p>The Property comprises an office unit of an office building. It was built in 2017.</p> <p>As advised by the Group, the Property has a gross floor area of approximately 1,572.09 square metres.</p> <p>The land use rights of the property have been granted for a term of 70 years expiring on 30 August 2074 for office purposes.</p>	<p>As advised by the Group, the Property was vacant as of the valuation date.</p>	<p>RMB111,200,000</p> <p>(100% interest attributable to the Group)</p>

Notes:

1. Pursuant to a Realty Title Certificate, Jing (2023) Beijing Bu Dong Chan Quan Di No. 0086534 dated 8 September 2023, the land use rights and building ownership rights of the Property with a gross floor area(s) of 1,572.09 square metres are held by 上海的益商貿有限公司 (“Shanghai Deyi”) for a term of 70 years expiring on 30 August 2074 for office purposes.
2. The property is located at the junction of Jian Guo Road and West Da Wang. It is also close to the Da Wang bridge and Guanghui bridge. The immediately neighborhood intermingled with shopping malls, hotels and offices.
3. Shanghai Deyi is an indirectly wholly-owned subsidiary of the Company.
4. We have been provided with the legal opinion on the property prepared by the Group’s PRC Legal Adviser, which contains, inter alia, that:
 - a) Shanghai Deyi possesses the proper title of the land use rights and building ownership rights of the property with all premium and costs fully settled and is entitled to use, transfer, lease and mortgage the property or dispose of the property by other lawful means in accordance with the laws of the PRC during the term of the land use rights.
 - b) The buildings or structures of the property are in compliance with local planning and building regulations and have been approved by the relevant authorities with all related cost or fee fully settled.
 - c) The property is not subject to any encumbrances, mortgages, litigations or disputes.

5. Our valuation has been made on the following basis and analysis:

Market Value – Commodity Flat Unit:

In the valuation of the property in its existing state, market approach was adopted. The following commodity flat comparables were selected as they have characteristics comparable to the subject property, such as location, size and permitted use. The price range of these comparables is from RMB66,063 to RMB100,169 per square metre (on gross floor area basis). The salient details of these comparables are tabulated below:

Property	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Floor Level	Low/Middle Level	Low/Middle Level	Low~High Level	Low/Middle Level	Low~High Level
Development's Name	Huamao Apartment	Sapphire International Apartment	SOHO Modern City	Sunshine 100 International Apartment	Gemdale International Garden
Property Address	No. 89, Jianguo Road, Chaoyang District, Beijing	No. 3, Xidawang Road, Chaoyang District, Beijing	No. 88, Jianguo Road, Chaoyang District, Beijing	No. 2, Guanghua Road, Chaoyang District, Beijing	No. 91, Jianguo Road, Chaoyang District, Beijing
District	Chaoyang	Chaoyang	Chaoyang	Chaoyang	Chaoyang
Usage	Residential	Residential	Residential	Residential	Residential
Year Built	2005	2004	2000	2002	2004
GFA (sq.m.)	80~213	45~179	85~260	48~310	123~266
Date of Sale	1-Mar-24	1-Mar-24	1-Mar-24	1-Mar-24	1-Mar-24
Transaction Status	Asking	Asking	Asking	Asking	Asking
Unit Rate (RMB/sq.m)	¥93,438/m ²	¥89,227/m ²	¥66,063/m ²	¥74,595/m ²	¥100,169/m ²

The unit rate adopted by us is consistent with the sales prices of relevant comparables after due adjustments. Due adjustments to the unit rates of those sales prices have been made to reflect to the difference in transaction status, location, age, type, size and uses. In the course of our valuation, we have adopted an average unit rate of RMB70,707 per square metre, the market value of the Property is RMB111,200,000.

VALUATION PARTICULARS

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 31 March 2024
17.	Unit No. 2801 on 28/F, Block 1, Court No. 86 Jianguo Road, Chaoyang District, Beijing, the PRC 中國北京市朝陽區建國路86號院1號樓28層2801	<p>The Property comprises an office unit of an office building. It was built in 2017.</p> <p>As advised by the Group, the Property has a gross floor area of approximately 1,574.51 square metres.</p> <p>The land use rights of the property have been granted for a term of 70 years expiring on 30 August 2074 for office purposes.</p>	<p>As advised by the Group, the Property was vacant as of the valuation date.</p>	<p>RMB111,300,000</p> <p>(100% interest attributable to the Group)</p>

