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If you have sold or transferred all your securities in Wisdom Wealth Resources Investment Holding Group Limited, you should at once hand this Response Document to the purchaser(s) or the 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).

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智富資源投資控股集團有限公司

WISDOM WEALTH RESOURCES INVESTMENT HOLDING GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 7)

**RESPONSE DOCUMENT RELATING TO
VOLUNTARY CONDITIONAL CASH PARTIAL OFFER
BY RAINBOW CAPITAL (HK) LIMITED
FOR AND ON BEHALF OF MR. WANG YONGKUI
TO ACQUIRE 158,000,000 SHARES IN
WISDOM WEALTH RESOURCES INVESTMENT
HOLDING GROUP LIMITED (OTHER THAN THOSE
ALREADY OWNED BY MR. WANG YONGKUI AND
PARTIES ACTING IN CONCERT WITH HIM)**

Independent Financial Adviser to the Independent Board Committee

MESSIS 大有融資

Capitalised terms used on this cover page should have the same meanings as those defined in the section headed “DEFINITIONS” in this Response Document, unless the context requires otherwise.

A letter from the Board is set out on pages 6 to 15 of this document. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 16 of this Response Document. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee in respect of the Offer is set out on pages 18 to 38 of this Response Document.

30 August 2024

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EXPECTED TIMETABLE

The timetable set out below is principally extracted from the joint announcement dated 31 July 2024 issued by the Company and the Offeror, and is subject to any changes as may be announced by the Offeror. Unless otherwise expressly stated, all time and date references below refer to Hong Kong time and dates.

Date of posting of this Response Document Friday, 30 August 2024

Latest time and date for acceptance of the Offer
on the First Closing Date 4:00 p.m. on
Friday, 13 September 2024

Announcement of the results of the Offer
as at the First Closing Date (or its extension or revision, if any),
to be posted on the website of the Stock Exchange by 7:00 pm on
Friday, 13 September 2024

Latest time by which the Offer can be declared
unconditional as to acceptances by 7:00 pm on
Friday, 13 September 2024

Latest time and date for acceptance of the Offer
assuming the Offer becomes or is declared unconditional
on the First Closing Date (i.e. the Final Closing Date) 4:00 p.m. on
Friday, 27 September 2024

Announcement of the results of the Offer as at
the Final Closing Date to be posted on
the website of the Stock Exchange by 7:00 pm on
Friday, 27 September 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 Offer becomes
or is declared unconditional as to acceptances on
the First Closing Date) 9:00 am on
Monday, 30 September 2024

Latest date for posting of remittances for the
amount due in respect of valid acceptances received
under the Offer on the Final Closing Date Tuesday, 8 October 2024

Latest date for despatch of share certificate(s) and/or
any transfer receipt(s) and other document(s) of title for
Shares tendered but not taken up or share certificate(s)
in respect of the balance of such Shares (assuming that the
Offer becomes or is declared unconditional as to
acceptances on the First Closing Date) Tuesday, 8 October 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 Offer
becomes or is declared unconditional as to acceptances
on the First Closing Date) Monday, 11 November 2024

DEFINITIONS

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

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Beijing Property”	the two commercial units on the first and second floor, 384 parking spaces and warehouses in Block 2, with a total gross floor area of approximately 16,360 square meters, of Rong Ning Yuan Community (榮寧園小區) at No. 60 Guang An Men Nan Jie, Xicheng District, Beijing, the PRC owned by the Group
“Beijing Yinghe”	北京盈和房地產綜合開發有限公司 (Beijing Yinghe Real Estate Comprehensive Development Company Limited*), a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Closing Date”	the First Closing Date of the Offer or any subsequent closing date of the Offer as may be extended or revised by the Offeror in accordance with the Takeovers Code
“Company”	Wisdom Wealth Resources Investment Holding Group Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Condition”	the condition to which the Offer is subject, as set out in the section entitled “The Partial Offer – Condition to the Partial Offer” in the “Letter from Rainbow Capital” in the Offer Document
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate of the Executive Director

DEFINITIONS

“Final Closing Date”	the date which is (i) the 14th day after the date on which the Offer is declared unconditional as to acceptances; or (ii) the First Closing Date, whichever is the later, provided that the Offer will be open for acceptance for at least 28 days following the Offer Document Despatch Date
“First Closing Date”	the date stated in the Offer Document as the first closing day of the Offer, which shall be at least 28 days following the Offer Document Despatch Date, or such later date as may be extended by the Offeror in accordance with the requirements of the Takeovers Code, but may not be longer than the 60th day after the Offer Document Despatch Date, unless extended with the consent of the Executive
“Form of Acceptance”	the form of acceptance and transfer of the Offer Shares in respect of the Offer accompanying with the Offer Document
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors, namely Mr. Zheng Zhaojun, Mr. Wang Ning and Mr. Chan Kwong On, established to advise the Independent Shareholders on the terms of the Offer
“Independent Financial Adviser” or “Messis Capital”	Messis Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO, being the independent financial adviser to the Independent Board Committee in respect of the terms of the Offer
“Independent Shareholder(s)” or “Qualifying Shareholder(s)”	Shareholder(s) other than the Offeror and parties acting in concert with him

DEFINITIONS

“Last Trading Day”	28 March 2024, being the last trading day of the Shares immediately preceding the date of the Offer Announcement
“Latest Practicable Date”	27 August 2024, being the latest practicable date prior to the printing of this Response Document for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Millhaven”	Millhaven Holdings Limited, a company incorporated in the BVI with limited liability. As at the Latest Practicable Date, it is an indirect wholly-owned subsidiary of the Company
“Millhaven Group”	Millhaven and its subsidiaries
“Offer”	the voluntary conditional cash partial offer made by Rainbow Capital for and on behalf of the Offeror to acquire 158,000,000 Shares in the Company (other than those already owned by the Offeror and parties acting in concert with him)
“Offer Announcement”	the announcement dated 2 May 2024 issued by the Offeror in relation to the Offer
“Offer Document”	the offer document dated 6 June 2024 issued by the Offeror to the Shareholders in connection with the Offer
“Offer Document Despatch Date”	6 June 2024, the date of despatch of the Offer Document to the Shareholders
“Offer Document LPD”	3 June 2024, being the latest practicable date prior to the printing of the Offer Document for ascertaining certain information contained therein
“Offer Period”	has the meaning ascribed to it under the Takeovers Code and commencing from the date of the Offer Announcement and ending on the Closing Date or such later time or date to which the Offeror may decide to extend the Offer in accordance with the Takeovers Code

DEFINITIONS

“Offer Price”	the price at which the Offer is made, i.e. at HK\$0.018 per Offer Share
“Offer Share(s)”	the Shares to be purchased by the Offeror from the Qualifying Shareholders under the Offer, being 158,000,000 Shares held by the Qualifying Shareholders which are subject to the Offer
“Offeror”	Mr. Wang Yongkui (王永魁)
“PRC”	the People’s Republic of China, and for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Registrar”	Tricor Standard Limited, the branch share registrar of the Company in Hong Kong at 17/F, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong
“Rainbow Capital”	Rainbow Capital (HK) Limited, a corporation licensed under the SFO permitted to engage in Type 1 (dealings in securities) and Type 6 (advising on corporate finance) regulated activities, and the financial adviser to the Offeror
“Relevant Period”	the period from 2 November 2023, being the date falling on six months immediately preceding the commencement of the Offer Period, up to and including the Latest Practicable Date
“Relevant Securities”	has the meaning ascribed to it under Note 4 to Rule 22 of the Takeovers Code
“Response Announcement”	the announcement published by the Company on 8 May 2024 in response to the Offer Announcement
“Response Document”	this offeree board circular issued by the Company to the Independent Shareholders in response to the Offer in the accordance with the Takeovers Code
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“Share(s)”	ordinary share(s) of HK\$0.2 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Zhanjiang Property”	the property development project on the five land parcels located in Donghai Dao, Zhanjiang Economic and Technological Development Zone, Zhanjiang City, Guangdong Province, the PRC
“%”	per cent

LETTER FROM THE BOARD



智富資源投資控股集團有限公司

WISDOM WEALTH RESOURCES INVESTMENT HOLDING GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 7)

Executive Directors:

Mr. Xu Shiping

Mr. Huang Lei

Independent Non-executive Directors:

Mr. Zheng Zhaojun

Mr. Wang Ning

Mr. Chan Kwong On

Registered office:

Victoria Place, 5th Floor

31 Victoria Street

Hamilton HM10

Bermuda

*Head office and principal place
of business in Hong Kong:*

Units 1910-12, 19th Floor

China Merchants Tower

Shun Tak Centre

168-200 Connaught Road Central

Sheung Wan, Hong Kong

30 August 2024

To the Independent Shareholders

Dear Sir/Madam,

**VOLUNTARY CONDITIONAL CASH PARTIAL OFFER
BY RAINBOW CAPITAL (HK) LIMITED
FOR AND ON BEHALF OF MR. WANG YONGKUI
TO ACQUIRE 158,000,000 SHARES IN
WISDOM WEALTH RESOURCES INVESTMENT
HOLDING GROUP LIMITED (OTHER THAN THOSE
ALREADY OWNED BY MR. WANG YONGKUI AND
PARTIES ACTING IN CONCERT WITH HIM)**

INTRODUCTION

On 30 April 2024 (after trading hours), the Offeror notified the Company that he had firm intention to make the Offer (in compliance with the Takeovers Code) to acquire 158,000,000 Offer Shares (representing approximately 4.71% of the Company's issued share capital as at the date of Offer Announcement) not already owned by the Offeror and parties acting in concert with him at the Offer Price of HK\$0.018 per Offer Share.

LETTER FROM THE BOARD

The Offer Document accompanied with the Form of Acceptance were despatched on 6 June 2024.

The purpose of this Response Document is to provide you with, among other things, information relating to the Group and the Offer, the recommendation of the Independent Board Committee to the Independent Shareholders regarding the Offer, and the advice of the Independent Financial Adviser to the Independent Board Committee on the Offer. You are advised to read this Response Document, the recommendation of the Board, the recommendation of the Independent Board Committee and the advice from the Independent Financial Adviser carefully before taking any action in respect of the Offer.

THE OFFER

The terms of the Offer are set out in the Offer Document and the Form of Acceptance. You are recommended to refer to the Offer Document and the Form of Acceptance for further details.

Principal terms of the Offer

Rainbow Capital, the financial adviser to the Offeror, is making the Offer on behalf of the Offeror in compliance with the Takeovers Code on the following terms:–

For each Offer Share HK\$0.018 in cash

The Offer is extended to all Qualifying Shareholders in accordance with the requirements of the Takeovers Code.

Further details of the Offer including, among others, the expected timetable, the conditions, terms and procedures of acceptance of the Offer, are set out in the Offer Document, the Form of Acceptance and further announcements made or to be made by the Offeror (if applicable).

CONDITION TO THE OFFER

As disclosed in the Offer Document, the Offer is subject to the Condition that valid acceptances being received (and not, where permitted, withdrawn) in respect of a minimum of 158,000,000 Offer Shares at or before 4:00 p.m. (Hong Kong time) on the First Closing Date which shall be at least 28 days following the Offer Document Despatch Date, or such later date as may be extended by the Offeror in accordance with the requirements of the Takeovers Code.

In the event that valid acceptances are received:

- (i) for less than the required number of 158,000,000 Offer Shares by the First Closing Date, unless the First Closing Date is extended in accordance with the requirements of the Takeovers Code, the Offer will not proceed and will lapse immediately; and
- (ii) for not less than the required number of 158,000,000 Offer Shares on or before the First Closing Date, the Offeror will declare the Offer unconditional as to acceptances on or before the First Closing Date.

LETTER FROM THE BOARD

For the avoidance of doubt, the Company had no knowledge and information as to whether the Condition above has been fulfilled as at the Latest Practicable Date.

Pursuant to the Offer Document, the Offeror will issue an announcement in relation to the revision, extension or lapse of the Offer or the fulfilment of the Condition in accordance with the Takeovers Code and the Listing Rules. The latest time on which the Offeror can declare the Offer unconditional in all respects is 7:00 p.m. on the 60th day after the Despatch Date (or such later date to which the Executive may consent).

The Offer is subject to the satisfaction of the Condition. Accordingly, Independent Shareholders and potential investors of the Company are reminded that the Offer may or may not become or be declared unconditional.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is a table showing the shareholding structure of the Company as at the Latest Practicable Date:

Name of Shareholders	As at the Latest Practicable Date	
	Number of Shares	Approximate %
Guangdong Merchants Investment Holding Limited ^(Note 1)	808,610,000	24.10
Wealthy Planet Group Limited ^(Note 2)	423,681,500	12.63
Rich International Finance Limited ^(Note 3)	255,022,913	7.60
Gaozhou City Longyuan Xintiandi Real Estate Development Company Limited ^(Note 4)	195,000,000	5.81
Other public Shareholders	<u>1,672,826,284</u>	<u>49.86</u>
Total	<u><u>3,355,140,697</u></u>	<u><u>100.00</u></u>

Notes:

1. Guangdong Merchants Investment Holding Limited is a company wholly-owned by Guangdong Merchants Investment Holding Group Limited, which is wholly-owned by Mr. Xu Jun Jia, a former Director in the last twelve months.
2. Wealthy Planet Group Limited is a company wholly-owned by Mr. He Yaokun.
3. Rich International Finance Limited is a company wholly-owned by Mr. Liang Weiqiang, a public Shareholder.
4. Gaozhou City Longyuan Xintiandi Real Estate Development Company Limited is a company wholly-owned by Mr. Yang Bo, a public Shareholder.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Company had no outstanding securities, options, derivatives or warrants which are convertible or exchangeable into Shares and the Company has no other Relevant Securities.

INFORMATION ON THE GROUP

The Company is an investment holding company and the principal activities of the Group include trading of electronic products and natural resources, petrochemical production, oil and gas exploration and production, mineral mining, provision of financial services and property development and investment.

The financial information of the Group, which was extracted from the latest published annual report of the Company for the year ended 31 December 2022 and the interim report of the Company for the six months ended 30 June 2023, is summarized as follows:

	For the year ended 31 December		For the six months ended 30 June	
	2021 (audited) HK\$'000	2022 (audited) HK\$'000	2022 (unaudited) HK\$'000	2023 (unaudited) HK\$'000
Profit/(loss) before taxation	392,602	356,315	344,929	(45,817)
Profit/(loss) attributable to the Shareholders	<u>267,895</u>	<u>250,227</u>	<u>249,989</u>	<u>(45,696)</u>

As at 30 June 2023, the Group had an unaudited consolidated net asset attributable to the Shareholders of approximately HK\$3,977.3 million.

