



英皇企業融資
Emperor Corporate Finance

12 March 2025

To the Independent Board Committee and the Independent Shareholders of Hunlicar Group Limited

Dear Sirs,

**CONDITIONAL VOLUNTARY CASH PARTIAL OFFER BY
ZHESHANG INTERNATIONAL FINANCIAL HOLDINGS CO., LIMITED
ON BEHALF OF
TALENT VIRTUE INTERNATIONAL LIMITED
TO ACQUIRE A MAXIMUM OF
19,439,034 ISSUED SHARE CAPITAL OF HUNLICAR GROUP LIMITED
FROM QUALIFYING SHAREHOLDERS**

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 Partial Offer, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the composite document dated 12 March 2025 (the “**Composite Document**”) jointly issued by Talent Virtue International Limited (the “**Offeror**”) and Hunlicar Group Limited (the “**Company**”, collectively with its subsidiaries as the “**Group**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Composite Document unless the context requires otherwise.

Reference is made to the Joint Announcement jointly issued by the Offeror and the Company relating to, among others, the Partial Offer. On 20 February 2025, the Offeror and the Company jointly announced that Zheshang International Financial Holdings Co., Limited, on behalf of the Offeror, would make a voluntary conditional cash partial cash offer to acquire a maximum of 19,439,034 issued share capital of the Company from Qualifying Shareholders at the Offer Price of HK\$4.50 per Offer Share.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee (comprising all the independent non-executive Directors, namely Mr Loo Hong Shing Vincent, Mr Leung Wai Kwan and Mr Lee Ka Leung Daniel who have no direct or indirect interest in the Partial Offer) has been established by the Company in accordance with Rule 2.1 and Rule 2.8 of the Takeovers Code to give a recommendation to the Independent Shareholders as to whether the terms of the Partial Offer are fair and reasonable, and as to approval and acceptance of the Partial Offer. We, Emperor Corporate Finance Limited (“**Emperor Corporate Finance**”), have been appointed by the Company as the Independent Financial Adviser in accordance with Rule 2.1 of the Takeovers Code to advise the Independent Board Committee in respect of the Partial Offer. Our appointment has been approved by the Independent Board Committee.

OUR INDEPENDENCE

As at the Latest Practicable Date, we were independent from and not connected to 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 to the Independent Board Committee and the Independent Shareholders.

During the past two years immediately preceding and up to the date of our appointment as the Independent Financial Adviser, save for this appointment as the Independent Financial Adviser in respect of the Partial Offer, there were no other engagements between Emperor Corporate Finance and (i) the Group; (ii) the controlling shareholders of the Company; (iii) the Offeror; or (iv) the controlling shareholders of the Offeror, and their respective concert parties. During the past two years immediately preceding and up to the date of our appointment as the Independent Financial Adviser, Emperor Corporate Finance has no significant connection, financial, business or otherwise with (i) the Group; (ii) the controlling shareholders of the Company; (iii) the Offeror; or (iv) the controlling shareholders of the Offeror, and their respective concert parties.

As at the Latest Practicable Date, Emperor Corporate Finance does not have any interests in the shares, options, warrants or other equity related interests in (i) the Group; (ii) the controlling shareholders of the Company; (iii) the Offeror; or (iv) the controlling shareholders of the Offeror, and their respective concert parties.

Apart from the normal advisory fee payable to us in connection with our appointment as the Independent Financial Adviser to advise the Independent Board Committee, no arrangement exists whereby we shall receive any other fees or benefits from the Offeror and the Company or any of their respective substantial shareholders or any person acting, or deemed to be acting, in concert with any of them. Accordingly, we are considered eligible to give independent advice on the Partial Offer.

BASIS AND ASSUMPTIONS OF OUR ADVICE

In formulating our advice, we have relied on the statements, information, opinions and representations contained or referred to in the Composite Document and the information and representations provided to us by the Group, the Directors and/or senior management of the Company (the “**Management**”). We have assumed that all information, representations and opinions contained or referred to in the Composite Document or made, given or provided to us by the Company, the Directors and the Management, for which they are solely and wholly responsible, were true and accurate and complete in all material respects at the time when they were made and continue to be so as at the Latest Practicable Date. We have assumed that all the opinions and representations made by the Directors in the Composite Document have been reasonably made after due and careful enquiry. The Directors and the Management confirmed that to their knowledge after making reasonable enquires, no material facts have been omitted from the information provided and referred to in the Composite Document. In addition, pursuant to the Listing Rules, we have taken reasonable steps to enable ourselves to reach an informed view so as to provide a reasonable basis for our opinion, which included, among others, review of (i) the Joint Announcement; (ii) the Composite Document; (iii) the annual report of the Company for the year ended 31 March 2024 (the “**2024 Annual Report**”); (iv) the interim report of the Company for the six months ended 30 September 2024 (the “**2024 Interim Report**”); (v) the positive profit alert announcements of the Company dated 5 June 2024 and 20 November 2024; and (vi) other information obtained from the public domain.

We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the financial position, business and affairs of the Group, and, where applicable, their respective shareholder(s) and subsidiaries or affiliates, and their respective history, experience and track records, or the prospects of the markets in which they respectively operate. We consider that we have

been provided with sufficient information to enable us to reach an informed view and to provide a reasonable basis for our advice. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions and representations provided to us by the Group, the Directors and/or the Management and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents. The Shareholders will be notified of any material changes to such information and representations as well as the content of this letter as soon as possible in accordance with Rule 9.1 of the Takeovers Code.

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

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

PRINCIPAL TERMS OF THE PARTIAL OFFER

As stated in the “Letter from Zheshang International”, Zheshang International, on behalf of the Offeror, is making a conditional voluntary cash partial offer to acquire a maximum of 19,439,034 Shares in the issued share capital of the Company (representing 25.11% of the Company’s issued share capital as at the Latest Practicable Date). The Partial Offer will be made by Zheshang International, for and on behalf of the Offeror, in compliance with the Takeovers Code on the basis set out below:

For each Offer Share HK\$4.50 in cash

Pre-Condition to the Partial Offer

As stated in the Joint Announcement, the making of the Partial Offer was subject to the obtaining of the consent from the Executive in respect of the Partial Offer pursuant to Rule 28.1 of the Takeovers Code. The Pre-Condition is not waivable. If the Pre-Condition is not satisfied, the Partial Offer will not be made.

On 28 February 2025, the Offeror obtained the consent from the Executive for the making of the Partial Offer pursuant to Rule 28.1 of the Takeovers Code.