Notes:

1. Pursuant to a Realty Title Certificate, Jing (2023) Beijing Bu Dong Chan Quan Di No. 0086518 dated 8 September 2023, the land use rights and building ownership rights of the Property with a gross floor area(s) of 1,574.51 square metres are held by 上海的益商貿有限公司 (“Shanghai Deyi”) for a term of 70 years expiring on 30 August 2074 for office purposes.
2. The property is located at the junction of Jian Guo Road and West Da Wang. It is also close to the Da Wang bridge and Guanghui bridge. The immediately neighborhood intermingled with shopping malls, hotels and offices.
3. Shanghai Deyi is an indirectly wholly-owned subsidiary of the Company.
4. We have been provided with the legal opinion on the property prepared by the Group’s PRC Legal Adviser, which contains, inter alia, that:
 - a) Shanghai Deyi possesses the proper title of the land use rights and building ownership rights of the property with all premium and costs fully settled and is entitled to use, transfer, lease and mortgage the property or dispose of the property by other lawful means in accordance with the laws of the PRC during the term of the land use rights.
 - b) The buildings or structures of the property are in compliance with local planning and building regulations and have been approved by the relevant authorities with all related cost or fee fully settled.
 - c) The property is not subject to any encumbrances, mortgages, litigations or disputes.

5. Our valuation has been made on the following basis and analysis:

Market Value – Commodity Flat Unit:

In the valuation of the property in its existing state, market approach was adopted. The following commodity flat comparables were selected as they have characteristics comparable to the subject property, such as location, size and permitted use. The price range of these comparables is from RMB66,063 to RMB100,169 per square metre (on gross floor area basis). The salient details of these comparables are tabulated below:

Property	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Floor Level	Low/Middle Level	Low/Middle Level	Low~High Level	Low/Middle Level	Low~High Level
Development's Name	Huamao Apartment	Sapphire International Apartment	SOHO Modern City	Sunshine 100 International Apartment	Gemdale International Garden
Property Address	No. 89, Jianguo Road, Chaoyang District, Beijing	No. 3, Xidawang Road, Chaoyang District, Beijing	No. 88, Jianguo Road, Chaoyang District, Beijing	No. 2, Guanghua Road, Chaoyang District, Beijing	No. 91, Jianguo Road, Chaoyang District, Beijing
District	Chaoyang	Chaoyang	Chaoyang	Chaoyang	Chaoyang
Usage	Office	Office	Office	Office	Office
Year Built	2005	2004	2000	2002	2004
GFA (sq.m.)	80~213	45~179	85~260	48~310	123~266
Date of Sale	1-Mar-24	1-Mar-24	1-Mar-24	1-Mar-24	1-Mar-24
Transaction Status	Asking	Asking	Asking	Asking	Asking
Unit Rate (RMB/sq.m)	¥93,438/m ²	¥89,227/m ²	¥66,063/m ²	¥74,595/m ²	¥100,169/m ²

The unit rate adopted by us is consistent with the sales prices of relevant comparables after due adjustments. Due adjustments to the unit rates of those sales prices have been made to reflect to the difference in transaction status, location, age, type, size and uses. In the course of our valuation, we have adopted an average unit rate of RMB70,707 per square metre, the market value of the Property is RMB111,300,000.

VALUATION PARTICULARS

Group III – Leased Property

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 31 March 2024
18.	Leased high-end clubhouse on Level 4-6, Palace Hotel Building of Peace Hotel, No. 23 Nanjing East Road, Huangpu District, Shanghai, the PRC 中國上海市黃浦區南京東路23號和平飯店南樓4-6樓之租賃高端會所	The Property comprises a leased high-end club house with ballrooms and restaurants, which is under renovation works of a 6-storey hotel building known as “Palace Hotel Building”, forming part of the “Peace Hotel”. It was re-built in 1906. As advised by the Group, the Property has a gross floor area of approximately 2,825 square metres. As advised by the Group, the Property was under renovation works, the renovation area was approximately 100 square metres.	As advised by the Group, the Property was under renovation works as of the valuation date.	No Commercial Value

Notes:

- Pursuant to a Sub-lease agreement (轉租協議) entered into between 上海斯沃琪藝術中心有限公司 and 上海的益商貿有限公司 (the “Lessee” or “Shanghai Deyi”) dated 26 February 2019, the property has been leased to the lessee for a term of 6 years commencing on handover date at a monthly rent of 12% of total income (1st-3rd year of lease term), while it will change to fixed market rent or paying a range of 12%-15% of total income (4th-6th year of lease term) whichever is higher, all rental amount is exclusive management fee for high-end club house with ballrooms and restaurants uses.
- As advised by the Group, the Property was under renovation works as of the valuation date, it was expected to be completed at the end May 2024. The total budget of the renovation works is about RMB100,000, while the total cost incurred was about RMB66,037.74 as of the valuation date. We have taken into account this incurred renovation cost in the course of our valuation.
- Pursuant to a Construction Works Commencement Permit, No. 310101202207250109, issued by Shanghai Housing and Urban-Rural Construction Management Committee, dated 25 July 2022, the commencement of renovation works of the Property has been approved.
- The property is a hotel located at the southern side of Nanjing Road (East) at the junction of western side of Waitan Tunnel in Huangpu District. It is also close to the Bund Sightseeing Tunnel. It is about 30 minutes’ driving distance to Shanghai Hongqiao International Airport on its south-western side and 19 minutes’ driving distance to Shanghai Pudong International Airport on its south-eastern side. The immediately neighborhood intermingled with tourism spots, historical commercial/residential complexes, shopping malls, parking lots and office buildings.
- Shanghai Deyi is an indirectly wholly-owned subsidiary of the Company.
- No commercial value is attributable to the Property, which was leased by the Shanghai Deyi for high-end club house with ballrooms and restaurants uses.

RESPONSIBILITY STATEMENT

This Composite Document includes particulars given in compliance with the Takeovers Code for the purpose of giving information with regard to the Partial Offer.

As at the Latest Practicable Date, the Board comprises Mr. Zhang Yuping, Mr. Huang Yonghua and Mr. Lee Shu Chung Stan as executive Directors, Mr. Shi Zhongyang as the non-executive Director and Mr. Cai Jianmin, Mr. Liu Xueling and Ms. Qian Weiqing as independent non-executive Directors. The Directors jointly and severally accept full responsibility for the accuracy of information contained in this Composite Document (other than the information relating to the Offeror) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the sole director of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

As at the Latest Practicable Date, the sole director of the Offeror is Mr. Cheung Wing Lun Tony. The sole director of the Offeror accepts full responsibility for the accuracy of information contained in this Composite Document (other than the information relating to the Group) and confirms, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed in this Composite Document (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

SHARE CAPITAL OF THE COMPANY

	Number of Shares	Share capital HK\$
<i>Authorised:</i>		
Ordinary Shares of HK\$0.005 each		
– As at the Latest Practicable Date	10,000,000,000	50,000,000
<i>Issued and fully paid ordinary Shares of HK\$0.005 each:</i>		
– Balance as at 31 December 2023	4,404,018,959	22,020,094.795
– Shares issued since 31 December 2023	nil	nil
– As at the Latest Practicable Date	4,404,018,959	22,020,094.795

As at the Latest Practicable Date, other than the 4,404,018,959 Shares in issue, the Company has no other relevant securities in issue. All existing Shares rank equally in all respects, including in particular as to capital, dividends and voting.

DISCLOSURE OF INTERESTS

(a) Interests of the Directors in the Shares

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or shares and debentures of any of 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 which they were deemed to have under such provisions of the SFO); or recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, or required to be disclosed under the Takeovers Code were as follows:

Name of Director/ Chief Executive	Number of Shares held			Approximate percentage of the total number of Shares in issue (%)
	Personal interests	Corporate interests	Total	
Mr. Zhang	91,723,600	657,178,447 ¹	748,902,047	17.00
Mr. Cheung	–	704,643,034 ²	704,643,034	16.00
Mr. Huang Yonghua	56,172,800	–	56,172,800	1.28
Mr. Lee Shu Chung, Stan	5,920,000	–	5,920,000	0.13

Notes:

1. Mr. Zhang owned 100% of the issued share capital of Best Growth, which in turn held 657,178,447 shares of the Company as at the Latest Practicable Date. In addition, as at the Latest Practicable Date, Mr. Zhang Yuping held 91,723,600 shares of the Company under his name. Accordingly, Mr. Zhang was interested in a total of 748,902,047 shares of the Company, representing 17.00% of the issued share capital as at the Latest Practicable Date.
2. Mr. Cheung owned 100% of the issued share capital of the Offeror, which in turn held 704,643,034 shares of the Company as at the Latest Practicable Date. Accordingly, Mr. Cheung was interested in 704,643,034 Shares, representing 16.00% of the issued share capital as at the Latest Practicable Date.
3. All the positions above are long positions.
4. The approximate percentage figures are rounded to the nearest two decimal places.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests and short positions in the Shares, underlying Shares and debentures of the Company or shares and debentures of any of 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 which they were deemed to have under such provisions of the SFO); or recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, or required to be disclosed under the Takeovers Code.