On 4 August 2023, the Company received a statutory demand from Shinny Solar Limited to demand the Company to pay an amount of HK\$293,948,523.07, which comprised (i) the outstanding principal of a loan of HK\$240,000,000 provided by Shinny Solar Limited to the Company under a facility agreement dated 26 October 2017 (the “**Facility Agreement**”); and (ii) interest and default interest in the amount of HK\$53,948,523.07 accrued on the aforesaid principal amount from 17 November 2020 to the date of the statutory demand, within 3 weeks after the service of the statutory demand, failing which Shinny Solar Limited might present a winding-up petition to the Company. The Company instructed its solicitors to apply to the court on 25 August 2023 by way of petition to set aside the statutory demand of Shinny Solar Limited and to make a claim for damages against Shinny Solar Limited and its related companies for a loss of not less than HK\$390 million in respect of the shareholding interest in a subsidiary of the Company which could not be successfully disposed of because of the wrongful obstruction by Shinny Solar Limited. Details of the aforesaid statutory demand and petition are set out in the announcement of the Company dated 28 August 2023.

LETTER FROM THE BOARD

On 11 September 2023, the Company received a petition (the “**Winding-up Petition**”) from Shinny Solar Limited filed with the Court of First Instance of the High Court of the Hong Kong Special Administrative Region (the “**High Court of Hong Kong**”) for the winding-up of the Company under the provision of the Companies (Winding-Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) (the “**Companies (WUMP) Ordinance**”) under Companies (Winding-up) Proceedings No. 399 of 2023. In the Winding-up Petition, Shinny Solar Limited claimed for the outstanding principal of a loan of HK\$240,000,000 and the interest and default interest in the amount of HK\$53,948,523.07 accrued on the aforesaid principal amount from 17 November 2020 to 3 August 2023, the date of the statutory demand. The hearing of the Winding-up Petition before the High Court of Hong Kong was initially scheduled to be held on 15 November 2023, which was subsequently adjourned to 19 August 2024. Upon the application for withdrawal of the Winding-up Petition by Shinny Solar Limited and with the supporting creditors also withdrawing their claims, the High Court of Hong Kong has order the Winding-up Petition be dismissed on 19 August 2024. Details of the Winding-up Petition are set out in the announcements of the Company dated 12 September 2023, 15 November 2023, 10 January 2024, 7 February 2024, 20 March 2024, 25 March 2024, 6 May 2024, 11 June 2024, 15 July 2024 and 19 August 2024.

On 23 January 2024, the Company entered into a subscription agreement (as supplemented by the supplemental agreement dated 24 January 2024), pursuant to which the Company conditionally agreed to issue the convertible notes in an aggregate principal amount of HK\$39.0 million. The convertible notes were issued on 1 February 2024 and were fully converted into 195,000,000 Shares on 2 May 2024. Details of the subscription of convertible notes are set out in the announcements of the Company dated 23 January 2024, 24 January 2024 and 1 February 2024.

On 27 February 2024, Shinny Solar Limited filed an indictment with the Zhanjiang Intermediate People’s Court against 廣東港粵金控房地產開發有限公司 (Guangdong Gangyue Financial Holdings Real Estate Development Co., Ltd.*) (“**Guangdong Gangyue**”), being a subsidiary of the Company and a guarantor for joint liability of the Company under the Facility Agreement. In the indictment, Shinny Solar Limited claimed for a payment by Guangdong Gangyue of the outstanding loan principal of HK\$240,000,000 and accrued interests and penalty interest up to 6 February 2024 in a sum of HK\$174,425,790 owed by the Company to Shinny Solar Limited pursuant to the Facility Agreement. Shinny Solar Limited also applied for property preservation with Zhanjiang Intermediate People’s Court and requested a seizure of fixed assets belonging to Guangdong Gangyue in a sum not exceeding RMB376,811,908. On 14 May 2024, Zhanjiang Intermediate People’s Court ordered the seizure of the land use rights for five parcels of land located in Donghai Dao, Zhanjiang Economic and Technological Development Zone, Zhanjiang City, Guangdong Province, the PRC, being the Zhanjiang Property, owned by Guangdong Gangyue. This seizure is to be enforced for a period of three years, from 29 May 2024 to 28 May 2027, and is limited to the extent of RMB376,811,908. On 17 June 2024, Guangdong Gangyue filed an application for reconsideration with the Zhanjiang Intermediate People’s Court. The reconsideration hearing was held on 8 July 2024. On 1 August 2024, the Board received the ruling that the Zhanjiang Intermediate People’s Court turned down the reconsideration application filed by Guangdong Gangyue.

LETTER FROM THE BOARD

On 10 May 2024, the Board received a written requisition from Wealthy Planet Group Limited, a Shareholder holding not less than 10% of the total voting rights of all the members of the Company as at 10 May 2024, requiring the Company to convene a special general meeting for the purpose of considering and, if thought fit, passing the ordinary resolutions in relation to the removal of then existing Directors and appointment of new Directors. The special general meeting was held on 11 July 2024. Ordinary resolutions for removal of Mr. Xu Jun Jia, Mr. Neil Bush, Mr. Cao Yu, Mr. Ngan Kam Bui Stanford, Mr. Tam Chak Chi, Mr. Ma Kin Ling and Mr. Yiu King Ming as Directors and appointment of Mr. Xu Shiping, Mr. Huang Lei, Mr. Zheng Zhaojun, Mr. Wang Ning and Mr. Chan Kwong On as Directors were duly passed at the special general meeting. Details of the requisition and poll results of the special general meeting are set out in the announcements of the Company dated 14 May 2024 and 11 July 2024 and the circular dated 12 June 2024 issued by Wealthy Planet Group Limited.

On 23 May 2024, the Group entered into an agreement with an independent third party to dispose of the entire issued share capital of Millhaven, which indirectly owns the Beijing Property, for a consideration of HK\$180.0 million (or equivalent amount in RMB). However, on 26 June 2024, the Company received a letter from the potential buyer requesting the termination of the disposal in view of Shiny Solar Limited's lack of cooperation in the disposal and the fact that obtaining the necessary approvals, consents and authorizations from Shiny Solar Limited is a condition precedent for the disposal. Details of the disposal are set out in the announcements of the Company dated 31 May 2024 and 3 July 2024.

On 13 June 2024, the Company and Happy Win Resources Limited (as the subscriber) entered into the memorandum of understanding in relation to the proposed share subscription, whereby the Company intends to allot and issue, and Happy Win Resources Limited intends to subscribe for, new Shares for a subscription amount up to HK\$150 million. On 12 July 2024, the Board notified Happy Win Resources Limited that in view of the disposal of Millhaven, which is one of the conditions precedent for the proposed share subscription, being terminated, the Company has terminated the memorandum of understanding. Details of the memorandum of understanding can be referred to the announcements of the Company dated 13 June 2024 and 15 July 2024.

Trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on Tuesday, 2 April 2024 pending the publication of the announcement in relation to the annual results of the Company for the year ended 31 December 2023. As additional time is required for the Company and the auditor to finalise the audited accounts of the Group and to complete the audit procedures, especially on the valuation of the property development project and the assessment of going concern, the Company will announce the annual results of the Company for the year ended 31 December 2023 as and when appropriate.

LETTER FROM THE BOARD

On 27 June 2024, the Company received a letter from the Stock Exchange setting out the guidance for the resumption of trading in the Shares on the Stock Exchange (the “**Resumption Guidance**”). Pursuant to the Resumption Guidance, the Company shall:

- (a) publish all outstanding financial results required under the Listing Rules and address any audit modifications;
- (b) demonstrate the Company’s compliance with Rule 13.24 of the Listing Rules; and
- (c) inform the market of all material information for the Company’s shareholders and investors to appraise the Company’s position.

The Stock Exchange requires the Company to meet the Resumption Guidance, remedy the issues causing its trading suspension and fully comply with the Listing Rules to the Stock Exchange’s satisfaction before trading in its Shares is allowed to resume.

Your attention is drawn to Appendices I and II to this Response Document which contain further financial and general information of the Group.

INFORMATION ON THE OFFEROR AND REASONS FOR THE OFFER

With reference to the Offer Document, the Offeror, aged 39, is a merchant in the PRC, with his businesses covering the field of import and export trading, property investment and medical investment. He has over 10 years of experience in investment and import and export trading. He is currently the controlling shareholder and a director of 深圳市中港創富投資發展有限公司 (Shenzhen Zhonggang Chuangfu Investment Development Company Limited*), a company established in the PRC and principally engaged in investment and import and export trading. He is also the sole shareholder and a director of 粵港澳融熙(廣州)投資有限公司 (YueGangAo Rongxi (Guangzhou) Investment Company Limited*), a company established in the PRC and principally engaged in property and other investment and import and export trading. As disclosed in the Offer Document, the Offeror confirmed that, as at the Offer Document LPD, the Offeror and parties acting in concert with him were not interested directly or indirectly in any voting rights over any Share, convertible securities, warrant, option the Company or any derivative in respect of such securities.

LETTER FROM THE BOARD

According to the information disclosed in the Offer Document, the Offeror believes that the stock market in Hong Kong is currently in a valuation depression when compared with the global capital market. The Offeror has confidence in the long-term development of Hong Kong's capital market, and is keen to make long-term investments in the Hong Kong stock market. The Offeror believes that the Company's business in property development and sand mining has long term development potential. In particular, the property development business in the PRC has been adversely affected by the depressed property development market and poor sentiment in the PRC. Closely monitoring the business development of the Group and the industry development trend in the PRC, the Offeror is of the view that the property development market will turnaround and the Group will benefit from the industry-wide support from both national and local governments.

Based on the Offeror's assessment, the market price of the Shares is extremely undervalued. The closing price of the Shares was HK\$0.032 per Share on the Last Trading Day, representing a deep discount of approximately 97.30% to the unaudited consolidated net asset value attributable to the Shareholders of approximately HK\$1.1854 per Share as at 30 June 2023. Therefore, the Offeror considers that the Offer represents an opportunity for him to acquire the shares of the Company, which has value in its assets notwithstanding the risk that the Shares may be subject to prolonged trading suspension or even delisting if the 2023 Annual Results could not be published as scheduled.

While balancing with the risk posed by the suspension of trading of the Shares on the Stock Exchange (the "Trading Suspension") and considering his own financial resources needed for the Offer, the Offeror did not make a full general offer for all the Shares and intends to acquire approximately 4.71% of the issued share capital of the Company. However, the Trading Suspension and the low trading liquidity of the Shares make it difficult for the Offeror to acquire such number of the Shares in the open market. As such, the Offeror initiated the Offer instead of a full general offer for the purpose of investment.

INTENTION OF THE OFFEROR ON THE GROUP

The Offer is uninvited and as at the Latest Practicable Date, the Offeror and the Board have not had any discussion on the long-term strategic and development plan on the Group. Further, no concrete or detailed plan was provided by the Offeror in the Offer Document for the business of the Group.

COMPULSORY ACQUISITION AND MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror will not have the power of compulsory acquisition of any Offer Shares outstanding and not acquired under the Offer after the close of the Offer.

As disclosed in the Offer Document, the Offeror intends that the Company remains listed on the Stock Exchange. The Offeror also undertakes 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 Offer.

LETTER FROM THE BOARD

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 2.8 of the Takeovers Code, the Independent Board Committee, comprising all independent non-executive Directors, being Mr. Zheng Zhaojun, Mr. Wang Ning and Mr. Chan Kwong On, was formed to give advice to the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and whether the Offer is in the interests of the Independent Shareholders and as to the acceptance of the Offer.

The Independent Board Committee has appointed Messis Capital, a corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Offer and, in particular, as to whether the Offer is fair and reasonable and as to the acceptance of the Offer. The appointment of Messis Capital as the Independent Financial Adviser has been approved by the Independent Board Committee in accordance with Rule 2.1 of the Takeovers Code. The letter of advice from the Independent Financial Adviser in respect of the Offer and the recommendations to the Independent Board Committee and the Independent Shareholders is included in this Response Document.

RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 16 to 17 of this Response Document which contains its recommendation to the Independent Shareholders in respect of the Offer; and (ii) the letter from the Independent Financial Adviser set out on pages 18 to 38 of this Response Document which contains its advice to the Independent Board Committee in connection with the Offer, as well as the principal factors and reasons considered by it in arriving at its recommendation. Independent Shareholders should read these letters in conjunction with the Offer Document carefully before taking any action in respect of the Offer.

The Independent Financial Adviser is of the view that the terms of the Offer (including the Offer Price) are fair and reasonable so far as the Independent Shareholders are concerned and accordingly advised the Independent Board Committee to recommend the Independent Shareholders to accept the Offer.

Having considered the terms of the Offer and the advice from the Independent Financial Adviser, the Independent Board Committee considers that the Offer is fair and reasonable so far as the Independent Shareholders are concerned and accordingly recommends the Independent Shareholders to accept the Offer.

The executive Directors concur with the views of the Independent Board Committee and the Independent Financial Adviser and are of the view that the Offer is fair and reasonable so far as the Independent Shareholders are concerned and accordingly recommend the Independent Shareholders to accept the Offer.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this Response Document. You are also recommended to read carefully the Offer Document and the accompanying Form of Acceptance for further details in respect of the procedures for acceptance of the Offer.

By order of the Board

Wisdom Wealth Resources Investment Holding Group Limited

Xu Shiping

Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



智富資源投資控股集團有限公司

WISDOM WEALTH RESOURCES INVESTMENT HOLDING GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 7)

30 August 2024

To the Independent Shareholders

Dear Sir/Madam,

**VOLUNTARY CONDITIONAL CASH PARTIAL OFFER
BY RAINBOW CAPITAL (HK) LIMITED
FOR AND ON BEHALF OF MR. WANG YONGKUI
TO ACQUIRE 158,000,000 SHARES IN
WISDOM WEALTH RESOURCES INVESTMENT
HOLDING GROUP LIMITED (OTHER THAN THOSE
ALREADY OWNED BY MR. WANG YONGKUI AND
PARTIES ACTING IN CONCERT WITH HIM)**

We refer to the offeree board circular dated 30 August 2024 issued by the Company in response to the Offer (the “Response Document”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Response Document unless the context requires otherwise.