Conditions to the Partial Offer

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

- (i) valid acceptances being received in respect of the Minimum Number of Offer Shares (i.e. 15,567,034 Offer Shares) and which would result in the Offeror and parties acting in concert with it holding the interest in more than 50% of the Shares in issue at or before 4:00 p.m. (Hong Kong time) on the First Closing Date (or such later date as the Offeror may decide and the Executive may approve), provided that the Offeror shall purchase from the Qualifying Shareholders as many Offer Shares as are tendered by the Qualifying Shareholders up to the Maximum Number of Offer Shares (i.e. 19,439,034 Offer Shares); and
- (ii) approval of the Partial Offer pursuant to Rule 28.5 of the Takeovers Code by the shareholders holding over 50% of the Shares not held by the Offeror and parties acting in concert with it, signified by means of a separate tick box on the Form of Approval and Acceptance specifying the number of Shares in respect of which the Partial Offer is approved.

In the event that valid acceptances are received:

- (i) for less than the Minimum Number of Offer Shares by the First Closing Date, unless the First Closing Date is extended in accordance with the Takeovers Code, the Partial Offer will not proceed and will lapse immediately; and
- (ii) for not less than the Minimum Number of Offer Shares and which would result in the Offeror and parties acting in concert with it holding the interest in more than 50% of the Shares in issue on or before the First Closing Date, the Offeror will declare the Partial Offer unconditional as to acceptances on or before the First Closing Date.

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

Pursuant to Rule 15.3 of the Takeovers Code, where a conditional offer becomes or is declared unconditional (whether as to acceptances or in all respects), it should remain open for acceptance for not less than 14 days thereafter. Pursuant to Rule 28.4 of the Takeovers Code, if the Partial Offer has been declared unconditional as to acceptances on the First Closing Date, the Offeror cannot extend the Final Closing Date to a day beyond the 14th day after the First Closing Date.

Accordingly, if the Partial Offer is declared unconditional in all respects on or before the 7th day after the Despatch Date, then the Final Closing Date would be on (but no earlier than) the First Closing Date. If the Partial Offer is declared unconditional in all respects later than the 7th day after the Despatch Date, then the Final Closing Date would be the 14th day after the date of such declaration

Further announcement(s) will be made as and when appropriate in relation to the revision, extension or lapse of the Partial Offer (as the case may be), or the fulfilment of the Conditions of the Partial Offer, in accordance with the requirements of the Takeovers Code.

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

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

1. Background and Financial Information of the Group

1.1 Principal business

The Company is a company incorporated in the Cayman Islands with limited liabilities and its shares are listed on the Main Board of the Stock Exchange (stock code: 3638). The Group is principally engaged in (i) computer and electronic products trading business (including computer and peripheral products and electronics products business), (ii) food trading business, (iii) financial services business (including securities brokerage business, advisory services business and money lending business) and (iv) family office services business.

1.2 Historical Financial Information

(i) Summarised Consolidated Income Statements of the Group

Set out below is a summary of the audited consolidated financial results of the Group for the two years ended 31 March 2023 and 31 March 2024 (“FY2023” and “FY2024”, respectively) as extracted from the 2024 Annual Report, and the unaudited consolidated financial results of the Group for the six months ended 30 September 2023 and 30 September 2024 (“6M2023” and “6M2024”, respectively) as extracted from the 2024 Interim Report.

	6M2024	6M2023	FY2024	FY2023
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(audited)	(audited)
Revenue Breakdown				
— Computer and electronic products trading business	89,570	141,035	248,840	426,324
— Food trading business	34,291	55,642	107,001	24,892
— Financial services business	38,706	643	1,270	5,349
— Family office services business ^{Note}	7,196	—	—	—
Total Revenue	169,763	197,320	357,111	456,565
Gross Profit/(loss)	54,014	(6,165)	14,204	5,908
Reversal of expected credit loss/ (expected credit loss) on financial assets, net	2,902	(9,167)	53,962	(59,730)
Impairment of goodwill	—	—	—	(3,391)
Profit/(loss) for the year/period	3,852	(42,220)	11,027	(129,974)
Profit/(loss) attributable to:				
— Owners of the Company	1,143	(32,913)	14,759	(127,605)
— Non-controlling interests	2,709	(9,307)	(3,732)	(2,369)

Note: The Group commenced its family office service business in 2024 with a view to serving ultra-high-net-worth individuals and families.

Financial Performance for the FY2023 and the FY2024

As set out in the 2024 Annual Report, the Group recorded a total revenue of approximately HK\$357.1 million, representing a decrease of approximately 21.8% from approximately HK\$456.6 million in the FY2023. The decrease was mainly attributable to the decrease in revenue derived from computer and electronic products trading business as a result of the unprecedented challenges and uncertainties on the overall trading business environment. The Group recorded an overall gross profit of approximately HK\$14.2 million, representing an increase of approximately 140.4% from approximately HK\$5.9 million in the FY2023. Gross profit margin for the FY2024 was approximately 4.0% (the FY 2023: gross profit margin of approximately 1.3%). Increase in gross profit margin was mainly caused by the relatively higher gross profit earned from food trading business for the FY2024.

The Group recorded a profit for the FY2024 of HK\$11.0 million, representing a turnaround as compared to a loss for the period of approximately HK\$130.0 million for the FY2023. The turnaround was primarily attributed to (i) the increase in overall gross profit of the Group; (ii) the net reversal of expected credit loss on financial assets of approximately HK\$54.0 million for FY2024 as compared to the net expected credit loss on financial assets of approximately HK\$59.7 million for FY2023 which was mainly due to (a) the decrease in provision for expected credit loss allowance on the Group's account receivables and (b) the reversal of expected credit loss on loan receivables of the Group; and (iii) the absence of impairment loss of goodwill for the FY2024.

Financial Performance for the 6M2023 and the 6M2024

As set out in the 2024 Interim Report, the Group recorded a total revenue of approximately HK\$169.8 million in the 6M2024, representing a decrease of approximately 14.0% from approximately HK\$197.3 million in the 6M2023. The decrease was mainly attributable to decrease in revenue derived from computer and electronic products trading business and food trading business which was partially offset by the increase in revenue derived from financial services business and family office services business. The Group recorded an overall gross profit of approximately HK\$54.0 million, representing a turnaround from a gross loss of approximately HK\$6.2 million in the 6M2023. Gross profit margin for the 6M2024 was approximately 31.8% (the 6M2023: gross loss margin of approximately

3.1%). Increase in gross profit margin was mainly caused by the relatively higher gross profit earned from financial services business and family office services business for the 6M2024.