(b) Interests of substantial Shareholders in the 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, underlying Shares and debentures of the Company which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Name of Shareholder	Nature of interest	Number of Shares or underlying Shares	Approximate percentage of the issued share capital of the Company (%)
The Swatch Group (Hong Kong) Limited ¹	Beneficial interest	437,800,000	9.94
The Swatch Group Limited ¹	Interest in controlled corporation	437,800,000	9.94

Notes:

1. These 437,800,000 shares were held in the name of and registered in the capacity of The Swatch Group (Hong Kong) Limited as a beneficial owner. The entire issued share capital of The Swatch Group (Hong Kong) Limited was beneficially owned by The Swatch Group Limited.
2. All the positions above are long positions.
3. The approximate percentage figures are rounded to the nearest two decimal places.

Save as disclosed above and in the letter from Guotai Junan Capital in this Composite Document, as at the Latest Practicable Date, there was no person who (a) had interests and short positions in the Shares, underlying Shares and debentures of the Company which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO; or (b) 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.

(c) Interests and short positions of the Offeror and the Offeror Concert Parties in the Shares

As at the Latest Practicable Date, save as disclosed in the letter from Guotai Junan Capital and in the paragraph headed “Interests of substantial Shareholders in the Shares” above in this Composite Document, none of the Offeror, its sole director or the Offeror Concert Parties had any interest in, owned, controlled or directed any Shares or other relevant securities of the Company.

(d) Other disclosures

As at the Latest Practicable Date:

- (1) none of the Offeror nor parties acting in concert with it has received any irrevocable commitment to accept or not to accept and/or approve or not to approve the Partial Offer;
- (2) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Offeror or parties acting in concert with it;
- (3) there is no agreement or arrangement to which the Offeror is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Partial Offer;
- (4) the Company had no shareholding in the Offeror or any warrants, options, convertible securities or derivatives or relevant securities in respect of any shares of the Offeror;
- (5) none of the Directors were interested in any shares of the Offeror or any warrants, options, convertible securities or derivatives or relevant securities in respect of any shares of the Offeror;
- (6) save as disclosed in the paragraph headed “Interest of the Directors in the Shares” above, none of the Directors were interested in any Shares or any warrants, options, convertible securities or derivatives or relevant securities in respect of any Shares;
- (7) none of the subsidiaries of the Company, pension funds of the Company or of a subsidiary of the Company or a person who is presumed to be acting in concert with the Company by virtue of Class (5) of the definition of “acting in concert” under the Takeovers Code or 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 the Shares;

- (8) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code;
- (9) no fund managers (other than exempt fund managers) connected with the Company had managed any relevant securities on a discretionary basis;
- (10) neither the Company nor any of the Directors had borrowed or lent any Shares or any convertible securities, warrants, options or derivatives or relevant securities in respect of any Shares, save for any borrowed Shares which have been either on-lent or sold;
- (11) none of the Offeror nor parties acting in concert with it has borrowed or lent any relevant securities in the Company, save for any borrowed Shares which have been either on-lent or sold;
- (12) all of the Directors who are Qualifying Shareholders (namely Mr. Huang Yonghua and Mr. Lee Shu Chung, Stan) intended to reject but to approve the Partial Offer in respect of their own beneficial shareholdings in the Company;
- (13) other than the Offer Price under the Partial Offer, there is no other consideration, compensation or benefit in whatever form paid or to be paid by the Offeror or parties acting in concert with it in connection with the Partial Offer;
- (14) there was no agreement, arrangement or understanding that the Offer Shares acquired in pursuance to the Partial Offer would be transferred, charged or pledged to any other persons;
- (15) save for (a) arrangements as disclosed in the Company’s announcement dated 29 June 2006, (b) arrangements entered into between Mr. Zhang and his affiliates (on the one hand) and The Swatch Group Hong Kong Limited and its affiliates (on the other hand) in connection with certain financing arrangements and (c) certain other arrangements entered into in the ordinary course of businesses of entities held by Mr. Zhang, there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Offeror or parties acting in concert with it on the one hand, and the Shareholders on the other hand; and
- (16) save for (a) arrangements as disclosed in the Company’s announcement dated 29 June 2006 and (b) certain other arrangements entered into in the ordinary course of business of the Group, there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Company, its subsidiaries or associated companies on the one hand, and the Shareholders on the other hand.