We, being the independent non-executive Directors, have been appointed to form the Independent Board Committee to consider the terms of the Offer and to advise you as to whether, in our opinion, the terms of the Offer are fair and reasonable so far as your interests are concerned and to make recommendation as to the acceptance of the Offer. The Independent Financial Adviser has been appointed with our approval to advise us in this respect. Details of its advice and the principal factors which it has considered before arriving its advice and recommendation are set out in the letter from the Independent Financial Adviser on pages 18 to 38 of the Response Document.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We also wish to draw your attention to the letter from the Board, the letter from the Independent Financial Adviser and the additional information set out in the appendices to the Response Document.

Having considered the terms of the Offer and the advice from the Independent Financial Adviser, we concur with the Independent Financial Adviser's advice and consider that the Offer is fair and reasonable so far as the Independent Shareholders are concerned and accordingly recommend the Independent Shareholders to accept the Offer.

Yours faithfully,
For and on behalf of
the Independent Board Committee

Mr. Zheng Zhaojun

Mr. Wang Ning

Mr. Chan Kwong On

Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter of advice from Messis Capital Limited to the Independent Board Committee in respect of the Partial Offer which has been prepared for the purpose of incorporation in the Response Document.

MESSIS 大有融資

30 August 2024

To: The Independent Board Committee and the Independent Shareholders

Dear Sirs,

**VOLUNTARY CONDITIONAL CASH PARTIAL OFFER
BY RAINBOW CAPITAL (HK) LIMITED
FOR AND ON BEHALF OF MR. WANG YONGKUI
TO ACQUIRE 158,000,000 SHARES IN
WISDOM WEALTH RESOURCES INVESTMENT HOLDING GROUP LIMITED
(OTHER THAN THOSE ALREADY OWNED BY MR. WANG YONGKUI
AND PARTIES ACTING IN CONCERT WITH HIM)**

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Partial Offer and as to the acceptance of the Partial Offer. Details of the Partial Offer are set out in the response document of the Company dated 30 August 2024 (the “**Response Document**”), of which this letter forms a part. Terms used in this letter shall have the same meanings as those defined in the Response Document unless the context otherwise requires.

INDEPENDENT BOARD COMMITTEE

Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee, which comprises all the independent non-executive Directors, namely Mr. Zheng Zhaojun, Mr. Wang Ning and Mr. Chan Kwong On, has been established to advise the Qualifying Shareholders in connection with the Partial Offer. The Independent Board Committee has approved our appointment as the independent financial adviser to the Independent Board Committee in this regard.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We are not associated or connected with the Company or the Offeror, their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them and, accordingly, are considered eligible to give independent advice on the Partial Offer. Apart from normal professional fees payable to us in connection with this engagement, no arrangement exists whereby we will receive any fees or benefits from the Company or the Offeror, their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them.

BASIS OF OUR OPINION

In formulating our opinion, we have reviewed, amongst others, (i) the Offer Announcement and the Offer Document; (ii) the Response Document; (iii) the annual reports of the Company for the years ended 31 December 2021 (the “**2021 Annual Report**”) and 2022 (the “**2022 Annual Report**”); (iv) the interim report of the Company for the six months ended 30 June 2023 (the “**2023 Interim Report**”); (v) the announcements issued by the Company from 2 May 2024, being the date of announcement by the Offeror in relation to the Partial Offer, up to the Latest Practicable Date. ***As at the Latest Practicable Date, the annual results of the Company for the year ended 31 December 2023 have not been published by the Company.***

We have relied on the information and facts supplied by the Company, and the opinions expressed by the Directors, and have assumed that the information and facts provided and opinions expressed by the Directors to us are true, accurate and complete in all material aspects. We have also relied on our discussion with the Board and/or the management of the Company, given in writing or orally, regarding the Company and the Partial Offer, including the information and representations contained in the Response Document.

We have also assumed that all statements of belief, opinion and intention made by the Directors and the management of the Company in the Response Document were reasonably made after due enquiry. ***Save and except for the annual results of the Company for the year ended 31 December 2023 and the latest valuation report of Zhanjiang Property,*** we consider that the information we have received is sufficient for us to express our opinion and give the advice and recommendation set out in this letter, and have no reason to believe that any material information has been omitted or withheld, or doubt the truth or accuracy of the information provided. We have, however, not conducted any independent investigation into the business and affairs of the Group or any of their respective associates or any party acting, or presumed to be acting, in concert with any of them, nor have we carried out any independent verification of the information supplied. We have also assumed that all representations contained or referred to in the Response Document were true, accurate and complete in all material respects and not misleading or deceptive up to the time of the Latest Practicable Date, and ***save and except for the annual results of the Company for the year ended 31 December 2023 and the latest valuation report of Zhanjiang Property,*** there are no other matters the omission of which would make any statement herein misleading.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Response Document and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed by the Directors in the Response Document have been arrived at after due and careful consideration and there are no other facts not contained in the Response Document at the time when they were made and continued to be so up to the Latest Practicable Date the omission of which would make any statement in the Response Document misleading.

The information contained in the Response Document relating to the Offeror and parties acting in concert with him and the terms of the Offer has been extracted or derived from the Offer Document, which the Offeror accepts full responsibility for the accuracy.

Should there be any subsequent material changes which occur during the period from the date of the Response Document up to the close of the Partial Offer, including but not limited to the publication of the annual results of the Company for the year ended 31 December 2023 and the latest valuation report of Zhanjiang Property, we will notify the Independent Board Committee and the Independent Shareholders as soon as possible.

We have not considered the tax implications on the Independent Shareholders of their acceptances or non-acceptances of the Partial Offer (as the case may be) since these are particular to their own individual circumstances. In particular, the Independent Shareholders who are resident outside Hong Kong or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax position regarding the Partial Offer and, if in any doubt, should consult their own professional advisers.

PRINCIPAL TERMS OF THE PARTIAL OFFER

Rainbow Capital, on behalf of the Offeror, is making the Partial Offer in compliance with the Takeovers Code on the following terms:

For each Offer Share. HK\$0.018 in cash

The Offer is extended to all Qualifying Shareholders in accordance with the requirements of the Takeovers Code.

Condition to the Partial Offer

As disclosed in the Offer Document, the Partial Offer is subject to the condition that valid acceptances being received (and not, where permitted, withdrawn) in respect of a minimum of 158,000,000 Offer Shares, representing approximately 4.71% of the issued share capital of the Company as at the Latest Practicable Date, at or before 4:00 p.m. (Hong Kong time) on the First Closing Date which shall be at least 28 days following the Offer Document Despatch Date, or such later date as may be extended by the Offeror in accordance with the requirements of the Takeovers Code.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In the event that valid acceptances are received:

- (i) for less than the required number of 158,000,000 Offer Shares by the First Closing Date, unless the First Closing Date is extended in accordance with the requirements of the Takeovers Code, the Offer will not proceed and will lapse immediately; and
- (ii) for not less than the required number of 158,000,000 Offer Shares on or before the First Closing Date, the Offeror will declare the Offer unconditional as to acceptances on or before the First Closing Date.

Further details of the Partial Offer including, among others, the expected timetable, the condition, terms and procedures of acceptance of the Offer, are set out in the Offer Document, the Form of Acceptance and further announcements made/to be made by the Offeror (if applicable).

PRINCIPAL FACTORS TAKEN INTO CONSIDERATION FOR THE PARTIAL OFFER

In formulating our opinion and recommendation regarding the Partial Offer, we have taken into consideration the following principal factors and reasons:

1. Background and financial information of the Group

The Group is principally engaged in (i) trading of electronic products and equipment (the “**Trading Business**”); (ii) exploration and production of mineral, oil and gas (the “**Mineral, Oil and Gas Business**”); (iii) provision of financial services (the “**Financial Business**”); and (iv) rental and sale of property (the “**Property Business**”).

Given that the annual results for the year ended 31 December 2023 have not been published by the Company as at the Latest Practicable Date, we set out below a summary of (i) the audited consolidated financial information of the Group for the three years ended 31 December 2022 as extracted from the 2021 Annual Report and 2022 Annual Report; and (ii) the unaudited consolidated financial information of the Group for the six months ended 30 June 2022 and 2023, respectively, as extracted from the 2023 Interim Report:

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Financial performance of the Group

	Year ended 31 December			Six months ended	
				30 June	
	2020	2021	2022	2022	2023
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<i>Segment revenue</i>					
– Trading Business	984,666	493,958	489,486	175,981	210,179
– Mineral, Oil and Gas Business	–	–	–	–	–
– Financial Business	22,627	27,430	21,213	10,322	9,050
– Property Business	5,875	1,016	838	269	631
	<u>1,013,168</u>	<u>522,404</u>	<u>511,537</u>	<u>186,572</u>	<u>219,860</u>
Total revenue	1,013,168	522,404	511,537	186,572	219,860
Gross profit	32,655	57,877	31,073	14,837	13,117
<i>Segment (loss)/profit</i>					
– Trading Business	(1,138)	27,809	(33,570)	(1,908)	(4,507)
– Mineral, Oil and Gas Business	(62)	(64)	(104)	(37)	(90)
– Financial Business	(536)	6,390	2,892	3,161	173
– Property Business	(197,913)	430,414	450,210	372,128	(13,632)
	<u>(199,649)</u>	<u>464,549</u>	<u>419,428</u>	<u>373,344</u>	<u>(18,056)</u>
Total segment results	(199,649)	464,549	419,428	373,344	(18,056)
Other overhead and expenses	(51,697)	(71,947)	(63,113)	(28,415)	(27,761)
	<u>(251,346)</u>	<u>392,602</u>	<u>356,315</u>	<u>344,929</u>	<u>(45,817)</u>
Profit/(loss) before taxation	(251,346)	392,602	356,315	344,929	(45,817)
Profit/(loss) for the year/period	(212,917)	276,203	239,575	250,263	(45,817)

FY2020, FY2021 and FY2022

As shown in the table above, revenue of the Group decreased dramatically by approximately HK\$490.8 million or 48.4% from approximately HK\$1,013.2 million in FY2020 to approximately HK\$522.4 million in FY2021. With reference to the 2021 Annual Report, the decrease in total revenue was mainly attributable to the shrinkage of Trading Business resulted from decrease in the sales of low end electronic products during FY2021. Despite the setback of slashed revenue, the Group recorded a turnaround from a net loss of approximately HK\$212.9 million in FY2020 to a net profit of approximately HK\$276.2 million in FY2021 mainly because of the fair value gain on investment properties in Zhanjiang of approximately HK\$442.8 million recorded in FY2021 as compared to the fair value loss on investment properties in Beijing and Zhanjiang of approximately HK\$158.9 million recorded in FY2020.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Revenue of the Group remained relatively stable and only recorded a slight decrease of approximately HK\$10.9 million or 2.1% from approximately HK\$522.4 million in FY2021 to approximately HK\$511.5 million in FY2022. However, gross profit margin dropped from approximately 11.1% in FY2021 to approximately 6.1% in FY2022. According to the 2022 Annual Report, the decrease in gross profit was mainly attributable to the decrease in sales of electronic products and equipment in the PRC. Profit for the year decreased by approximately HK\$36.6 million or 13.3%, from approximately HK\$276.2 million in FY2021 to approximately HK\$239.6 million in FY2022 which was mainly attributable to (i) the decline in gross profit by approximately HK\$26.8 million; (ii) the increase in impairment losses on financial assets at amortised cost of approximately HK\$23.7 million mainly related to accounts receivable arising from the Trading Business; (iii) the increase in finance costs of approximately HK\$8.0 million; which were countered by the positive impact of (iv) increase in fair value gain on investment properties in Zhanjiang and Beijing amounting to approximately HK\$24.4 million.

1H2022 and 1H2023

Revenue of the Group increased by approximately HK\$33.3 million or 17.8% from approximately HK\$186.6 million in 1H2022 to approximately HK\$219.9 million in 1H2023. With reference to the 2023 Interim Report, the increase in total revenue was mainly attributable to the improvement in revenue generated from the Trading Business which was driven by sales of electronic products and equipment. However, the results of the Group deteriorated from a net profit of approximately HK\$250.3 million in 1H2022 to a net loss of approximately HK\$45.8 million in 1H2023 which was mainly because of the absence of fair value gain on investment properties of the Group for the 1H2023, while a fair value gain on investment properties of approximately HK\$379 million was recognized for 1H2022.

Financial position of the Group

	As at 31 December 2022 (audited) HK\$'000	As at 30 June 2023 (unaudited) HK\$'000
Non-current assets	4,419,799	4,223,574
Current assets	1,177,492	1,233,865
Non-current liabilities	546,229	521,899
Current liabilities	905,757	956,859
Net current assets	271,735	277,006
Net assets	4,145,305	3,978,681

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at 31 December 2022

As at 31 December 2022, the total assets of the Group were approximately HK\$5,597.3 million, mainly comprised (i) the investment properties of approximately HK\$4,220.9 million; and (ii) the properties for sale of approximately HK\$945.6 million. The aggregate book value of the investment properties accounted for over 92% of the total assets as at year end of FY2022.

As at 31 December 2022, the total liabilities of the Group were approximately HK\$1,452.0 million, mainly comprised (i) the deferred tax liabilities of approximately HK\$541.9 million; (ii) borrowings of approximately HK\$421.2 million; and (iii) the accounts and other payables and accrued expenses aggregately amounting to approximately HK\$400.5 million.

As a result, the Group recorded net assets of approximately HK\$4,145.3 million as at 31 December 2022.

As at 30 June 2023

As at 30 June 2023, the total assets of the Group were approximately HK\$5,457.4 million, mainly comprised (i) the investment properties of approximately HK\$4,035.0 million; and (ii) the properties for sale of approximately HK\$865.1 million. The aggregate book value of the investment properties accounted for over 89% of the total assets as at period end of 1H2023.

As at 30 June 2023, the total liabilities of the Group were approximately HK\$1,478.8 million, mainly comprised (i) the deferred tax liabilities of approximately HK\$518.0 million; (ii) borrowings of approximately HK\$428.0 million; and (iii) the accounts and other payables and accrued expenses aggregately amounting to approximately HK\$444.9 million.