The Group recorded a profit for the period of HK\$3.9 million, representing a turnaround as compared to a loss for the period of approximately HK\$42.2 million for the 6M2023. The turnaround was primarily attributed to (i) the increase in the profits from the sales of computer and electronic products due to a shift of product mix; (ii) the transition from losses to profits in the financial services segment, driven by a surge in market activity and positive sentiment; and (iii) the generation of profit from services related to family office business.

(ii) Summarised Consolidated Statements of the Financial Position of the Group

Set out below is the summary of the audited consolidated assets and liabilities of the Group as at 31 March 2024 and 30 September 2024 as extracted from the 2024 Interim Report.

	As at 30 September 2024	As at 31 March 2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
Non-current assets	237,543	243,319
Current Assets	254,116	234,840
Total Assets	491,659	478,159
Non-current liabilities	4,654	6,641
Current liabilities	207,895	192,279
Total liabilities	212,549	198,920
Net assets	279,110	279,239
Net assets attributable to:		
— Owners of the Company	280,136	282,974
— Non-controlling interests	(1,026)	(3,735)

We noted from the 2024 Interim Report that the Group recorded net assets attributable to owners of the Company of approximately HK\$280.1 million as at 30 September 2024 compared to approximately HK\$283.0 million as at 31 March 2024.

Total assets of the Group amounted to approximately HK\$491.7 million as at 30 September 2024 and approximately HK\$478.2 million as at 31 March 2024, respectively. As at 30 September 2024, total assets of the Group mainly comprised of (i) cash and cash equivalents of approximately HK\$49.4 million as at 30 September 2024 compared to approximately HK\$67.7 million as at 31 March 2024; (ii) bank balances held on behalf of clients of approximately HK\$31.4 million as at 30 September 2024 compared to approximately HK\$6.3 million as at 31 March 2024; (iii) loan receivables of approximately HK\$27.2 million as at 30 September 2024 compared to approximately HK\$14.9 million as at 31 March 2024; (iv) account receivables of approximately HK\$121.2 million as at 30 September 2024 compared to approximately HK\$115.4 million as at 31 March 2024; and (v) property, plant and equipment of approximately HK\$194.9 million as at 30 September 2024 compared to approximately HK\$198.3 million as at 31 March 2024.

Total liabilities of the Group amounted to approximately HK\$212.5 million as at 30 September 2024 and approximately HK\$198.9 million as at 31 March 2024, respectively. As at 30 September 2024, total liabilities of the Group mainly comprised of (i) account payables of approximately HK\$82.5 million as at 30 September 2024 compared to approximately HK\$60.4 million as at 31 March 2024; (ii) lease liabilities of approximately HK\$7.7 million as at 30 September 2024 compared to approximately HK\$9.7 million as at 31 March 2024; (iii) borrowings of approximately HK\$102.5 million as at 30 September 2024 compared to approximately HK\$122.9 million as at 31 March 2024; and (iv) other payables and accrued expenses of approximately HK\$17.9 million as at 30 September 2024 compared to approximately HK\$5.1 million as at 31 March 2024.

As at 30 September 2024, the current ratio was approximately 1.2 (calculated by dividing the total current assets by the total current liabilities).

1.3 Property Valuation

The valuation report (the “**Valuation Report**”) prepared by RHL Appraisal Limited (the “**Valuer**”) relating to the valuation (the “**Valuation**”) of property interests held by the Group (the “**Properties**”) as at 28 February 2025 is set out in Appendix III to this Composite Document.

For our due diligence purpose, we have reviewed and enquired into the qualifications and experience of the Valuer in relation to the preparation of the Valuation Report. We have also obtained information on the Valuer’s track records on other property valuations and are of the view that the Valuer are qualified, experienced and competent in performing property valuations and providing a reliable opinion in respect of the valuation of the Properties.

We have also enquired with the Valuer as to their independence and were given to understand that the Valuer is an independent third party of the Company and the Offeror and their respective concert parties. The Valuer also confirmed to us that they were not aware of any relationship or interest between themselves and the Group or any other parties that would reasonably be considered to affect their independence to act as the independent valuer for the Company. As noted in the Valuation Report, in valuing the Properties, the Valuer has complied with all requirements contained in Chapter 5 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong and the International Valuation Standards.

We have reviewed the Valuation Report and discussed with the Valuer, among others, the bases and assumptions and the methodology adopted, and the major procedures performed by the Valuer for the Valuation. With reference to the Valuation Report, the Properties consist of office units and parking spaces located in Hong Kong. Following discussions with the Valuer, we noted that the Valuer has adopted direct comparison method. As advised by the Valuer, such method is commonly adopted for valuing properties of similar nature as the Properties. Based on our discussion with the Valuer and our review of the Valuation Report, we consider the principal bases and assumptions adopted by the Valuer in respect of the Valuation are appropriate.

1.4 Unaudited Adjusted Net Asset Value

In evaluating the Partial Offer, we have taken into account the adjusted unaudited consolidated net asset value attributable to Shareholders as set out under the section headed “UNAUDITED ADJUSTED NET ASSET VALUE” in Appendix II to this Composite Document, which is calculated based on the adjusted unaudited

consolidated net asset value attributable to Shareholders of approximately HK\$224.1 million as at 30 September 2024 (taking into account the valuation of the Properties as at 30 September 2024 as set out in Appendix III to this Composite Document) and 77,423,775 Shares in issue as at the Latest Practicable Date. The adjusted unaudited consolidated net asset value per Share attributable to Shareholders was approximately HK\$2.89 per Share after taking into account the property valuation as set out in Appendix III to this Composite Document. The Offer Price of HK\$4.5 per Offer Share represents a premium of approximately 55.71% over such adjusted unaudited consolidated net asset value per Share attributable to Shareholders. Further analysis of this is set out in the section headed “4. Evaluation of the Offer Price” below.

2. Business Prospects of the Group

Reference is made to “*Principal Factors and Reasons Considered – 1. (b)(i) Summarised Consolidated Income Statements of the Group – Revenue Breakdown*” in this letter. The Group principally operates in four major business segments, namely (i) computer and electronic products trading business; (ii) food trading business; (iii) financial services business; and (iv) family office services business.

2.1 Computer and Electronic Products Trading Business

As set out in the 2024 Annual Report and 2024 Interim Report, the computer and electronic products trading business of the Company has been facing unprecedented challenges and uncertainties in the overall economic and business environment due to rising interests rates by major economies, ongoing trade disputes between the People’s Republic of China (“**PRC**”) and the United States, and geopolitical tensions in various regions. Attributed to these market conditions, the Group’s overall revenue in this business segment decreased by approximately HK\$177.5 million from approximately HK\$426.3 million in the FY2023 to approximately HK\$248.8 million in the FY2024, representing a decrease of approximately 41.6%. The Group also recorded a segment loss of approximately HK\$22.2 million for FY2024 (FY2023: segment loss of approximately HK\$22.5 million). Revenue in this business segment decreased by approximately HK\$51.5 million from approximately HK\$141.0 million in the 6M2023 to approximately HK\$89.6 million in the 6M2024, representing a decrease of approximately 36.5%.