ARRANGEMENTS AFFECTING OR RELATING TO THE DIRECTORS

As at the Latest Practicable Date:

- (1) no benefit (other than statutory compensation) was or would be given to any Director as compensation for loss of office or otherwise in connection with the Partial Offer;
- (2) there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Partial Offer or otherwise connected with the Partial Offer;
- (3) no agreement, arrangement or understanding (including any compensation arrangement) existed between the Offeror or any person acting in concert with it and any Directors or recent Directors, or any Shareholders or recent Shareholders which had any connection with or dependence upon the Partial Offer;
- (4) there was no agreement or arrangement to which the Offeror is party which relates to the circumstances in which it may or may not invoke or seek to invoke the Pre-Condition or a Condition; and
- (5) no material contracts had been entered into by the Offeror in which any Director has a material personal interest.

DEALINGS IN SHARES

- (1) None of the Offeror, the sole director or the concert parties of the Offeror had dealt for value in any of the relevant securities of the Company during the Relevant Period;
- (2) neither the Company, any of its subsidiaries, nor any Directors had dealt for value in any shares of the Offeror or any other convertible securities, warrants, options or derivatives in respect of the shares of the Offeror or any relevant securities of the Offeror during the Relevant Period;
- (3) none of the Directors had dealt for value in any Shares, convertible securities, warrants, options or derivatives or any relevant securities in respect of any Shares during the Relevant Period;

- (4) none of the subsidiaries of the Company, pension funds of the Company or of a subsidiary of the Company or a person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code or 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, had dealt for value in any Shares or any convertible securities, warrants, options or derivatives of the Company during the period commencing at the start of the Offer Period and ending on the Latest Practicable Date;
- (5) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code and no such person dealt for value in any Shares or any convertible securities, warrants, options or derivatives of the Company during the period commencing at the start of the Offer Period and ending on the Latest Practicable Date; and
- (6) no fund managers connected with the Company who managed funds on a discretionary basis had dealt for value in any Shares or any other convertible securities, warrants, options or derivatives in respect of the Shares during the period commencing at the start of the Offer Period and ending on the Latest Practicable Date.

MARKET PRICES

The table below shows the closing price per Share as quoted on the Stock Exchange on (a) the Latest Practicable Date; (b) the Last Trading Day; and (c) the last trading day of each of the calendar months during the Relevant Period.

Date	Closing price per Share HK\$
29 December 2023	0.148
31 January 2024	0.127
29 February 2024	0.124
28 March 2024	0.14
30 April 2024	0.15
31 May 2024	0.137
Last Trading Day (i.e. 14 June 2024)	0.135
Latest Practicable Date (i.e. 28 June 2024)	0.14

MATERIAL CONTRACTS

Save as disclosed below, the Group had not, within the two years immediately preceding the commencement of the Offer Period and up to and including the Latest Practicable Date, entered into any contract (not being a contract entered into in the ordinary course of business carried on or intended to be carried on by the Group), which is or may be material:

- (i) the written confirmation dated 3 August 2023 evidencing the successful bid by Shanghai Deyi Trading Co. Ltd.* (上海的益商貿有限公司) (the “**Purchaser**”) (an indirect wholly-owned subsidiary of the Company) for the acquisition of the property located at Unit No. 2701 on 27th Floor, Building 1, Court No. 86 Jianguo Road, Chaoyang District, Beijing City* (北京市朝陽區建國路86號院1號樓27層2701) at the judicial auctions arranged by the Third Intermediate People’s Court of Beijing (北京市第三中級人民法院) through the open Jingdong Judicial Auction Platform* (京東網司法拍賣網絡平台) at a consideration of RMB70,343,336 payable by the Purchaser; and
- (ii) the written confirmation dated 3 August 2023 evidencing successful bid by the Purchaser (an indirect wholly-owned subsidiary of the Company) for the acquisition of the property located at Unit No. 2801 on 28th Floor, Building 1, Court No. 86 Jianguo Road, Chaoyang District, Beijing City* (北京市朝陽區建國路86號院1號樓28層2801) at the judicial auctions arranged by the Third Intermediate People’s Court of Beijing (北京市第三中級人民法院) through the open Jingdong Judicial Auction Platform* (京東網司法拍賣網絡平台) at a consideration of RMB69,673,072 payable by the Purchaser.