As a result, the Group recorded net assets of approximately HK\$3,978.7 million as at period end of 1H2023.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. Uncertainties and major development of the Group subsequent to FY2022

The audited annual results for FY2023

As at the Latest Practicable Date, the Company has yet to publish the audited annual results for FY2023. With reference to the announcements of the Company dated 28 March 2024, 15 April 2024, 14 May 2024 and 14 June 2024, the Company could not publish its annual results for FY2023 by 31 March 2024 and, accordingly, trading in the Shares on the Stock Exchange has been suspended since 2 April 2024 and continue as at the Latest Practicable Date. The delay in publication of the FY2023 annual results constitutes a non-compliance with Rule 13.49(1) of the Listing Rules. Such non-compliance has led to the receipt of resumption guidance from the Stock Exchange as discussed further below. ***We have not reviewed the audited account nor the management account of the Company for FY2023. Independent Shareholders should be aware of the risk that the financial position of the Group for FY2023 may be significantly different from its position as disclosed in the 2023 Interim Report.***

Resumption guidance

Reference is made to the announcement of the Company dated 9 July 2024 in relation to the resumption guidance. On 27 June 2024, the Company received a letter from the Stock Exchange setting out the guidance for the resumption of trading in the shares of the Company on the Stock Exchange (the “**Resumption Guidance**”). The Stock Exchange requires the Company to meet all requirements set out in the Resumption Guidance, remedy the issues causing its trading suspension and fully comply with the Listing Rules to the Stock Exchange’s satisfaction before trading in its shares is allowed to resume. The Stock Exchange further indicated that it may modify or supplement the Resumption Guidance if the Company’s situation changes. ***Under Rule 6.01A(1) of the Listing Rules, the Stock Exchange may cancel the listing of any securities that have been suspended from trading for a continuous period of 18 months. In the case of the Company, the 18-month period expires on 1 October 2025.***

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The winding up petition

References are made to (i) the announcement of the Company dated 28 August 2023 in relation to the statutory demand; (ii) the announcement of the Company dated 12 September 2023 in relation to the winding up petition; (iii) the clarification announcement dated 20 September 2023; and (iv) the announcement of the Company dated 19 August 2024 in relation to the dismissal of winding up petition. On 4 August 2023, the Company received a statutory demand from Shinny Solar Limited which is a lender to the facility agreement with the Company dated 26 October 2017 to demand the Company to pay an amount of HK\$293,948,000, which comprises the outstanding loan principal and interest and default interest accrued. Shinny Solar Limited subsequently filed a winding up petition against the Company on 11 September 2023 (the “**Winding-up Petition**”). After several times of adjournments of the hearing of the Winding-up Petition, the High Court of Hong Kong has ordered that the Winding-up Petition be dismissed on 19 August 2024 upon the application for withdrawal of the Winding-up Petition by Shinny Solar Limited and the withdrawal of claims by the supporting creditors.

Back in early 2021, the Group has intended to repay the amount due to Shinny Solar Limited with proceeds from disposal of the Beijing Properties. However, it was further stated in the announcement that such disposal of the Beijing Properties could not be implemented because of factors such as the unilateral arrangement by Shinny Solar Limited and its related companies and representatives to take control of the equity interest in Millhaven Holdings Limited, being the subsidiary of the Company holding interests in the Beijing Properties. Such unilateral arrangement was further clarified in the announcement as being stop notice filed with the court of the British Virgin Islands and served by Shinny Solar Limited on 26 April 2022. The first attempt of disposal of the Beijing Properties (the “**First Attempt Disposal**”) was terminated on 16 February 2023.

With reference to the announcement of the Company dated 31 May 2024, the Company made a second attempt to dispose the Beijing Properties which constituted a very substantial disposal to the Company (the “**Second Attempt Disposal**”). However, it was subsequently announced by the Company on 3 July 2024 that the Second Attempt Disposal was also terminated on 26 June 2024. It was stated in the announcement that the termination of Second Attempt Disposal was because of lack of cooperation by Shinny Solar Limited.

As at the Latest Practicable Date, no further update on the disposition of the Beijing Properties was announced by the Company. Despite that the Board considers the Company remains to have control of the Beijing Properties, having considered the failures of First Attempt Disposal and Second Attempt Disposal, we would like to alert the Independent Shareholders to the potential difficulty of realization of the Beijing Properties and that the control of the Company over the Beijing Properties may, to certain extent, be highly restrictive.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Seizure of land use rights for the Zhanjiang Property and impacts on the valuation

References are made to (i) the voluntary announcement by the Company dated 12 June 2024 in respect of the Zhanjiang Property, which disclosed a meeting was held on 6 June 2024 between Guangdong Gangyue Financial Holdings Real Estate Development Co., Ltd.* (廣東港粵金控房地產開發有限公司) (“**Guangdong Gangyue**”), a wholly owned subsidiary of the Company established for the Zhanjiang Property, and the major contractors (the “**Contractors**”) and creditors (the “**Project Creditors**”) involved in the project; and (ii) the announcement of the Company dated 11 July 2024 regarding the change of the Board composition.

We noted that the Contractors and the Project Creditors have expressed that the substantial changes in the Board (“**Material Adverse Incident**”) would lead to a loss of confidence in the Zhanjiang Property. They believe that such incidents would significantly increase uncertainties and risks, which would adversely affect their investments and legitimate interests in the Zhanjiang Property. It is also disclosed that the Contractors and the Project Creditors would, among others, cease providing construction works and funding to the Zhanjiang Property. On 11 July 2024, resolutions to remove the previous Board and form a new Board, being the existing Board comprising two executive Directors, namely, Mr. Xu Shiping and Mr. Huang Lei; and three independent non-executive Directors, namely, Mr. Zheng Zhaojun, Mr. Wang Ning and Mr. Chan Kwong On, were passed and therefore the Material Adverse Incident mentioned by the Contractors and the Project Creditors was triggered. ***Accordingly, it remains uncertain as to whether the Contractors and the Project Creditors would cease providing construction works and funding to the Zhanjiang Property which could adversely affect the progress of the project.***

References are also made to the announcements dated 3 July 2024 and 5 August 2024 in relation to the seizure of land use right of the Zhanjiang Property. There are court proceedings concerning a guarantee contract dispute between Guangdong Gangyue and Shinny Solar Limited. In the course of such court proceedings, Shinny Solar Limited applied for property preservation with Zhanjiang Intermediate People’s Court on 27 February 2024 and requested a seizure of fixed assets belonging to Guangdong Gangyue in a sum not exceeding RMB376,811,908. On 14 May 2024, the court granted the application and ordered the seizure of land use rights for the Zhanjiang Property owned by Guangdong Gangyue, effective from 29 May 2024 to 28 May 2027. In response, Guangdong Gangyue filed an application for reconsideration on 17 June 2024. However, the Board received the ruling on 1 August 2024 that such reconsideration application has been turned down by Zhanjiang Intermediate People’s Court.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Based on the latest update on the status of the Company, we understand that the seizure of the Zhanjiang Property has led to a temporary suspension of the construction and development works of the Zhanjiang Property.

As at Latest Practicable Date, the latest valuation report of Zhanjiang Property is not available and the construction progress of the project remains uncertain.

3. Industry overview and outlook of the Group

As shown in the financial information of the Group in the section headed “Background and financial information of the Group” above, Trading Business contributed over 95% of the total revenue for the respective financial year/period under review. However, we noted that the Trading Business has demonstrated a downward trend in scale and has been loss making most of the time during the financial year/period under review. The contribution of Trading Business to earnings of the Group was far less significant than that of the Property Business where fair value gain/loss on investment properties (i.e. Beijing Properties and Zhanjiang Property) had dominant impact on the net profit/loss of the Group. Accordingly, we consider that the Property Business is more relevant to the future prospect and outlook of the Group and have conducted research on the property market in the PRC as set out below:

Year 2023	Residential property	Office building	Commercial property
Property development investment	RMB8,382.0 billion	RMB453.1 billion	RMB805.5 billion
<i>Year-on-year change</i>	<i>(9.3%)</i>	<i>(9.4%)</i>	<i>(16.9%)</i>
Total property sales by transaction value	RMB10,299.0 billion	RMB374.2 billion	RMB661.9 billion
<i>Year-on-year change</i>	<i>(6.0%)</i>	<i>(12.9%)</i>	<i>(9.3%)</i>
Total property sales by floor area	948.0 million sq.m	27.2 million sq.m	63.6 million sq.m
<i>Year-on-year change</i>	<i>(8.2%)</i>	<i>(9.0%)</i>	<i>(12.0%)</i>

Source: The National Bureau of Statistics

The table above illustrates that the momentum of property sales and investment in the PRC market has been under downward pressure throughout 2023. If the abovementioned downward trend sustains, the Group may require longer time span to generate income from the Group’s investment properties.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Having considered (i) the sluggish property market in the PRC; (ii) the current seizure of land use rights by Shiny Solar Limited for the Zhanjiang Property which remains effective till 28 May 2027; and (iii) the difficulty of disposal of Beijing Properties as evidenced by failures of First Attempt Disposal and Second Attempt Disposal, we remain cautious about the future prospect and outlook of the Group.

4. Information of the Offeror and his intention in relation to the Group

The Offeror, aged 39, is a merchant in the PRC, with his businesses covering the field of import and export trading, property investment and medical investment. He has over 10 years of experience in investment and import and export trading. He is currently the controlling shareholder and a director of 深圳市中港創富投資發展有限公司 (Shenzhen Zhonggang Chuangfu Investment Development Company Limited*), a company established in the PRC and principally engaged in investment and import and export trading. He is also the sole shareholder and a director of 粵港澳融熙(廣州)投資有限公司 (YueGangAo Rongxi (Guangzhou) Investment Company Limited*), a company established in the PRC and principally engaged in property and other investment and import and export trading.

The Offeror believes that the stock market in Hong Kong is currently in a valuation depression when compared with the global capital market. The Offeror has confidence in the long-term development of Hong Kong's capital market, and is keen to make long-term investments in the Hong Kong stock market. The Offeror believes that the Company's business in property development and sand mining has long term development potential. In particular, the property development business in the PRC has been adversely affected by the depressed property development market and poor sentiment in the PRC. Closely monitoring the business development of the Group and the industry development trend in the PRC, the Offeror is of the view that the property development market will record a turnaround and the Group will benefit from the industry-wide support from both national and local governments. The Offeror considers that the Company has value in its assets and intends to acquire approximately 4.71% of the issued share capital of the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

5. Offer Price

(a) *Comparison of Offer Price*

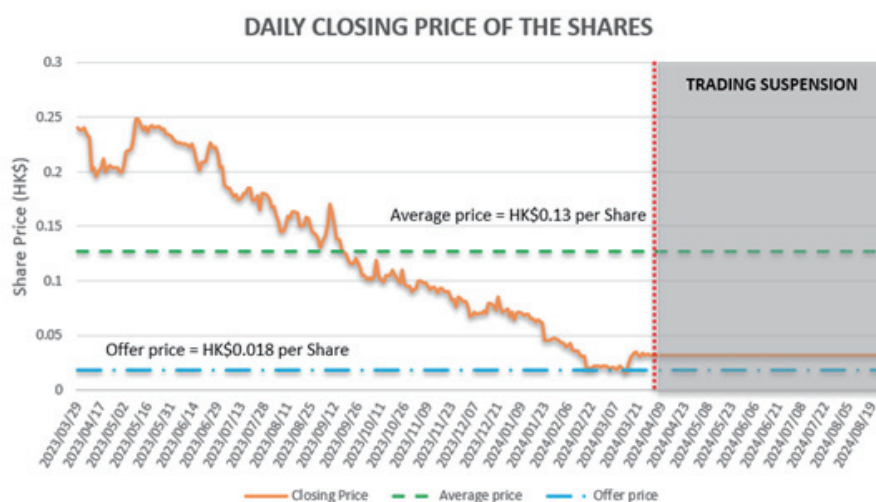
The Offer Price of HK\$0.018 per Offer Share represents:

- (i) a discount of approximately 43.75% to the closing price of HK\$0.032 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 44.44% to the average of the closing prices of the Shares of approximately HK\$0.0324 as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 43.22% to the average of the closing prices of the Shares of approximately HK\$0.0317 as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 27.42% to the average of the closing prices of the Shares of approximately HK\$0.0248 as quoted on the Stock Exchange for the last thirty consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 98.54% to the audited consolidated net asset value attributable to the Shareholders of approximately HK\$1.2350 per Share as at 31 December 2022, calculated based on the audited consolidated net asset value attributable to the shareholders of approximately HK\$4,143.6 million as at 31 December 2022 and 3,355,140,697 Shares in issue as at the Latest Practicable Date; and
- (vi) a discount of approximately 98.48% to the unaudited consolidated net asset value attributable to the Shareholders of approximately HK\$1.1854 per Share as at 30 June 2023, calculated based on the unaudited consolidated net asset value attributable to the Shareholders of HK\$3,977.3 million as at 30 June 2023 and 3,355,140,697 Shares in issue as at the Latest Practicable Date.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(b) *Historical price performance of the Shares*

To assess the fairness and reasonableness of the Offer Price, we have performed a review on the daily closing prices of the Shares from 29 March 2023 to 28 March 2024, being the last trading day before the trading suspension of Shares (the “**Review Period**”). We consider that the duration of the Review Period would be a reasonable and sufficient period to illustrate the closing price movement of the Shares as it covered reasonably sufficient duration prior to trading suspension of Shares to fully reflect the market reaction on the Shares. The daily closing prices of the Shares for the Review Period and up to the Last Practicable Date are illustrated as follows:



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

As shown in the chart above, during the Review Period, the average share price was approximately HK\$0.13 per Share (the “**Average Share Price**”). The daily closing price ranged from HK\$0.016 per Share (the “**Lowest Share Price**”) to HK\$0.249 per Share (the “**Highest Share Price**”) during the Review Period. The Offer Price of HK\$0.018 represents (i) a premium of approximately 12.5% to the Lowest Share Price; (ii) a discount of approximately 92.8% to the Highest Share Price; and (iii) a discount of approximately 86.2% to the Average Share Price for the Review Period.