In the face of such difficult market conditions, as set out in the 2024 Interim Report, the Group intends to improve its operational efficiency and implement various cost-control measures. Additionally, the Group shall strengthen its long-term and close business relationships with suppliers and customers. Despite the fact that the Group recorded a segment profit of approximately HK\$3.6 million for the

6M2024 (6M2023: segment loss of approximately HK\$28.5 million), the future prospects of the Group still depends on the Group's ability to enhance its competitiveness by taking prompt and appropriate actions to adjust business strategies, and allocating resources effectively under diverse market conditions.

With regards to the demand for electronic products, the Group are optimistic about the future development of the electronic and semiconductor industry in which the Group operates and is confident in the mid-to-long-term recovery of the Mainland market. The rapid expansion of 5G infrastructure, growing adoption of cloud computing, recovery of supply chains and supportive fiscal policies serve as key contributors to the market's growth in the Mainland market. We noticed that, on 13 January 2025, the Ministry of Commerce together with four other departments issued "the Implementation Plan for New Subsidies for the Purchase of Mobile Phones, Tablets, and Smartwatches (Smart bands)*" (《手機、平板、智能手錶(手環)購新補貼實施方案》, the "**Implementation Plan**"). Under the Implementation Plan, individual consumers will receive a subsidy of 15% for the purchase of selected type of digital products (namely mobile phones, tablets and smartwatches (bands)), subject to a maximum of RMB500 subsidy for each product type per person. The Implementation Plan promoted the digitalisation of economy and provided a favourable environment for manufacturers of digital devices. With policies such as the Implementation Plan, the Group believes that there would be significant opportunities in the electronics and semiconductor industry and the supporting businesses in the PRC.

2.2 Food Trading Business

As set out in the 2024 Annual Report and 2024 Interim Report, the Group acquired companies principally engaged in the trading of frozen food products and provision of fish processing and preserving services in 2023 with an aim to expands the Group's trading business layout to meet the ever-changing demands which are crucial in facing market uncertainty. The Group recorded a revenue of approximately HK\$107.0 million in the FY2024 (FY2023: approximately HK\$24.9 million) and a segment profit of approximately HK\$2.3 million in the FY2024 (FY2023: approximately HK\$1.5 million). However, the revenue in food trading business decreased by approximately HK\$21.3 million from approximately HK\$55.6 million in the 6M2023 to approximately HK\$34.3 million in the 6M2024, representing a decrease of approximately 38.3%. The Group also recorded a segment loss of approximately HK\$4.5 million in the 6M2024 (the 6M2023: segment profit of approximately HK\$5.3 million).

As the local restaurant sector is struggling after the pandemic, it remains uncertain on the prospect of the food trading industry. According to the figures released by the Hong Kong Census and Statistics Department¹, despite the local restaurant sector's receipts for 2023 experienced a significant growth of approximately 26.1%, it remained stagnant for 2024 and recorded a slight decrease of approximately 0.1% as compared to that for 2023. Coupling with the decrease in local consumption due to Hong Kong residents traveling to the mainland, the business environment outlook of the Group's trading business remain uncertain.

2.3 Financial Services Business

The financial services business segment that the Group operates mainly includes securities brokerage business, advisory services business and money lending business. For the FY2024, the Group recorded an overall segment revenue of approximately HK\$1.3 million (the FY2023: approximately HK\$5.3 million) and a segment profit of approximately HK\$52.1 million (the FY2023: segment loss of approximately HK\$62.9 million). The Group recorded an overall segment revenue of approximately HK\$38.7 million (the 6M2023: approximately HK\$0.6 million) and a segment profit of approximately HK\$13.0 million in the 6M2024 (the 6M2023: segment loss of approximately HK\$9.6 million).

According to the Monthly Market Highlights published by the Stock Exchange of Hong Kong Limited², the average daily turnover in December 2024 was HK\$142.0 billion, representing an increase of 44% from the HK\$98.6 billion for the same period the year before. Despite the uncertainties over the global economy outlook such the geopolitical tensions, the Group will maintain its prudent approach to mitigate risks and ensure stable business development.

2.4 Family Office Services Business

The Group commenced its family office service business in 2024 with a view to serving ultra-high-net-worth individuals and families in Greater China. Segment revenue and segment profit from this new family office services business amounted to approximately HK\$7.2 million and HK\$4.7 million respectively for the 6M2024.

¹ Census and Statistics Department. *Total Restaurant Receipts and Restaurant Purchases*. Available at: <https://www.censtatd.gov.hk/en/web_table.html?id=88>

² The Stock Exchange of Hong Kong Limited. *HKEX Monthly Market Highlights*. Available at: <https://www.hkex.com.hk/Market-Data/Statistics/Consolidated-Reports/HKEX%20Monthly-Market-Highlights?sc_lang=en&select=%7B6EA87B6C-938A-48B1-8CDA-6960712E4C54%7D>

The Hong Kong government outlined in its Policy Address 2024 initiatives to develop the family office sector, including creating new distribution channels for private equity funds through the Hong Kong Exchange and fostering collaborations with sovereign wealth funds from various regions. Riding on the favourable policy environment, as set out in the 2024 Annual Report, the Group aims to provide exclusive financial services and financial support for family offices, such as wealth management, investment consulting, tax planning, etc., to help family offices effectively manage and increase family wealth.

3. Background and Intention of the Offeror and reasons for the Partial Offer

3.1 Background Information of the Offeror

As stated in the “Letter from Zheshang International”, the Offeror is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. The sole shareholder and sole director of the Offeror is Mr Cheung, who is also the chairman of the Company.

The Offeror and parties acting in concert with it held 23,144,966 Shares, representing approximately 29.89% of the existing issued share capital in the Company as at the Latest Practicable Date.

3.2 Proposed Arrangement to the Board Composition of the Company

As set out in the “Letter from Zheshang International”, with the completion of the Partial Offer, the Offeror intends that the Company will continue its existing business and the employment of employees of the Group in their ordinary courses. The Offeror has no intention to introduce any major changes in the business of the Company and any redeployment of the fixed assets of the Company. However, the Offeror will continue to review the Group’s business and operations from time to time, and it reserves the right to make any changes that it deems necessary or appropriate to the Group’s business and operations to optimise the value of the Group.