MATERIAL LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

DIRECTORS’ SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any service contracts with the Company or any of its subsidiaries or associated companies which (i) (including both continuous and fixed-term contracts) have been entered into or amended within 6 months preceding the commencement of the Offer Period; (ii) are continuous contracts with a notice period of 12 months or more; or (iii) are fixed-term contracts with more than 12 months to run irrespective of the notice period.

EXPERTS AND CONSENT

The following are the names and qualifications of each of the experts who has been named in this Composite Document or who has given opinion or advice, which is contained in or referred to in this Composite Document:

Name	Qualification
Guotai Junan Capital Limited	a corporation licensed under the SFO permitted to engage in Type 6 regulated activity (advising on corporate finance), being the financial adviser to the Offeror in respect of the Partial Offer
Halcyon Capital Limited	a corporation licensed under the SFO permitted to engage in Type 6 regulated activity (advising on corporate finance), being the Independent Financial Adviser
ZHONGHUI ANDA CPA Limited	Certified Public Accountants
Kroll (HK) Limited	an independent qualified property valuer

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

MISCELLANEOUS

- (1) Information regarding the Offeror and its principal concert party is set out below:
 - (i) The registered office of the Offeror is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola VG1110, British Virgin Islands.
 - (ii) As at the Latest Practicable Date, the principal concert party of the Offeror is the sole director and sole shareholder of the Offeror, Mr. Cheung Wing Lun Tony. His correspondence address is Unit 3805-09, Tower 6, The Gateway, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong.
- (2) The registered office of Guotai Junan Securities is at 27/F, Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong.
- (3) The registered office of Guotai Junan Capital is at 27/F, Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong.

- (4) The registered office of the Company is at Cricket Square Hutchins Drive, P.O Box 2681 Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company in Hong Kong is at Room 301, 3/F, Lippo Sun Plaza, 28 Canton Road, Tsim Sha Tsui, Hong Kong. The Company is a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 3389).
- (5) The Group is principally engaged in the manufacturing of high-end accessories for watches, jewellery, cosmetics, accessories and packaging products, commercial space design, production and decoration, as well as international commodity trading, covering the importation of iron ore, thermal coal and coking coal to Mainland China. The Group also has an international shipping business, focusing on global maritime transportation of dry bulk cargo, such as steel, coal, iron ore, manganese ore, food and industrial salt.
- (6) The Independent Financial Adviser is Halcyon Capital Limited whose registered office is at 11th Floor, 8 Wyndham Street, Central, Hong Kong.
- (7) The Hong Kong branch share registrar of the Company is Computershare Hong Kong Investor Services Limited, whose address is situated at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
- (8) In case of inconsistency, the English text of this Composite Document and the Form of Approval and Acceptance shall prevail over the Chinese texts.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (i) on the SFC's website at www.sfc.hk; and (ii) on the Company's website at www.hengdeligroup.com, during the period from the Despatch Date, up to the Final Closing Date:

- (1) the memorandum and articles of association of the Offeror;
- (2) the memorandum and articles of association of the Company;
- (3) the annual reports of the Company for the three financial years ended 31 December 2021, 2022 and 2023;
- (4) the letter from Guotai Junan Capital, the text of which is set out on pages 6 to 18 of this Composite Document;
- (5) the letter from the Board, the text of which is set out on pages 19 to 23 of this Composite Document;

- (6) the letter from the Independent Board Committee, the text of which is set out on pages 24 to 25 of this Composite Document;
- (7) the letter from the Independent Financial Adviser, the text of which is set out on pages 26 to 59 of this Composite Document;
- (8) the letter from the Independent Financial Adviser on the Estimate Statement as set out in Appendix III;
- (9) the letter from the auditor on the Estimate Statement as set out in Appendix IV;
- (10) the property valuation report as set out in Appendix V;
- (11) the material contracts referred in the section headed “Material Contracts” in this Appendix VI;
- (12) the written consents as referred to in the section headed “Experts and Consents” in this Appendix VI; and
- (13) this Composite Document.

* *for identification purposes only*