We notice that the Highest Share Price was recorded on 10 May 2023 and since then the share price remained sluggish and kept declining in a general downward trend with a few small rebounds. As discussed with management of the Group, it is believed that the general downward trend of the share price may be resulted from the unsettled court cases, winding up petition and unstable management team that cast uncertainty on the operation and future prospect of the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Lowest Share Price was recorded on 13 March 2024, being the 11th trading day preceding the Last Trading Day. After that, the share price rebounded and hovered around HK\$0.03 per Share. As discussed with management, they are not aware of any reasons or inside information that caused such price movement. Shortly after the share price rebound, the Company announced delay in publication of FY2023 annual results and trading of the Shares has been suspended since 2 April 2024.

(c) Historical trading liquidity of the Shares

The following table sets out the trading volume of the Shares during the Review Period:

Month/period	Total trading volume (No. of Shares)	No. of trading days	Average daily trading volume of the Shares	Percentage of average daily trading volume to the total number of Shares in issue (Note)
<i>Year 2023</i>				
March (from 29 March 2023)	1,254,500	3	418,167	0.01%
April	12,588,000	17	740,471	0.02%
May	111,033,000	21	5,287,286	0.17%
June	17,824,500	21	848,786	0.03%
July	17,996,000	20	899,800	0.03%
August	21,993,000	23	956,217	0.03%
September	19,104,000	19	1,005,474	0.03%
October	13,458,000	20	672,900	0.02%
November	16,096,000	22	731,636	0.02%
December	17,353,000	19	913,316	0.03%
<i>Year 2024</i>				
January	44,445,000	22	2,020,227	0.06%
February	823,236,500	19	43,328,237	1.37%
March (up to the Last Trading Day)	1,811,297,142	20	90,564,857	2.87%

Note: Based on the average daily trading volume of Shares divided by the total issued Shares of the Company as at the Last Trading Day (i.e. 3,160,140,697 Shares)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As shown in the table above, during the Review Period, the trading liquidity of the Shares remains thin with the average daily trading volume ranging from approximately 0.01% to 2.87% of the total number of Shares in issue as at the Last Trading Day. It is uncertain as to whether there would be sufficient liquidity in the Shares for the Independent Shareholders to dispose of a significant number of Shares in the open market, if the trading of the Shares could be resumed during the Offer Period, without exerting a downward pressure on the Share price. Therefore, the Partial Offer provides an opportunity for the Independent Shareholders to realise their investments in the Company at a fixed price, especially when trading in the Shares is still under suspension since 2 April 2024.

Despite that the Offer Price represented a deep discount to the closing price of the Share as quoted on the Stock Exchange on the Last Trading Day, having considered (i) the share price remained sluggish and kept declining in a general downward trend since May 2023; (ii) the Lowest Share Price of HK\$0.016 per Share was recorded on 13 March 2024, being just 11 trading days before the Last Trading Day and the reasons for subsequent rebound in share price up to the Last Trading Day was unknown to the management of the Company, making it uncertain as to whether such recovery in share price will be sustainable; (iii) the Offer Price of HK\$0.018 represents a premium of approximately 12.5% to the Lowest Share Price; (iv) the thin liquidity which could make disposal of the Shares in open market difficult; and (v) the trading suspension currently in place due to delay in publication of FY2023 annual results and it remains uncertain as to the resumption progress of the Company, we are of the view that the Partial Offer provides an opportunity for the Independent Shareholders to realise their investments in the Company at a fixed price and consider that the Offer Price is fair and reasonable so far as the Independent Shareholders are concerned.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

It is noted that the Offeror is making the Partial Offer to acquire 158,000,000 Offer Shares only, and therefore accepting Shareholders may not be able to sell all their Shares to the Offeror. In addition, if acceptances are received for over 158,000,000 Offer Shares, the Offeror will announce details of the way in which the pro rata entitlement for each accepting Shareholder was determined. As a result of any scale down of acceptance, the Shareholders accepting the Partial Offer may retain Shares in odd lots (i.e. holding of less than a board lot of 10,000 Shares) that are generally less marketable than whole board lots and realizable at a lesser market value. Having considered (i) the Partial Offer provides equal opportunity for each Independent Shareholders to sell their Shares to the Offeror; and (ii) Silverbricks Securities Company Limited has been appointed to match sales and purchases of odd lot holdings for a period of six weeks after the close of the Partial Offer, we are of the view that the arrangement of the Partial Offer is justifiable and amount to fair treatment of the Independent Shareholders as a whole.

6. Market comparable analysis

As part of our analysis, we have also carried out market comparable analysis on the valuation of comparable companies listed on the Main Board of the Stock Exchange. Having considered (i) based on the 2023 Interim Report which represents the latest financial information we could obtain as at the Latest Practicable Date, the Group was loss making for the six months ended 30 June 2023; (ii) the annual results of the Company for the year ended 31 December 2023 have not been published by the Company as at the Latest Practicable Date; (iii) the 2022 Annual Report which contains full year financial information of the Group is less relevant to reflect the current business performance of the Group; and (iv) the aggregate book value of the investment properties (i.e. the Beijing Property and the Zhanjiang Property) accounted for approximately 90% of the total assets of the Group, we are of the view that using the valuation metric of price-to-book ratio (“P/B”) is appropriate in our market comparable analysis.

We have identified comparable companies based on the following criteria: (i) the shares are trading on the Main Board of the Stock Exchange; (ii) the companies with market capitalization of HK\$100 million or below which is considered to be of similar size as compared with the market capitalisation of the Group of approximately HK\$101.1 million on the Last Trading Day; (iii) the principal business is property development in the PRC with the book values of property assets representing more than 50% of their respective total assets; and (iv) positive NAV is recorded in their latest published financial statements. We have scrutinized the annual reports/ interim reports of listed companies in the property development and property investment industries, and identified a total of 15 comparable companies (the “**Comparable Companies**”), which to the best of our knowledge represent the exhaustive list that meet the aforesaid selection criteria and are considered fair and representative.

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Nonetheless, Shareholders or potential investors should note that the business, operations, market capitalization and prospects of the Comparable Companies are not the same as those of the Company, and we have not conducted any in-depth investigation into the business and operations of the Comparable Companies.

Stock code	Company name	Market capitalization (Note 1) HK\$'000 (A)	Net asset value (Note 2) HK\$'000 (B)	P/B (A/B)
299	Glory Sun Land Group Limited	15,288	2,225,585	0.01
2330	China Uptown Group Company Limited	35,110	161,013	0.22
485	China Sinostar Group Company Limited	27,669	196,589	0.14
2088	Xiwang Property Holdings Company Limited	39,446	471,547	0.08
6611	Sanxun Holdings Group Limited	49,314	2,270,811	0.02
115	Grand Field Group Holdings Limited	57,565	1,152,296	0.05
6878	Differ Group Auto Limited	46,032	181,529	0.25
760	Talent Property Group Limited	59,186	1,778,576	0.03
1232	Golden Wheel Tiandi Holdings Company Limited	46,775	1,051,292	0.04
1124	Coastal Greenland Limited	68,824	1,288,611	0.05
2608	Sunshine 100 China Holdings Ltd	73,974	878,280	0.08
262	Deson Development International Holdings Limited	70,407	1,341,590	0.05
1862	Jingrui Holdings Limited	70,785	4,572,217	0.02
456	New City Development Group Limited	42,208	371,726	0.11
997	Chinalink International Holdings Limited	29,232	826,523	0.04
			Average	0.08
			Median	0.05
			Maximum	0.25
			Minimum	0.01
	The Company			
	Based on Offer Price (Note 3)	56,883	3,978,681	0.01
	Based on share price on Last Trading Date (Note 4)	101,125	3,978,681	0.03

Note:

1. Calculated based on the share price and number of shares in issue of the respective Comparable Companies as at the Latest Practicable Date.
2. Based on the latest financial reports of the respective Comparable Companies.
3. Market capitalization of the Company is calculated based on the Offer Price and number of shares in issue on Last Trading Day. The net asset value as at 30 June 2023 is extracted from the 2023 Interim Report.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

4. Market capitalization of the Company is calculated based on the share price and number of shares in issue on Last Trading Day. The net asset value as at 30 June 2023 is extracted from the 2023 Interim Report.

As shown in the table above, the P/B of the Comparable Companies ranged from approximately 0.01 times to approximately 0.25 times, with an average of approximately 0.08 times and a median of approximately 0.05 times. The P/B of the Company based on Offer Price of approximately 0.01 times falls within the range but lower than the average and median of that of the Comparable Companies. The P/B of the Company based on market price of the Shares on Last Trading Day of approximately 0.03 times also falls at the lower end of the range.

Despite that the valuation of the Company implied by the Offer Price is lower than that implied by market price on Last Trading Day, having considered (i) the generally low valuation of the Company assessed by market; (ii) the uncertainty in relation to the current status and value of Beijing Property and Zhanjiang Property which aggregately accounted for 90% of the total assets of the Group as discussed in the section headed “Uncertainties and major development of the Group subsequent to FY2022” above; and (iii) trading of the Shares has been suspended since 2 April 2024, making it uncertain as to whether the share price on Last Trading Day and the implied market valuation will be sustainable if trading could be resumed, we are of the view that the valuation of the Company implied by the Offer Price which falls within the range of that of the Comparable Companies, is fair and reasonable so far as the Independent Shareholders are concerned.

RECOMMENDATIONS

Despite that the Offer Price represented a deep discount to the closing price of the Share as quoted on the Stock Exchange on the Last Trading Day, based on our analyses above and, in particular, having considered the following key factors (which should be read in conjunction with and interpreted in the full context of this letter):

- (i) as at the Latest Practicable Date, the audited annual results for FY2023 have not been published and the financial position of the Group for FY2023 may be significantly different from its position as disclosed in the 2023 Interim Report;
- (ii) trading of the Shares has been suspended since 2 April 2024 and the Stock Exchange may cancel the listing of any securities that have been suspended from trading for a continuous period of 18 months;
- (iii) the Company faced difficulty in realizing the Beijing Property as evidenced by failures of First Attempt Disposal and Second Attempt Disposal;
- (iv) seizure of land use rights for the Zhanjiang Property will remain effective till 28 May 2027;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (v) the share price remained sluggish and kept declining in a general downward trend since May 2023;
- (vi) the Lowest Share Price of HK\$0.016 per Share was recorded on 13 March 2024, being just 11 trading days before the Last Trading Day and the reasons for subsequent rebound in share price up to the Last Trading Day was unknown to the management of the Company, making it uncertain as to whether such recovery in share price will be sustainable;
- (vii) the Offer Price of HK\$0.018 represents a premium of approximately 12.5% to the Lowest Share Price;
- (viii) the thin liquidity which could make disposal of the Shares in open market difficult;
- (ix) although the Offeror is making the Partial Offer to acquire 158,000,000 Offer Shares only and accepting Shareholders may not be able to sell all their Shares to the Offeror, the Partial Offer provides equal opportunity for each of the Independent Shareholders to realise their investments in the Company at a fixed price; and
- (x) the P/B valuation of the Company implied by the Offer Price falls within the range of that of the Comparable Companies indicating that the accepting Shareholders could sell Shares to the Offeror at a price that is in line with market prices of similar listed companies in the property development and property investment industries,

we are of the opinion that the terms of the Offer (including the Offer Price) are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to accept the Partial Offer.

We would like to draw the Independent Shareholders' attention that the analysis, opinion and recommendation contained in this letter is formed and subject to limitations as discussed in the section "Uncertainties and major development of the Group subsequent to FY2022", amongst others:

- (i) the absence of the annual results of the Company for the year ended 31 December 2023 and the latest property valuation report on the Zhanjiang Property;***
- (ii) the impact on the future development of the Zhanjiang Property after change of the Board composition;***
- (iii) the Winding-up Petition;***
- (iv) the uncertainty of when the trading of Shares will be resumed;***
- (v) the uncertainty of the future prospect of the property market in the PRC; and***

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Independent Shareholders are reminded to assess the latest developments and situation of the Group. As at the Latest Practicable Date, trading of the Shares remains suspended and the open market is not available for the Independent Shareholders to dispose of the Shares. There is an uncertainty as to whether and when trading of the Shares could be resumed. While the Partial Offer currently represents the only exit opportunity available to the Independent Shareholders before the resumption of trading of the Shares, market price of the Shares could be higher than the Offer Price if trading of the Shares could be resumed during the Offer Period. The Independent Shareholders are also reminded that if the valid acceptances of more than 158,000,000 Offer Shares are received, the Qualifying Shareholders may not be able to fully realise their Shares, in case they opt to accept the Offer.

As different Independent Shareholders would have different investment criteria, objectives, risk preference and tolerance level and/or circumstances, we would recommend any Independent Shareholder who may require advice in relation to any aspect of the Response Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser before making the decision to, whether or not, accept the Partial Offer. The Independent Shareholders should read carefully the procedures for accepting the Partial Offer as detailed in the Offer Document.

Yours faithfully,
For and on behalf of
Messis Capital Limited

Wallace Cheung
Managing Director

Mr. Wallace Cheung is a licensed person registered with the Securities and Futures Commission of Hong Kong and regarded as a responsible officer of Messis Capital Limited to carry out type 6 (advising on corporate finance) regulatory activity under the SFO and has over 13 years of experience in corporate finance industry.

1. SUMMARY OF THE FINANCIAL INFORMATION

Set out below is a summary of the audited consolidated financial results of the Group for the years ended 31 December 2020, 2021 and 2022 respectively, as extracted from the relevant published annual report of the Company for the relevant years, and the unaudited consolidated financial results of the Group for the six months ended 30 June 2022 and 2023, as extracted from the relevant published interim report of the Company for the relevant periods.