The Offeror intends to maintain the listing status of the Shares on the Stock Exchange upon completion of the Partial Offer.

3.3 Reasons for the Partial Offer and Intention of the Offeror

As set out in the “Letter form Zheshang International”, Mr Cheung has been appointed as the Director and Chairman of the Company since 2 July 2024. Mr Cheung is a seasoned professional with over 30 years of management experience in

investment on securities, wealth management, asset management and financial products. Mr Cheung is a substantial shareholder of the Company and directly and indirectly held in aggregate 23,144,966 Shares, representing approximately 29.89% of the issued share of the Company.

Leveraging on the Hong Kong's long-standing reputation as an international financial center and Hong Kong's strategic initiatives to be one of the premier destinations for global family offices, Mr Cheung is optimistic about the growth momentum of the financial services segment and the family office service and related business the Group operates and the opportunities available to the Group.

Upon the close of the Partial Offer, it is expected that Mr Cheung will (through his interest and interest in the Offeror) hold not less than 50% and up to 55% of the total issued Shares of the Company. The Partial Offer represents an opportunity for Mr Cheung to increase his investment in the Company and align the interests of Mr Cheung with the Group through his equity shareholding in the Company. This also demonstrates his confidence and commitment to the Group.

3.4 Public Float and Intention of the Offeror to Maintain the Listing of the Company

As at the Latest Practicable Date, the Company had a public float of approximately 57.35% of the Shares in issue. Assuming (i) full acceptances of the maximum number of the Offer Shares under the Partial Offer by the Qualifying Shareholders and (ii) that there are no changes to the issued share capital of the Company between the Latest Practicable Date and up to the Final Closing Date, the Company will have a public float of 32.24% of the Shares in issue immediately following the close of the Partial Offer (being 57.35% minus 25.11%, assuming the full and maximum amount of the Offer Shares are tendered for acceptance by the public shareholders as at the Latest Practicable Date). Accordingly, the number of Shares in public hands will continue to meet the 25% minimum public float requirement under the Rule 8.08 of the Listing Rules. The Offeror intends the Shares to remain listed on the Stock Exchange.

3.5 Our view

Having considered that the Offeror is intended to continue with the Group's existing principal business and the Offeror has no intention to (i) any major changes to the existing business and operation of the Group; (ii) discontinue the employment of any employees of the Group or to make significant changes to any employment; or (iii) dispose of or re-deploy the fixed assets of the Company other than those in its

ordinary and usual course of business, we expect that there would not be substantial change in the principal business activities of the Group as a direct result of the Partial Offer.

4. Evaluation of the Offer Price

4.1 Comparison of the Offer Price against Historical Share Prices

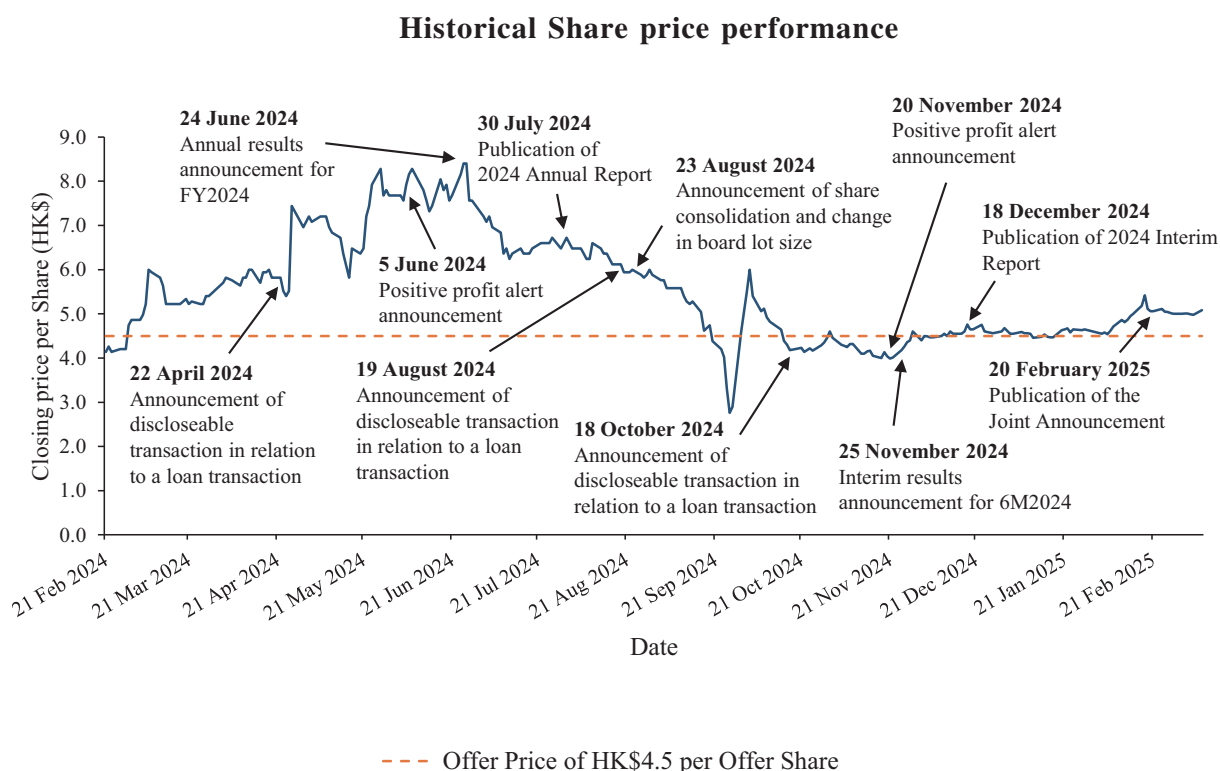
The Offer Price of HK\$4.50 per Offer Share represents:

- (i) a discount of approximately 11.24% to the closing price of HK\$5.0700 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 11.07% to the closing price of HK\$5.0600 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 12.69% to the average closing price of HK\$5.1540 per Share, being the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 9.95% to the average closing price of HK\$4.9970 per Share, being the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day;
- (v) a premium of approximately 23.29% over the audited consolidated net asset value per Share attributable to Shareholders of approximately HK\$3.65 as at 31 March 2024, calculated based on the audited consolidated net asset value attributable to Shareholders of approximately HK\$282,974,000 as at 31 March 2024 and 77,423,775 Shares in issue as at the Latest Practicable Date;
- (vi) a premium of approximately 24.31% over the unaudited consolidated net asset value per Share attributable to Shareholders of approximately HK\$3.62 as at 30 September 2024, calculated based on the unaudited consolidated net asset value attributable to Shareholders of approximately HK\$280,136,000 as at 30 September 2024 and 77,423,775 Shares in issue as at the Latest Practicable Date; and

(vii) a premium of approximately 55.71% over the adjusted unaudited consolidated net asset value per Share attributable to Shareholders of approximately HK\$2.89 as at 30 September 2024, which the adjusted unaudited consolidated net asset value per Share attributable to Shareholders is set out under the section headed “UNAUDITED ADJUSTED NET ASSET VALUE” in Appendix II to this Composite Document.