	For the year ended 31 December		
	2020	2021	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	1,013,168	522,404	511,537
Cost of goods sold and direct costs	<u>(980,513)</u>	<u>(464,527)</u>	<u>(480,464)</u>
Gross profit	32,655	57,877	31,073
Other income	8,604	4,905	5,287
Other gains or losses, net	(36,063)	–	(1,088)
Fair value changes on investment properties	(158,920)	442,760	467,131
Impairment losses of financial assets at amortised cost, net	(872)	(4,738)	(28,392)
Selling and distribution expenses	(3,109)	(1,303)	(1,220)
Administrative expenses	(61,319)	(57,634)	(59,226)
Finance costs	<u>(32,322)</u>	<u>(49,265)</u>	<u>(57,250)</u>
(Loss)/profit before taxation	(251,346)	392,602	356,315
Taxation	<u>38,429</u>	<u>(116,399)</u>	<u>(116,740)</u>
(Loss)/profit for the year	<u>(212,917)</u>	<u>276,203</u>	<u>239,575</u>
Other comprehensive income/(expense)			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of financial statements of foreign operations	<u>237,275</u>	<u>128,217</u>	<u>(380,262)</u>
	237,275	128,217	(380,262)

	For the year ended 31 December		
	2020	2021	2022
	HK\$'000	HK\$'000	HK\$'000
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value losses on investment in equity instruments at fair value through other comprehensive income	<u>(53)</u>	<u>(181)</u>	<u>–</u>
Other comprehensive income/(expense) for the year	<u>237,222</u>	<u>128,036</u>	<u>(380,262)</u>
Total comprehensive income/(expense) for the year	<u>24,305</u>	<u>404,239</u>	<u>(140,687)</u>
(Loss)/profit for the year attributable to:			
Owners of the Company	(211,940)	267,895	250,227
Non-controlling interests	<u>(977)</u>	<u>8,308</u>	<u>(10,652)</u>
	<u>(212,917)</u>	<u>276,203</u>	<u>239,575</u>
Total comprehensive income/(expense) attributable to:			
Owners of the Company	25,078	395,848	(129,823)
Non-controlling interests	<u>(773)</u>	<u>8,391</u>	<u>(10,864)</u>
	<u>24,305</u>	<u>404,239</u>	<u>(140,687)</u>
(Loss)/earnings per share			
Basis and diluted	<u>(HK\$0.0530)</u>	<u>HK\$0.0670</u>	<u>HK\$0.0474</u>

APPENDIX I
FINANCIAL INFORMATION OF THE GROUP

	For the six months ended 30 June	
	2022	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	186,572	219,860
Cost of goods sold and direct costs	<u>(171,735)</u>	<u>(206,743)</u>
Gross profit	14,837	13,117
Other income	1,027	769
Fair value changes on investment properties	378,664	–
Selling and distribution expenses	(408)	(568)
Administrative expenses	<u>(30,512)</u>	<u>(25,764)</u>
Profit/(loss) from operation	363,608	(12,446)
Finance costs	<u>(18,679)</u>	<u>(33,371)</u>
Profit/(loss) before taxation	344,929	(45,817)
Taxation	<u>(94,666)</u>	<u>–</u>
Profit/(loss) for the period	<u>250,263</u>	<u>(45,817)</u>
Other comprehensive expense		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of financial statements of foreign operations	(332,524)	(235,485)
<i>Item that will not be reclassified to profit or loss:</i>		
Fair value losses on investment in equity instruments at fair value through other comprehensive income	<u>(18)</u>	<u>(54)</u>
Other comprehensive expense for the period	<u>(332,542)</u>	<u>(235,539)</u>
Total comprehensive expense for the period	<u>(82,279)</u>	<u>(281,356)</u>
Profit/(loss) for the period attributable to:		
Owners of the Company	249,989	(45,696)
Non-controlling interests	<u>274</u>	<u>(121)</u>
	<u>250,263</u>	<u>(45,817)</u>

	For the six months ended 30 June	
	2022	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Total comprehensive expense for the period attributable to:		
Owners of the Company	(82,088)	(280,992)
Non-controlling interests	<u>(191)</u>	<u>(364)</u>
	<u>(82,279)</u>	<u>(281,356)</u>
	(restated)	
(Loss)/earnings per share		
Basis and diluted	<u>HK\$0.0502</u>	<u>HK\$0.0092</u>

In the auditor's report of the Company for the year ended 31 December 2020, the Company's auditors, Elite Partners CPA Limited, drew the attention of the Shareholders to a note to the consolidated financial statements of the Group, which indicated that the Group incurred a net loss of approximately HK\$212.9 million for the year ended 31 December 2020 and, as of that date, the Group had net current liabilities of approximately HK\$326.1 million without considering properties for sales of approximately HK\$1,922.0 million. The auditors of the Company considered that a material uncertainty existed that might cast significant doubt on the Company's ability to continue as a going concern. The Directors considered that the Group would have sufficient funds to meet its obligations for at least twelve months from the date of approval of the consolidated financial statements, having taken into account the Group's working capital needs and the availability of new banking facilities. The opinion of the Company's auditors was not modified in respect of this matter.

There were no qualifications in the auditors' reports of the Company for the financial years ended 31 December 2021 and 2022 respectively.

The Company confirmed that no dividends had been declared by the Company for the years ended 31 December 2020, 2021 and 2022 and for the six months ended 30 September 2023.

2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

Set out below are the latest published audited consolidated financial statements of the Group for the year ended 31 December 2022 contained in the annual report of the Company for the year ended 31 December 2022 (the “2022 Annual Report”), which has been published on the websites of the Company (www.wisdom007.com) and the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0427/2023042702322.pdf>).

- (i) Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year 31 December 2022. Please refer to pages 97 to 99 of the 2022 Annual Report.
- (ii) Consolidated Statement of Financial Position as at 31 December 2022. Please refer to pages 100 and 101 of the 2022 Annual Report.
- (iii) Consolidated Statement of Changes in Equity for the year ended 31 December 2022. Please refer to page 102 of the 2022 Annual Report.
- (iv) Consolidated Statement of Cash Flows for the year ended 31 December 2022. Please refer to pages 103 and 104 of the 2022 Annual Report.
- (v) Notes to the Consolidated Financial Statements for the year ended 31 December 2022. Please refer to pages 105 to 246 of the 2022 Annual Report (including Significant Accounting Policies on pages 108 to 155 of the 2022 Annual Report).

Given that additional time is required for the Company and its auditor to finalise the audited accounts of the Group and to complete the audit procedures, the Company has not yet published the audited consolidated financial statements of the Group for the year ended 31 December 2023. The Company is working closely with its auditor in order to complete the audit procedures as soon as possible, and the expected publication date of the annual results will be announced by the Company as and when appropriate. For further information, please refer to the announcements of the Company dated 28 March 2024, 15 April 2024, 14 May 2024, 14 June 2024 and 31 July 2024.

3. UNAUDITED CONSOLIDATED INTERIM FINANCIAL INFORMATION OF THE GROUP

The unaudited consolidated interim results of the Group for the six months ended 30 June 2023 and notes thereto are set out in the interim report of the Company for the six months ended 30 June 2023, which has been published on the websites of the Company (www.wisdom007.com) and the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0925/2023092500467.pdf>).

Given that additional time is required for the Company to prepare and finalise the management accounts of the Group, the Company has not yet published the unaudited consolidated interim results of the Group for the six months ended 30 June 2024. The expected publication date of the unaudited consolidated interim results will be announced by the Company as and when appropriate.

4. INDEBTEDNESS

As at 31 May 2024, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Response Document, the Group had total indebtedness amounting to HK\$535 million.

Borrowings

As at 31 May 2024, the Group had a secured and guaranteed borrowing from Shiny Solar Limited, an independent third party, with an outstanding amount of approximately HK\$333 million (including principal and accrued interests), which was secured by the equity interests of the subsidiaries of the Company, namely Millhaven, Gold Shiner Holdings Limited, 廣東德凱偉業有限公司 (Guangdong Dekai Weiye Company Limited*) and Beijing Yinghe and the receivables in respect of leases, licences or other disposals of real estate entered into by Beijing Yinghe. The borrowing is also guaranteed by two subsidiaries of the Company, namely Beijing Yinghe and 廣東港粵金控房地產開發有限公司 (Guangdong Gangyue Financial Holdings Real Estate Development Company Limited*), and Dr. Hui Chi Ming, a former Director. The borrowing was interest bearing at a fixed rate of 7% per annum for the first year and 8% per annum for the period after 1 year. The effective interest rate of the borrowing was 8.8% per annum and the default rate on overdue balance was 15% per annum. The borrowing had matured in 2020 and was repayable on demand.

As at 31 May 2024, the Group had unsecured borrowings from Four Seas Mercantile Holdings Limited, an independent third party, with a total outstanding amount of approximately HK\$27 million (including principal and accrued interests), which were guaranteed by Dr. Hui Chi Ming, a former Director. The borrowings were interest bearing at a fixed rate of 5.625% per annum. The borrowings had matured in 2023 and were repayable on demand.

As at 31 May 2024, the Group had unsecured and unguaranteed borrowings from Lucky Alliances Enterprises Limited, an independent third party, of approximately HK\$12 million (including principal and accrued interests). The borrowings were interest bearing at a fixed rate of 12% per annum. The interest rate would change to 20% in case of any default in repayment of any principal and interest. The borrowings had matured in 2023 and were repayable on demand.

As at 31 May 2024, the Group has unsecured and unguaranteed bank borrowings of approximately HK\$8 million (including principal and accrued interests) from a bank. The borrowings are interest bearing and determined by the Hong Kong Interbank Offered Rate plus 3% per annum. The borrowings had matured in 2023 and were repayable on demand.

As at 31 May 2024, the Group had unsecured and unguaranteed borrowings of approximately HK\$75 million (equivalent to approximately RMB70 million) (including principal and accrued interests) from three independent third parties, namely 東莞市華訊偉業房地產開發有限公司 (Dongguan Hua Xun Wei Ye Real Estate Development Co., Ltd.*), 廣州晟裕地產集團有限公司 (Guangzhou Sheng Yu Real Estate Group Co., Ltd.*) and 廣州青林資本投資管理有限公司 (Guangzhou Qing Lin Capital Investment Management Co., Ltd.*), of which balances of approximately HK\$48 million (equivalent to approximately RMB45 million) were interest bearing at fixed rates ranged from 6%-12% per annum and the remaining balances of approximately HK\$27 million (equivalent to approximately RMB25 million) were interest free. The borrowings of approximately HK\$52 million (equivalent to approximately RMB49 million) had matured in 2021 and were repayable on demand. The remaining balance of approximately HK\$23 million (equivalent to approximately RMB21 million) had matured in 2022 and was repayable on demand.

As at 31 May 2024, the Group had another unsecured and unguaranteed borrowing of HK\$14 million from a company, which is an indirect wholly-owned subsidiary of a company in which Mr. Lam Kwok Hing, a former Director, is a director and has a controlling interest, which was interest bearing at the rate announced from time to time by the Hongkong and Shanghai Banking Corporation Limited as its prime rate for lending Hong Kong Dollars (the “Prime Rate”) and repayable within two years from 31 May 2024.

As at 31 May 2024, the Group had an unsecured and unguaranteed advance of approximately HK\$55 million from Mr. Nam Kwok Lun, a former Director, which was interest bearing at the Prime Rate and repayable after one year from 31 May 2024.

Further, as at 31 May 2024, the Group had an outstanding unsecured, unguaranteed and interest-free advance of approximately HK\$3 million from Dr. Hui Chi Ming, a former Director, which was repayable after one year from 31 May 2024.

Corporate bonds

As at 31 May 2024, the Group had outstanding corporate bonds of approximately HK\$8 million, which were interest bearing at a fixed coupon rate of 7% per annum. Approximately HK\$4 million of the corporate bonds had matured in 2023 and were repayable on demand and the remaining balance of approximately HK\$4 million matures within one year from 31 May 2024.

Pledged assets

As at 31 May 2024, the Group had pledged the equity interests of the subsidiaries of the Company, namely Millhaven, Gold Shiner Holdings Limited, 廣東德凱偉業有限公司(Guangdong Dekai Weiye Co., Limited*) and Beijing Yinghe and the receivables in respect of leases, licences or other disposals of real estate entered into by Beijing Yinghe to secure secured borrowings of the Group.

Lease liabilities

The Group had no outstanding lease liabilities as at 31 May 2024.

Save as aforesaid and apart from intra-group liabilities and normal trade payables, the Group did not, at the close of business on 31 May 2024, being the latest practicable date for the purpose of this indebtedness statement, have any bank overdrafts or loans, or other similar indebtedness, mortgages, charges, or guarantees or other material contingent liabilities.

5. MATERIAL CHANGES

As at the Latest Practicable Date, the Directors confirm that save as disclosed below, there was no material changes in the financial or trading position or outlook of the Group subsequent to 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up, and up to the Latest Practicable Date:

- a. On 5 November 2021, the Group entered into a sale and purchase agreement to dispose of the entire issued share capital of Millhaven, which indirectly held the Beijing Property, for a cash consideration of HK\$338.0 million. Due to the prolonged delay of the due diligence and the changes in market conditions of the property market in the PRC since the date of the sales and purchase agreement, the parties to the sale and purchase agreement entered into a termination agreement on 16 February 2023 to terminate the disposal. Details of the termination of the disposal are set out in the announcement of the Company dated 16 February 2023.
- b. On 23 February 2023, the Company entered into a subscription agreement, pursuant to which the Company conditionally agreed to allot and issue 116,000,000 shares of the Company at a subscription price of HK\$0.127. The shares were issued on 9 March 2023. Details of the share subscription are set out in the announcement of the Company dated 23 February 2023.

* *English names of these PRC companies are for identification purpose only*

- c. On 9 March 2023, the Company entered into a subscription agreement (as supplemented by two supplemental agreements dated 16 March 2023 and 14 April 2023), pursuant to which the Company conditionally agreed to issue the convertible notes in an aggregate principal amount of HK\$100.0 million. The convertible notes were issued on 5 May 2023 and were fully converted into 200,000,000 Shares at a conversion price of HK\$0.50 (after the share consolidation which took effect from 3 May 2023, details of which are set out in paragraph (d) below) on 30 May 2023. Details of these agreements are set out in the announcements of the Company dated 9 March 2023, 16 March 2023, 14 April 2023 and 5 May 2023.
- d. On 21 March 2023, the Board proposed to (i) implement the share consolidation on the basis that every two issued and unissued shares of HK\$0.1 each in the share capital of the Company be consolidated into one consolidated shares of HK\$0.2 each in the share capital of the Company; and (ii) change the board lot size for trading on the Stock Exchange from 2,000 shares to 10,000 consolidated shares. The share consolidation and change in board lot size took effect from 3 May 2023. Details of the share consolidation and change in board lot size are set out in the announcements of the Company dated 21 March 2023 and 28 April 2023 and the circular of the Company dated 6 April 2023.
- e. On 4 August 2023, the Company received a statutory demand from Shinny Solar Limited to demand the Company to pay an amount of HK\$293,948,523.07, which comprised (i) the outstanding principal of a loan of HK\$240,000,000.00; and (ii) interest and default interest in the amount of HK\$53,948,523.07 accrued on the aforesaid principal amount from 17 November 2020 to the date of the statutory demand, within 3 weeks after the service of the statutory demand, failing which Shinny Solar Limited might present a winding-up petition to the Company. The Company instructed its solicitors to apply to the court on 25 August 2023 by way of petition to set aside the statutory demand of Shinny Solar Limited and to make a claim for damages against Shinny Solar Limited and its related companies for a loss of not less than HK\$390 million in respect of the shareholding interest in a subsidiary of the Company which could not be successfully disposed of because of the wrongful obstruction by Shinny Solar Limited. Details of the aforesaid statutory demand and petition are set out in the announcement of the Company dated 28 August 2023.
- f. On 28 August 2023, the Company published its interim report for the six months ended 30 June 2023, which disclosed, among other things, that:
- the Group's unaudited consolidated revenue for the six months ended 30 June 2023 was approximately HK\$219.86 million (2022: HK\$186.57 million), representing an increase of 17.84% as compared to the same period of the previous year. The increase was mainly attributable to an increase in sales of electronic products and equipment;

- the gross profit margin decreased from 7.95% for the six months ended 30 June 2022 to 5.97% for the six months ended 30 June 2023. The decrease was mainly due to increasing competition in the market;
 - the Group recorded loss after tax for the six months ended 30 June 2023 of approximately HK\$45.82 million as compared to the profit after tax for the six months ended 30 June 2022 of approximately HK\$250.26 million, mainly due to the absence of the fair value gain on investment properties of approximately HK\$378.66 million recognized during the six months ended 30 June 2022; and
 - the Group's unaudited consolidated net asset value as at 30 June 2023 was approximately HK\$3.98 billion.
- g. On 11 September 2023, the Company received a petition (the "Winding-up Petition") from Shinny Solar Limited filed with the Court of First Instance of the High Court of the Hong Kong Special Administrative Region (the "High Court of Hong Kong") for the winding-up of the Company under the provision of the Companies (Winding-Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) (the "Companies (WUMP) Ordinance") under Companies (Winding-up) Proceedings No. 399 of 2023. In the Winding-up Petition, Shinny Solar Limited claims for the outstanding principal of a loan of HK\$240,000,000 and the interest and default interest in the amount of HK\$53,948,523.07 accrued on the aforesaid principal amount from 17 November 2020 to the date of the statutory demand dated 3 August 2023. The hearing of the Winding-up Petition before the High Court of Hong Kong was held on 19 August 2024. Upon the application for withdrawal of the Winding-up Petition by Shinny Solar Limited and with the supporting creditors also withdrawing their claims, the High Court of Hong Kong has order the Winding-up Petition be dismissed on 19 August 2024. Details of the Winding-up Petition are set out in the announcement of the Company dated 12 September 2023.
- h. On 12 September 2023, the Company, Millhaven and Beijing Yinghe (both of which are wholly-owned subsidiaries of the Company) (collectively, the "Plaintiffs") issued a writ of summons against China Huarong International Holdings Limited, Shinny Solar Limited and Zhang Xing (collectively, the "Defendants") claiming for (i) HK\$390,000,000 or damages to be assessed suffered by the Plaintiffs as a result of the negligence or other improper acts of the Defendants in handling the purported sale by the Plaintiffs to a third party of the Beijing Property; (ii) interest; (iii) costs; and (iv) further or other relief. Details of the writ of summons are set out in the announcement of the Company dated 12 September 2023.

- i. On 4 October 2023, the High Court of Hong Kong granted to the Company a validation order approving that notwithstanding the presentation of the Winding-up Petition, all transfers of issued and fully paid-up Shares since the date of the presentation of the Winding-up Petition shall not be avoided by virtue of section 182 of the Companies (WUMP) Ordinance. Details of the validation order are set out in the announcement of the Company dated 5 October 2023.
- j. On 23 January 2024, the Company entered into a subscription agreement (as supplemented by the supplemental agreement dated 24 January 2024), pursuant to which the Company conditionally agreed to issue the convertible notes in an aggregate principal amount of HK\$39.0 million. The convertible notes were issued on 1 February 2024 and were fully converted into 195,000,000 Shares on 2 May 2024. Details of the subscription of convertible notes are set out in the announcements of the Company dated 23 January 2024, 24 January 2024 and 1 February 2024.
- k. Trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on Tuesday, 2 April 2024 pending the publication of the announcement in relation to the annual results of the Company for the year ended 31 December 2023. As additional time is required for the Company and the auditor to finalise the audited accounts of the Group and to complete the audit procedures, especially on the valuation of the property development project and the assessment of going concern, the Company has not published the annual results for the year ended 31 December 2023 as at the Latest Practicable Date and trading suspension continues. The Company will announce the annual results of the Company for the year ended 31 December 2023 as and when appropriate. Details of the delay in publication of annual results are set out in the announcements of the Company dated 28 March 2024, 2 April 2024, 15 April 2024, 14 May 2024 and 14 June 2024.
- l. On 30 April 2024, the Offeror notified the Company that he has firm intention to make a pre-conditional voluntary cash partial offer to acquire 158,000,000 Shares not already owned by the Offeror and parties acting in concert with him. The terms of the Offer were disclosed in the announcement of the Offeror dated 2 May 2024 and the Offer Document.
- m. On 10 May 2024, the Board received a written requisition from Wealthy Planet Group Limited, a Shareholder holding not less than 10% of the total voting rights of all the members of the Company as at 10 May 2024, requiring the Company to convene a special general meeting for the purpose of considering and, if thought fit, passing the ordinary resolutions in relation to the removal of former Directors, being Mr. Xu Jun Jia, Mr. Neil Bush, Mr. Cao Yu, Mr. Ngan Kam Biu, Stanford, Mr. Tam Chak Chi, Mr. Ma Kin Ling and Mr. Yiu King Ming and appointment of new Directors, namely Mr. Xu Shiping, Mr. Huang Lei, Mr. Zheng Zhaojun, Mr. Wang Ning and Mr. Chan Kwong On. The special general meeting was held on 11 July 2024 and the ordinary resolutions have been passed on the same day. Details of the requisition are set out in the announcement of the Company dated 14 May 2024 and the circular issued by Wealthy Planet Group Limited dated 12 June 2024.

- n. On 23 May 2024, a wholly-owned subsidiary of the Company (as vendor) and Sincere Alliance Group Limited (as purchaser) entered into an agreement pursuant to which Sincere Alliance Group Limited has conditionally agreed to acquire, and the a wholly-owned subsidiary of the Company has conditionally agreed to sell, the entire issued share capital of Millhaven, which indirectly held the Beijing Property, for a consideration of HK\$180.0 million, or equivalent amount in RMB, which will be satisfied wholly in cash. On 26 June 2024, the Company received a letter from Sincere Alliance Group Limited requesting the termination of the transaction in view of Shiny Solar Limited's lack of cooperation in the disposal and the fact that obtaining the necessary approvals, consents and authorizations from Shiny Solar Limited is a condition precedent to the transaction. Details of the said transaction can be referred to the announcements dated 31 May 2024 and 3 July 2024.
- o. On 6 June 2024, a meeting was held between the project company (the "Project Company"), a subsidiary of the Company established for the Zhanjiang Property, and the major contractors (the "Contractors") and creditors (the "Project Creditors") involved in the project. Both the Contractors and the Project Creditors expressed that the substantial changes in the Board ("Material Adverse Incident") would lead to a loss of confidence in the Zhanjiang Property. They believe that such incidents would significantly increase uncertainties and risks, which would adversely affect their investments and legitimate interests in the Zhanjiang Property. In the event of any Material Adverse Incident, the Contractors and the Project Creditors would, among others, cease providing construction works and funding to the Zhanjiang Property. Details of the above-mentioned situation can be referred to the announcement of the Company dated 12 June 2024.
- p. On 8 June 2024, the Company and Happy Win Resources Limited (as the subscriber) entered into the memorandum of understanding in relation to the proposed share subscription, whereby the Company intends to allot and issue, and Happy Win Resources Limited intends to subscribe for, new Shares for a subscription amount up to HK\$150 million. Details of the memorandum of understanding can be referred to the announcement of the Company dated 13 June 2024. However, it was announced on 15 July 2024 that the Company has terminated such memorandum of understanding.
- q. On 27 June 2024, the Company received a letter from the Stock Exchange setting out the guidance for the resumption of trading in the shares of the Company on the Stock Exchange. Under Rule 6.01A(1) of the Listing Rules, the Stock Exchange may cancel the listing of any securities that have been suspended from trading for a continuous period of 18 months. In the case of the Company, the 18-month period expires on 1 October 2025.

- r. On 3 July 2024, the Company announced that, in the course of court proceedings concerning a guarantee contract dispute between 廣東港粵金控房地產開發有限公司(Guangdong Gangyue Financial Holdings Real Estate Development Co., Ltd.*) (“Guangdong Gangyue”), a wholly owned subsidiary of the Company, and Shinny Solar Limited, the petitioner who has filed a winding up petition with the Court of First Instance of the High Court of the Hong Kong Special Administrative Region against the Company on 11 September 2023, Shinny Solar Limited, as the plaintiff, applied for property preservation with Zhanjiang Intermediate People’s Court on 27 February 2024 and requested a seizure of fixed assets belonging to Guangdong Gangyue in a sum not exceeding RMB376,811,908. On 14 May 2024, Zhanjiang Intermediate People’s Court ordered the seizure of the land use rights for five parcels of land located in Donghai Dao, Zhanjiang Economic and Technological Development Zone, Zhanjiang City, Guangdong Province, the PRC owned by Guangdong Gangyue. This seizure is to be enforced for a period of three years, from 29 May 2024 to 28 May 2027, and is limited to the extent of RMB376,811,908. In the same announcement, the Company also disclosed that on 17 June 2024, Guangdong Gangyue filed an application for reconsideration with the Zhanjiang Intermediate People’s Court. However, following the reconsideration hearing held on 8 July 2024, the Zhanjiang Intermediate People’s Court turned down the reconsideration application filed by Guangdong Gangyue. Details are set out in the announcement of the Company dated 3 July 2024 and 5 August 2024.
- s. Based on the latest quarterly update on status of resumption published by the Company on 9 July 2024, it is stated that among others (i) the Group is facing difficulties in seizing opportunities and expanding its operations in Trading Business; (ii) the Group has ceased all of its mineral mining and oil and gas business and may consider to sell its mining assets and/or business if and when such opportunities arise; and (iii) the seizure of the Zhanjiang Property has led to a temporary suspension of the construction and development works of the Zhanjiang Property.

The above confirmation of the Directors was given without reviewing and considering the following documents, which remain outstanding as at the Latest Practicable Date:

- (a) the audited consolidated financial statements of the Group for the year ended 31 December 2023 and unaudited consolidated management accounts of the Group subsequent to 31 December 2023;
- (b) the income analysis and the expenses analysis of the Group for the year ended 31 December 2023 and thereafter;
- (c) the subsequent settlement up to 31 July 2024 in relation to the account receivable balances of the Group as at 31 December 2022;
- (d) the trading position of the Group in respect of its customers and suppliers, and the general business environment of the Group as at 31 December 2023 and thereafter;

- (e) the future cash flow of the Group based on the working capital forecast prepared by the Company, and the financing requirements of the Group; and
- (f) any transactions or events which occurred between 1 January 2023 and the Latest Practicable Date, in particular, the latest valuation report of the Zhanjiang Property and those which have not been disclosed in the annual report of the Company for the year ended 31 December 2022, which may or may not affect the financial or trading position of the Group.

1. RESPONSIBILITY STATEMENT

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

The information contained in this Response Document relating to the Offer, the Offeror and the parties acting in concert with him has been extracted from or based on the Offer Announcement and Offer Document. The only responsibility accepted by the Directors in respect of such information is for the correctness and fairness of the extraction of such information and/or its reproduction or presentation.

2. SHARE CAPITAL

As at the Latest Practicable Date, the authorised share capital of the Company was HK\$1,000,000,000 divided into 5,000,000,000 Shares and the issued share capital of the Company was HK\$671,028,139 divided into 3,355,140,697 Shares. As at the Latest Practicable Date, the Company had no outstanding options, warrants, derivatives or other securities which are convertible or exchangeable into Shares or other types of equity interests.

<i>Authorised</i>	<i>HK\$'000</i>
<u>5,000,000,000</u> Shares as at the Latest Practicable Date	<u>1,000,000</u>
 <i>Issued and fully paid</i>	
5,804,281,394 shares of HK\$0.10 each as at 31 December 2022	580,428
116,000,000 shares of HK\$0.10 each allotted and issued pursuant to the subscription agreement dated 23 February 2023	11,600
(2,960,140,697) shares of HK\$0.10 each consolidated as a result of share consolidation	–
200,000,000 Shares of HK\$0.20 each allotted and issue pursuant to the exercise of conversion right attached to the convertible notes issued by the Company in May 2023	<u>40,000</u>
3,160,140,697 Shares of HK\$0.20 each as at 31 December 2023	632,028
195,000,000 Shares of HK\$0.20 each allotted and issue pursuant to the exercise of conversion right attached to the convertible notes issued by the Company in February 2024	<u>39,000</u>
<u>3,355,140,697</u> Shares as at the Latest Practicable Date	<u>671,028</u>

All issued Shares rank *pari passu* in all respects with each other, including in particular as to rights to dividend, voting and return on capital.

3. DISCLOSURE OF INTERESTS**Interest of Directors in the shares, underlying shares and debentures of the Company and its associated companies**

As at the Latest Practicable Date, none of the Directors and the chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (i) 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 taken or deemed to have under such provision of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register of the Company referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange; or (iv) were required to be disclosed under the Takeovers Code.

As at the Latest Practicable Date, none of the Directors had any interest in the Shares, derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares.

4. HOLDINGS AND DEALINGS IN THE RELEVANT SECURITIES OF THE COMPANY

As at the Latest Practicable Date:

- (i) Save for the information as disclosed in the section headed “2 (a) Interest in the shares, underlying shares and debentures of the Company and its associated companies” (including the Notes thereto) in this Appendix II, neither the Company nor any Director had any interest in the Relevant Securities of the Company.
 - (ii) No Directors had dealt in the Relevant Securities of the Company during the Relevant Period.
 - (iii) No Relevant Securities of the Company were owned or controlled by a subsidiary of the Company, a pension fund (if any) of the Company or of a subsidiary of the Company, or by 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” or who is an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code but excluding exempt principal traders and exempt fund managers, and none of them (if any) had dealt in any Relevant Securities of the Company during the Relevant Period.
 - (iv) No persons 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” 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.
5. No Relevant Securities of the Company were managed on a discretionary basis by any fund managers (other than exempt fund managers) (if any) connected with the Company, and none of them (if any) had dealt in any Relevant Securities of the Company during the Relevant Period.
 6. None of the Directors held any beneficial shareholdings in the Company which would otherwise entitle them to accept or reject the Offer.
 7. None of the Company nor any of the Directors had borrowed or lent any Relevant Securities of the Company during the Relevant Period.