4.2 Our Analysis on Historical Share Price Performance

In order to assess the fairness and reasonableness of the Offer Price, we have reviewed the movements in the closing price per Share during the period from 21 February 2024, being 12 months immediately preceding the Last Trading Day, to the Latest Practicable Date (the “Share Price Review Period”), which is commonly adopted for share price analysis. We consider that a period of 12 months is adequate and long enough to illustrate the recent price movements and covered the seasonal factors of the Shares for conducting a reasonable comparison between the Offer Price and the closing price of the Shares for assessing the reasonableness and fairness of the Offer Price.



Although there were 201 trading days out of 257 trading days that the closing price per Share was higher than the Offer Price during the Share Price Review Period, the closing price per Share has been on a decreasing trend in general from the closing price of HK\$8.40 per Share on 25 June 2024 to the closing price of HK\$2.76 per Share on 26 September 2024 as illustrated in the above chart. Then, the closing price of the Share remained relatively stable between HK\$4.00 and HK\$5.00 from 9 October 2024 and up to the Last Trading Day after a sudden surge to HK\$6.00 on 3 October 2024 which, as advised by the Management, the Company is not aware of any reason for such surge in price. During the Share Price Review Period, the highest closing price per Share is HK\$8.40 on 25 June 2024 and 26 June 2024 and the lowest closing price per Share is HK\$2.76 on 26 September 2024.

Since the commencement of the Share Price Review Period (i.e. 21 February 2024) and up to the trading day immediately before the date of the publication of annual results for FY2024 (i.e. 21 June 2024), the closing price per Share was in a general increasing trend and has been increased from HK\$4.10 per Share to HK\$7.68 per Share. Subsequently from the publication of the annual results announcement for FY2024 (i.e. 24 June 2024), the closing price per Share generally experienced a downward trend and reached the lowest of HK\$2.76 per Share on 26 September 2024. The Share price of the Company then experienced with a sudden and temporary surge to HK\$6.00 on 3 October 2024 and subsequently decreased to HK\$4.18 on 17 October 2024. Based on our discussion with the Management, the Company is not aware of any reason for such surge in price. Then, the Share price of the Company remained relatively stable at approximately HK\$4.00 to HK\$5.00 per Share from mid-October 2024 to January 2025. From 3 February 2025, the closing price per Share experienced a slightly increasing trend from HK\$4.55 per Share and reached HK\$5.06 on the Last Trading Day. We have made enquired with the Management and were advised that save for the publication of announcements of the Company as described above chart, the Directors were not aware of any specific reasons which may have an impact of the fluctuations of Share prices during the Share Price Review Period.

During the period under review from 21 February 2025, being the first trading day immediately after the Last Trading Day, up to and including the Latest Practicable Date (the “**Post-Announcement Period**”), the Offer Price of HK\$4.5 per Offer Share represents (i) a discount of approximately 9.64% to the lowest closing price of HK\$4.98 per Share; (ii) a discount of approximately 11.94% to the highest closing price of HK\$5.11 per Share during the Post-Announcement Period. We

believe that the aforesaid recent increase in the Share prices was likely linked to the market reaction to the Joint Announcement, which might be a temporary and unsustainable market reaction to the Partial Offer.

Although the Offer Price itself represents a discount of approximately 18.48% to the average closing price of approximately HK\$5.520 per Share during the Share Price Review Period, having considered that (i) the Offer Price is within the range of closing prices per Share during the Share Price Review Period; (ii) excluding the temporary price increase likely driven by market reaction to the Joint Announcement, the recent closing prices per Share have remained relatively stable within the range of HK\$4.0 to HK\$5.0, which is substantially lower than the highest closing price of HK\$8.40 during the Share Price Review Period; and (iii) despite the Shares had traded above the Offer Price during the majority of the Share Price Review Period, the trading price of the Shares had fluctuated narrowly around the Offer Price since November 2024 (excluding the recent increase during the Post-Announcement Period) and may not sustain at a level higher than the Offer Price during and after the Offer Period in view of the uncertainties over the Group's business prospect as mentioned in the above section headed "2. Business Prospects of the Group", we consider that the Offer Price is fair and reasonable so far as the Independent Shareholders are concerned.

Given the closing price of the Shares has remained to be fluctuated at a level close to the Offer Price since the publication of the Joint Announcement and up to the Latest Practicable Date, should the Shares continue to trade above the Offer Price, the Independent Shareholders may dispose of their Shares in the open market at a higher price than the Offer Price instead of accepting the Offer. The Independent Shareholders should consider the overall perspective of the various factors contained in different sections of this letter before making their decision on the acceptance of the Offer.

Independent Shareholders should note that the information set out above is not an indicator of the future performance of the Shares and that the price of the Shares may increase or decrease from its closing price after the Latest Practicable Date.

4.3 Our Analysis on Historical Trading Volume and Liquidity

We have also reviewed the historical trading volume of the Shares during the Share Price Review Period. The total volume of the Shares traded, number of trading days, average daily trading volume of the Shares and the percentages of average daily trading volume of the Shares as compared to the total number of issued Shares and the Shares to public float of the Company during the Share Price Review Period are shown in the table below.

Period/month	Total volume of the Shares traded <i>(Shares)</i>	Number of trading days <i>(days)</i>	Average daily trading volume <i>(Shares)</i> <i>(Note 1)</i>	% of average daily trading volume over total number of issued Shares %	% of the monthly total trading volume of the Shares to public float of the Company %
2024					
February (from 21 February 2024)	1,798,100	7	256,871	0.325%	0.579%
March	1,807,000	20	90,350	0.114%	0.203%
April	11,846,200	20	592,310	0.750%	1.334%
May	2,585,700	21	123,129	0.156%	0.277%
June	1,245,500	19	65,553	0.083%	0.148%
July	1,511,300	22	68,695	0.087%	0.155%
August	767,267	22	34,876	0.044%	0.079%
September	24,844,566	19	1,307,609	1.689%	2.945%
October	3,612,899	21	172,043	0.222%	0.387%
November	3,460,300	21	164,776	0.213%	0.371%
December	3,399,000	20	169,950	0.220%	0.383%
2025					
January	2,444,950	19	128,682	0.166%	0.290%
February	6,265,367	20	313,268	0.405%	0.706%
March (up to and including the Latest Practicable Date)	617,100	6	102,850	0.133%	0.232%

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

Notes:

1. Average daily trading volume is calculated by dividing the total trading volume for the month/period by the number of trading days in the respective month/period.
2. The calculation is based on the average daily trading volume of the Shares divided by the total number of Shares in issue at the end of each month/period.
3. The calculation is based on the average daily trading volume of the Shares divided by the total number of Shares in issue held by public Shareholders at the Latest Practicable Date.
4. The Company has conducted a share consolidation on 26 September 2024. For avoidance of doubt, relevant information from 26 September 2024 up to the Latest Practicable Date represents the historical Share trading record of the Company after the share consolidation. Please refer to the announcements of the Company dated 23 August 2024 and 26 September 2024 and the next day disclosure return published on 27 September 2024, for details of the share consolidation.