8. LITIGATION

On 4 August 2023, the Company received a statutory demand from Shinny Solar Limited to demand the Company to pay an amount of HK\$293,948,523.07, which comprised (i) the outstanding principal of a loan of HK\$240,000,000 provided by Shinny Solar Limited to the Company under the Facility Agreement; and (ii) interest and default interest in the amount of HK\$53,948,523.07 accrued on the aforesaid principal amount from 17 November 2020 to the date of the statutory demand, within 3 weeks after the service of the statutory demand, failing which Shinny Solar Limited may present a winding-up petition to the Company.

The Company instructed its solicitors to apply to the court on 25 August 2023 by way of petition to set aside the statutory demand of Shinny Solar Limited and to make a claim for damages against Shinny Solar Limited and its related companies for a loss of not less than HK\$390 million in respect of the shareholding interest in a subsidiary of the Company which could not be successfully disposed of because of the wrongful obstruction by Shinny Solar Limited.

On 11 September 2023, the Company received the Winding-up Petition from Shinny Solar Limited filed with the High Court of the Hong Kong for the winding-up of the Company under the provision of the Companies (WUMP) Ordinance under Companies (Winding-up) Proceedings No. 399 of 2023. In the Winding-up Petition, Shinny Solar Limited claims for the outstanding principal of a loan of HK\$240,000,000 and the interest and default interest in the amount of HK\$53,948,523.07 accrued on the aforesaid principal amount from 17 November 2020 to the date of the statutory demand dated 3 August 2023. The hearing of the Winding-up Petition before the High Court of Hong Kong was held on 19 August 2024. Upon the application for withdrawal of the Winding-up Petition by Shinny Solar Limited and with the supporting creditors also withdrawing their claims, the High Court of Hong Kong has order the Winding-up Petition be dismissed on 19 August 2024.

On 12 September 2023, the Company, Millhaven and Beijing Yinghe (both of which are wholly-owned subsidiaries of the Company) (collectively, the “Plaintiffs”) issued a writ of summons against China Huarong International Holdings Limited, Shinny Solar Limited and Zhang Xing (collectively, the “Defendants”) claiming for (i) HK\$390,000,000 or damages to be assessed suffered by the Plaintiffs as a result of the negligence or other improper acts of the Defendants in handling the purported sale by the Plaintiffs to a third party of the entire issued share capital of Millhaven; (ii) interest; (iii) costs; and (iv) further or other relief. On 18 December 2023, China Huarong International Holdings Limited filed a defence to the High Court of Hong Kong. As at the Latest Practicable Date, there was no further development since the filing of the defence by China Huarong International Holdings Limited.

On 4 October 2023, the High Court of Hong Kong granted to the Company a validation order approving that notwithstanding the presentation of the Winding-up Petition, all transfers of issued and fully paid up Shares since the date of the presentation of the Winding-up Petition shall not be avoided by virtue of section 182 of the Companies (WUMP) Ordinance.

On 27 February 2024, Shinny Solar Limited filed an indictment with the Zhanjiang Intermediate People's Court against Guangdong Gangyue, being a subsidiary of the Company and a guarantor for joint liability of the Company under the Facility Agreement. In the indictment, Shinny Solar Limited claimed for a payment by Guangdong Gangyue of the outstanding loan principal of HK\$240,000,000 and accrued interests and penalty interest up to 6 February 2024 in a sum of HK\$174,425,790 owed by the Company to Shinny Solar Limited pursuant to the Facility Agreement. Shinny Solar Limited also applied for property preservation with Zhanjiang Intermediate People's Court and requested a seizure of fixed assets belonging to Guangdong Gangyue in a sum not exceeding RMB376,811,908. On 14 May 2024, Zhanjiang Intermediate People's Court ordered the seizure of the land use rights for five parcels of land located in Donghai Dao, Zhanjiang Economic and Technological Development Zone, Zhanjiang City, Guangdong Province, the PRC owned by Guangdong Gangyue. This seizure is to be enforced for a period of three years, from 29 May 2024 to 28 May 2027, and is limited to the extent of RMB376,811,908.

On 17 June 2024, Guangdong Gangyue filed an application for reconsideration with the Zhanjiang Intermediate People's Court. The reconsideration hearing was held on 8 July 2024. On 1 August 2024, the Board received the ruling that the Zhanjiang Intermediate People's Court turned down the reconsideration application filed by Guangdong Gangyue.

Save as disclosed above, as at the Latest Practicable Date, there were no material litigations or claims of material importance, as known to the Directors, pending or threatened against any member of the Group.

9. MATERIAL CONTRACTS

Save as disclosed below, there were no material contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group) which had been entered into by the members of the Group within two years before the commencement of the Offer Period and up to the Latest Practicable Date.

- (a) the second supplemental agreement dated 5 May 2022 entered into among Hong Kong Finance Property Group Limited, a wholly-owned subsidiary of the Company, the Company and Sincere Alliance Group Limited, an independent third party, for supplementing the sale and purchase agreement dated 5 November 2021 in relation to the disposal of the entire issued share capital of Millhaven for a consideration of HK\$338.0 million (the "Previous Millhaven Disposal"), whereby the long stop date for fulfillment of the conditions of the sale and purchase agreement was extended from 4 May 2022 to 4 July 2022, details of which are set out in the announcement of the Company dated 5 May 2022;

- (b) a subscription agreement dated 20 May 2022 entered into between the Company and Mr. Chau Lok, an independent third party, in relation to the subscription of 193,750,000 shares of the Company of HK\$0.1 each at a subscription price of HK\$0.12 per subscription share, details of which are set out in the announcement of the Company dated 20 May 2022;
- (c) the second supplemental agreement dated 1 June 2022 entered into between the Company and Lucky Alliance Enterprises Limited, an independent third party, for supplementing the subscription agreement dated 4 June 2021 and the supplemental agreement dated 30 June 2021 in relation to the subscription of the convertible bonds with an aggregate principal amount of HK\$20.0 million, which were convertible into 20,408,163 shares of the Company of HK\$0.1 each at a conversion price of HK\$0.98 per conversion share (the “2021 CB Subscription”), whereby (i) the subscription agreement dated 4 June 2021 and the supplemental agreement dated 30 June 2021 were terminated; and (ii) the Company would redeem the convertible bonds and pay the interest in accordance with the details as set out in the agreement, details of which are set out in the announcement of the Company dated 1 June 2022;
- (d) the third supplemental agreement dated 9 June 2022 entered into between the parties to the second supplemental agreement in relation to the 2021 CB Subscription for amending the interest rate and the repayment schedule, details of which are set out in the announcement of the Company dated 9 June 2022;
- (e) the third supplemental agreement dated 5 July 2022 entered into among the parties to the sale and purchase agreement dated 5 November 2021 for supplementing the sale and purchase agreement in relation to the Previous Millhaven Disposal, whereby the long stop date for fulfillment of the conditions of the sale and purchase agreement was further extended from 4 July 2022 to 2 September 2022, details of which are set out in the announcement of the Company dated 4 July 2022;
- (f) the fourth supplemental agreement dated 2 September 2022 entered into among the parties to the sale and purchase agreement dated 5 November 2021 for supplementing the sale and purchase agreement in relation to the Previous Millhaven Disposal, whereby the long stop date for fulfillment of the conditions of the sale and purchase agreement was further extended from 2 September 2022 to 1 November 2022, details of which are set out in the announcement of the Company dated 2 September 2022;
- (g) the fifth supplemental agreement dated 1 November 2022 entered into among the parties to the sale and purchase agreement dated 5 November 2021 for supplementing the sale and purchase agreement in relation to the Previous Millhaven Disposal, whereby the long stop date for fulfillment of the conditions of the sale and purchase agreement was further extended from 1 November 2022 to 3 January 2023, details of which are set out in the announcement of the Company dated 1 November 2022;

- (h) the sixth supplemental agreement dated 3 January 2023 entered into among the parties to the sale and purchase agreement dated 5 November 2021 for supplementing the sale and purchase agreement in relation to the Previous Millhaven Disposal, whereby the long stop date for fulfillment of the conditions of the sale and purchase agreement was further extended from 3 January 2023 to 2 March 2023, details of which are set out in the announcement of the Company dated 3 January 2023;
- (i) a termination agreement dated 16 February 2023 entered into among the parties to the sale and purchase agreement dated 5 November 2021 regarding the Previous Millhaven Disposal for terminating the sale and purchase agreement dated 5 November 2021 and its supplemental agreements, details of which are set out in the announcement of the Company dated 16 February 2023;
- (j) a subscription agreement dated 23 February 2023 entered into between the Company and Mr. Zhang Tie Xiang, an independent third party, in relation to the subscription of 116,000,000 shares of the Company of HK\$0.1 each at a subscription price of HK\$0.127 per subscription share, details of which are set out in the announcement of the Company dated 23 February 2023;
- (k) a subscription agreement dated 9 March 2023 entered into between the Company and 上海簡幘投資管理中心(有限合夥)(Shanghai Jian Zhen Investment Management Center (Limited Partnership)*), an independent third party, in relation to the subscription of the convertible notes with an aggregate principal amount of HK\$100.0 million which is convertible into 400,000,000 shares of the Company of HK\$0.1 each at a conversion price of HK\$0.25 per conversion share (the “2023 CN Subscription”), details of which are set out in the announcement of the Company dated 9 March 2023;
- (l) a supplemental agreement dated 16 March 2023 entered into among the parties to the subscription agreement dated 9 March 2023 in relation to the 2023 CN Subscription for amending the last full payment date of the convertible notes, details of which are set out in the announcement of the Company dated 16 March 2023;
- (m) the second supplemental agreement dated 14 April 2023 entered into among the parties to the subscription agreement dated 9 March 2023 in relation to the 2023 CN Subscription for deferring the completion of the subscription agreement, details of which are set out in the announcement of the Company dated 14 April 2023;
- (n) a subscription agreement dated 23 January 2024 entered into between the Company and 高州市龍苑新天地房地產開發有限公司 (Gaozhou City Longyuan Xintiandi Real Estate Development Company Limited*), an independent third party, in relation to the subscription of the convertible notes with an aggregate principal amount of HK\$39.0 million which is convertible into 390,000,000 Shares at a conversion price of HK\$0.1 per conversion share (the “2024 CN Subscription”), details of which are set out in the announcement of the Company dated 23 January 2024;

- (o) a supplemental agreement dated 24 January 2024 entered into among the parties to the subscription agreement dated 23 January 2024 in relation to the 2024 CN Subscription for amending the conversion price from HK\$0.1 per conversion share to HK\$0.2 per conversion share, resulting from which the convertible notes became convertible into 195,000,000 Shares, instead of 390,000,000 Shares, details of which are set out in the announcement of the Company dated 24 January 2024;
- (p) a sale and purchase agreement dated 23 May 2024 entered into among Hong Kong Finance Property Group Limited, a wholly-owned subsidiary of the Company, the Company and Sincere Alliance Group Limited, an independent third party, in relation to the disposal of the entire issued share capital of Millhaven for a consideration of HK\$180.0 million, details of which are set out in the announcement of the Company dated 31 May 2024; and
- (q) a supplemental agreement dated 30 May 2024 entered into among parties to the sale and purchase agreement dated 23 May 2024 in relation to the Disposal for stipulating the use of proceeds from the Disposal, details of which are set out in the announcement of the Company dated 31 May 2024.

10. ARRANGEMENTS AFFECTING DIRECTORS

As at the Latest Practicable Date,

- (a) no benefits (other than statutory compensation) had been given or would be given to any Director as compensation for loss of office or otherwise in connection with the Offer;
- (b) there were no agreements or arrangements between any Director and any other person which is conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer; and
- (c) there were no material contracts entered into by the Offeror or any party acting in concert with him in which any Director has a material personal interest.

11. DIRECTORS' SERVICE CONTRACTS

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

12. UNDERSTANDING, ARRANGEMENT, AGREEMENT OR SPECIAL DEAL

As at the Latest Practicable Date, there were no understandings, arrangements or agreements or special deals between any Shareholder on the one hand, and the Company, its subsidiaries or associated companies on the other hand.

13. EXPERT AND CONSENT

- (a) The following is the qualification of the expert who has given opinions, letters or advice which are contained in this Response Document:

Messis Capital Limited	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the Independent Financial Adviser to the Independent Board Committee in respect of the Offer
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- (b) The above-named expert has given, and has not withdrawn, its written consent to the issue of this Response Document with the inclusion of the references to its name and/or its opinion in the form and context in which they are included.

14. DOCUMENTS ON DISPLAY

Copies of the following documents are available for inspection on the website of the SFC (www.sfc.hk), the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.wisdom007.com) from the date of this Response Document up to and including the Closing Date:

- (a) the memorandum of association and the Bye-laws of the Company currently in force;
- (b) the annual reports of the Company for each of the year ended 31 December 2021 and 2022;
- (c) the interim report of the Company for the six months ended 30 June 2023;

- (d) the letter from the Board, the text of which is set out on pages 6 to 15 of this Response Document;
- (e) the letter from the Independent Board Committee, the text of which is set out on pages 16 to 17 of this Response Document;
- (f) the letter from the Independent Financial Adviser, the text of which is set out on pages 18 to 38 of this Response Document;
- (g) the written consent referred to in the section headed “Expert and Consent” in this Appendix II; and
- (h) the material contracts referred to in the section headed “Material Contracts” in this Appendix II.

15. MISCELLANEOUS

- (a) The registered office and principal place of business of the Company in Hong Kong is situated at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda and Units 1910-12, 19th Floor, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong respectively.
- (b) The branch share registrar of the Company in Hong Kong is Tricor Standard Limited, which is situated at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (c) This English text of this Response Document shall prevail over their respective Chinese text in case of any inconsistency.