As set out in the table above, during the Share Price Review Period, the percentage of average daily trading volume of the Shares for the respective month/period were in the range from the lowest of approximately 0.044% to the highest of approximately 1.689% with an average of approximately 0.329% as to the total number of issued Shares at the end of the respective month/period.

If only Shares held by public Shareholders (the “**Free Float Shares**”) are considered in calculating the percentage of average daily trading volume of the Shares for the respective month/period under the Share Price Review Period, the average trading volume of the Free Float Shares during the Share Price Review Period ranged from the lowest of approximately 0.079% to the highest of approximately 2.945%, with an average daily trading volume of approximately 0.578% of the total number of Free Float Shares.

During the Share Price Review Period and before the Last Trading Date, we noted that the average daily trading volume of the Shares in September 2024 were relatively high as compared to that of the rest of the other months. We have enquired with the Management regarding the relatively high trading volume of the Shares comparing to that of the rest of the other months during the Share Price Review Period and we were advised that the Company is not aware of any particular reason that led to the higher trading volume of the Shares.

Taking into account the fact that the average daily trading volume of the Shares during the Share Price Review Period was approximately 0.329% of the total number of issued Shares and approximately 0.578% of the public float of the Company, we are of the view that the trading volume of Shares can be considered as low, and in normal circumstances, if the Independent Shareholders are to dispose of a large number of Shares in the market, it may exert downward pressure on the market price of Shares.

Given the overall thin historical trading volume of the Shares during the Share Price Review Period, the Independent Shareholders (especially those with relatively sizeable shareholdings) may find it difficult to dispose of a large volume of Shares in the open market at a fixed cash price within a short period of time without exerting downward pressure on the Shares price. The Partial Offer, therefore, represents an opportunity for the Independent Shareholders, particularly for those who hold a large volume of Shares, to dispose of at least part of their holdings at the Offer Price if they so wish.

4.4 Our Analysis on Market Comparables

In assessing the fairness and reasonableness of the Offer Price, we consider that it is relevant to assess the Offer Price by making reference to market valuation for companies listed in Hong Kong which are principally engaged in business similar to those of the Group. Since approximately 69.7% and 52.8% of the revenue of the Group was generated from the trading of computer and electronic products for FY2024 and 6M2024 respectively, we have identified a list of comparable companies (the “**Comparable Companies**”), which to the best of our knowledge represents an exhaustive list of companies that meets the following selection criteria: (i) listed on the main board of the Stock Exchange; (ii) with revenue generated from the trading of computer and electronic products accounted for not less than 50% of total revenue for the latest financial year; and (iii) having a market capitalisation of HK\$1,000.0 million or below as at the Latest Practicable Date, having considered the implied market capitalisation of the Offer of approximately HK\$348.4 million and the historical market capitalisation of the Company during the Share Price Review Period. We note that some of the Comparable Companies have a relatively higher or lower market capitalisation as compared to the Company. Given that the Comparable Companies generally have a meaningful scale of operation in terms of revenue and meaningful size of net assets, we consider it is appropriate and reasonable to include such companies in our analysis.

We have considered the price-to-book ratio (the “**P/B Ratio**”), the price-to-sales ratio (the “**P/S Ratio**”), and the price-to-earnings ratio (the “**P/E Ratio**”) which are commonly adopted trading multiple analyses in assessing the financial valuation of a company as the data for calculating the ratios can be obtained fairly and directly from publicly available information and reflect the value of the companies determined by the open market. We set out our findings in the following table:

Company name	Stock Code	Principal activities	Market capitalisation as at the Last Practicable Date (HK\$'000) (Note 1)	P/S Ratio (times) (Note 2)	P/E Ratio (times) (Note 3)	P/B Ratio (times) (Note 4)
Apex Ace Holding Limited	6036	(i) sales of electronic components; and (ii) sales and integration of storage systems	806,333	0.32	N/A (Note 5)	2.87
Smart-Core Holdings Limited	2166	(i) trading of electronic components	772,116	0.14	10.85	0.85
Sheen Tai Holdings Group Company Limited	1335	(i) sales of sub-processing cigarette films; (ii) sales of semi-conductors (i.e. trading of semi-conductors); (iii) property development and related services; and (iv) generation of photovoltaic power	321,306	0.76	N/A (Note 5)	0.45
Pangaea Connectivity Technology Limited	1473	(i) import and export of electronic components including commercial lasers and connectivity products	153,734	0.11	N/A (Note 5)	0.70

Company name	Stock Code	Principal activities	Market capitalisation as at the Last Practicable Date (HK\$'000) (Note 1)	P/S Ratio (times) (Note 2)	P/E Ratio (times) (Note 3)	P/B Ratio (times) (Note 4)
China Fortune Holdings Limited	110	(i) distribution and trading of mobile phone and electronic products; and (ii) mining and processing of celestite, zinc and lead minerals	50,711	0.62	N/A (Note 5)	1.81
Mobicon Group Limited	1213	(i) distribution of electronic components, electrical components and equipment (ii) retail sales of computer products, mobile accessories, distribution of computer products and provision of IT outsourcing and solution services (iii) trading and retail and distribution of cosmetic products through retail shops and online channels	45,000	0.13	N/A (Note 5)	0.40
			Maximum	0.76	10.85	2.87
			Minimum	0.11	10.85	0.40
			Average	0.35	10.85	1.18
			Median	0.23	10.85	0.78
		The Company (Note 6)	348,407	0.98	23.61	1.56

Source: the website of the Stock Exchange (www.hkex.com.hk) and the financial reports of the respective Comparable Companies

Notes:

1. As computed by multiplying the total number of issued shares and the closing share price quoted on the Stock Exchange on the Latest Practicable Date.
2. As computed by dividing the respective market capitalisation as at the Latest Practicable Date by the respective revenue recorded by the company as extracted from the latest published audited annual reports.
3. As computed by dividing the respective market capitalisation as at the Latest Practicable Date by the respective net profit attributable to owners of the company as extracted from the latest published audited annual reports.
4. As computed by dividing the respective market capitalisation as at the Latest Practicable Date by the net assets attributable to owners of the company as extracted from the latest published audited annual reports.
5. According to the latest published audited annual reports of the respective companies, it recorded a net loss attributable to owners of the company and therefore the P/E Ratio analysis are not applicable.
6. The implied market capitalisation, P/S Ratio, P/E Ratio and P/B Ratio of the Company are calculated based on the Offer Price and the adjusted unaudited consolidated net asset value per Share attributable to Shareholders as set out under the section headed “UNAUDITED ADJUSTED NET ASSET VALUE” in Appendix II to this Composite Document.

(i) P/S Ratio

The P/S Ratios of the Comparable Companies ranged from approximately 0.11 times to 0.76 times. The implied P/S Ratio of the Group based on the Offer Price is approximately 0.98 times, which falls outside of the range and is higher than the average of 0.35 times and the median of 0.23 times of the Comparable Companies. Therefore, we are of the view that the Offer Price is fair and reasonable from the perspective of market comparable analysis using P/S Ratio.

(ii) P/E Ratio

The implied P/E Ratio of the Group based on the Offer Price is approximately 23.61 times, which is significantly higher than the P/E Ratio of approximately 10.85 times of the only Comparable Companies that recorded a net profit attributable to owners of the company for the latest financial year. Therefore, we are of the view that the Offer Price is fair and reasonable from the perspective of market comparable analysis using P/E Ratio.

However, as illustrated in the table above, only 1 out of the 6 Comparable Companies recorded a net profit attributable to owners of the company for the latest financial year. Independent Shareholders are reminded to assess together with other trading multiple analyses as outlined in this section when evaluating the fairness and reasonableness of the Offer Price in terms of the market comparable analysis.

(iii) P/B Ratio

The P/B Ratios of the Comparable Companies ranged from approximately 0.40 times to 2.87 times. The implied P/B Ratio of the Group based on the Offer Price and the adjusted unaudited consolidated net asset value per Share attributable to Shareholders as set out under the section headed “UNAUDITED ADJUSTED NET ASSET VALUE” in Appendix II to this Composite Document is approximately 1.56 times, which is within the range of the Comparable Companies, higher than the average of approximately 1.18 times and the median of approximately 0.78 times of the Comparable Companies. Therefore, we are of the view that the Offer Price is fair and reasonable from the perspective of market comparable analysis using P/B Ratio.

RECOMMENDATIONS

Based on our analyses above, having considered the following:

- (i) notwithstanding that the Group recorded audited and unaudited net profit for the FY2024 and 6M2024 respectively, the revenue from the Group’s computer and electronic products business, which contributed to the majority of the Group’s total revenue for both FY2023 and FY2024, has dropped by approximately 41.6% for FY2024 as compared to that for FY2023;
- (ii) there would not be substantial change in the existing principal business of the Group as a direct result of the Partial Offer based on the intention of the Offeror as stated in the section headed “3.3 Reasons for the Partial Offer and Intention of the Offeror” above in this letter;
- (iii) despite the Offer Price itself represents a discount of approximately 18.48% to the average closing price of approximately HK\$5.520 per Share during the Share Price Review Period, we consider that the Offer Price is fair and reasonable, given (i) the Offer Price is within the range of closing prices per Share during the Share Price Review Period; (ii) the closing prices of the Shares remained relatively stable at a level close to the Offer Price since the publication from the publication of the interim results for 6M2024 (i.e. 25 November 2024) and up to

the Last Trading Day; (iii) the trading price of the Shares may not sustain at a level higher than the Offer Price during and after the Offer Period with reference to the uncertain business prospect as outlined in the section headed “2. Business Prospects of the Group”;

- (iv) despite the closing prices of the Shares was above the Offer Price during the majority of the Share Price Review Period, the historical trading volume of the Shares was low, with a range of average daily trading volume of the Shares as compared to the Shares held by the public from approximately 0.079% to approximately 2.945% and it is uncertain as to whether there would be sufficient liquidity in the Shares for the Independent Shareholders to dispose of a large volume of Shares in the open market at a fixed cash price within a short period of time without exerting downward pressure on the Shares price, therefore, the historical market trading prices of the Shares may not necessarily reflect the proceeds that the Independent Shareholders can receive upon the disposal of their Shares in the open market and the Partial Offer may represent an opportunity for the Independent Shareholders to dispose of part or all of their Shares at the Offer Price if they so wish and the Partial Offer may represent an opportunity for them to realise their investment. However, Independent Shareholders should note that, given the partial nature of the Partial Offer, the Shares he/she/it tendered for acceptance under the Partial Offer may not be fully taken up; and
- (v) the P/S Ratio, P/E Ratio and P/B Ratio of the Company calculated based on the theoretical market capitalisation represented by the Offer Price compare favourably against those of the Comparable Companies which are engaged in businesses similar to that of the Group;

On balance, we consider that the Partial Offer is fair and reasonable so far as the Independent Shareholders are concerned and the Partial Offer provides an exit alternative for the Independent Shareholders who would like to realise their investments in the Shares. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to accept the Partial Offer.

The Partial Offer is subject to approval of the Partial Offer pursuant to Rule 28.5 of the Takeovers Code by the shareholders holding over 50% of the Shares not held by the Offeror and parties acting in concert with it. Accordingly, we recommend the Independent Board Committee to recommend the Independent Shareholders to approve the Partial Offer, signified by means of a separate tick box on the Form of Approval and Acceptance specifying the number of Shares in respect of which the Partial Offer is approved.

Nonetheless, we would like to remind the Independent Shareholders who would like to realise part or all of their investments in the Shares to closely monitor the market price and liquidity of the Shares during the Offer Period and may, instead of accepting the Partial Offer, consider selling their Shares in the open market should such sale proceeds, net of all transaction costs, exceed the amount receivable under the Partial Offer.

Independent Shareholders who, after reading through the Composite Document and this letter, wish to retain some or all of their investments in the securities of the Company, are reminded to monitor the development of the Group, in particular the Offeror's business strategy, and any announcements of the Company during and after the Offer Period.

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



Mark Chan
Managing Director

Mr. Mark Chan is a licensed person and has been a responsible officer of Emperor Corporate Finance Limited registered with the SFC to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO since 2018 and 2016 respectively and has over 10 years of experience in corporate finance.