
THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

This Composite Document does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company nor shall there be any sale, purchase or subscription for securities of the Company in any jurisdiction in which such offer, solicitation or sale would be unlawful absent the filing of a registration statement or the availability of an applicable exemption from registration or other waiver. This Composite Document does not constitute a prospectus or a prospectus equivalent document.

If you have sold or transferred all your shares in Hang Pin Living Technology Company Limited, you should at once hand this Composite Document and the accompanying Forms of Acceptance to the purchaser or transferee or to the licensed securities dealer, registered institution in securities, bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This Composite Document should be read in conjunction with the accompanying Forms of Acceptance, the contents of which form part of the terms and conditions of the Offers contained herein.

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

**BRILLIANT SUNSHINE
INTERNATIONAL LIMITED**

驕陽國際有限公司

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

**HANG PIN LIVING TECHNOLOGY
COMPANY LIMITED**

杭品生活科技股份有限公司

*(Incorporated in Bermuda with limited liability)
(Stock Code: 1682)*

**COMPOSITE DOCUMENT
VOLUNTARY CONDITIONAL GENERAL CASH OFFERS BY**



ON BEHALF OF

**BRILLIANT SUNSHINE INTERNATIONAL LIMITED
TO ACQUIRE ALL OF THE ISSUED SHARES OF
HANG PIN LIVING TECHNOLOGY COMPANY LIMITED
(OTHER THAN THOSE ALREADY OWNED BY OR
TO BE ACQUIRED BY THE OFFEROR AND
PARTIES ACTING IN CONCERT WITH IT)**

AND

**FOR THE CANCELLATION OF ALL THE OUTSTANDING SHARE
OPTIONS OF THE COMPANY**

Financial Adviser to the Offeror



Independent Financial Adviser to the Independent Board Committee



INCU Corporate Finance Limited

Capitalised terms used on this cover page shall have the meanings given to them in the section headed "Definitions" in this Composite Document.

A letter from Kingston containing, among other things, the principal terms of the Offer is set out on pages 6 to 17 of this Composite Document. A letter from the Board is set out on pages 18 to 24 of this Composite Document. A letter from the Independent Board Committee containing its advice to the Independent Shareholders and the Optionholders in relation to the Offers is set out on pages 25 to 26 of this Composite Document. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders and the Optionholders in relation to the Offer is set out on pages 27 to 49 of this Composite Document.

The procedures for acceptance and settlement of the Offers are set out in Appendix I to this Composite Document and in the accompanying Forms of Acceptance. Acceptances of the Offer should be received by the Registrar by no later than 4:00 p.m. on Wednesday, 2 October 2024 (or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code).

The Independent Shareholders and the Optionholders should inform themselves of and observe any applicable legal, tax or regulatory requirements set out in the section headed "Important Notices" of this Composite Document. Any persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Forms of Acceptance to any jurisdiction outside Hong Kong should read the details in this regard which are contained in the section headed "Important Notices" in this Composite Document, the paragraph headed "7. Overseas Shareholders" in Appendix I to this Composite Document before taking any action. It is the responsibility of any Overseas Shareholders wishing to take any action in relation to the Offer, respectively, to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection therewith, including obtaining all governmental, exchange control or other consents which may be required and compliance with all necessary formalities or legal requirements and the payment of any issue, transfer or other taxes payable by such Overseas Shareholders in respect of the acceptance of the Offer (as applicable) in such jurisdiction. The Overseas Shareholders are advised to seek professional advice on deciding whether to accept the Offer (as applicable).

This Composite Document is issued jointly by the Offeror and the Company. This Composite Document will remain on the website of the Stock Exchange at <http://www.hkexnews.hk> and on the website of the Company at <http://www.hk01682.com/> for as long as the Offers remain open. In case of any inconsistency, the English language text of this Composite Document and the enclosed Forms of Acceptance shall prevail over their respective Chinese text for the purpose of interpretation.

27 August 2024

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EXPECTED TIMETABLE

EXPECTED TIMETABLE

The expected timetable set out below is indicative only and may be subject to change. A further announcement will be made as and when appropriate in the event that there is any change to the expected timetable.

Unless otherwise expressly stated, references to times and dates in this Composite Document and the Forms of Acceptance are to Hong Kong times and dates.

Despatch date of this Composite Document and the accompanying Forms of Acceptance and the commencement of the Offers ^(Note 1)	Tuesday, 27 August 2024
First Closing Date ^(Note 2)	Tuesday, 17 September 2024
Latest time and date for acceptance of the Offers on the First Closing Date ^(Note 2)	4:00 p.m. on Tuesday, 17 September 2024
Announcement of the results of the Offers as at the Closing Date (or as to whether the Offers has been revised or extended) on the websites of the Stock Exchange and the Company ^(Note 2)	By 7:00 p.m. on Tuesday, 17 September 2024
Latest date for posting of remittances to Shareholders for the amounts due in respect of valid acceptances received under the Offers at or before 4:00 p.m. on the First Closing Date (assuming the Offers becomes or is declared unconditional in all respects on the First Closing Date) ^(Note 3)	Friday, 27 September 2024
Final Closing Date assuming the Offers become or are declared unconditional in all respects on the First Closing Date ^(Note 4)	Wednesday, 2 October 2024
Latest time and date for acceptance of the Offers on the final Closing Date (assuming the Offers become or are declared unconditional in all respects on the First Closing Date) ^(Note 4)	4:00 p.m. on Wednesday, 2 October 2024
Announcement of the results of the Offers as at the final Closing Date, to be posted on the websites of the Stock Exchange and the Company ^(Note 4)	By 7:00 p.m. on Wednesday, 2 October 2024
Latest date for posting of remittances for the amount due in respect of valid acceptances received under the Offers at or before 4:00 p.m. on the final Closing Date, being the latest time and date by which the Offers remain open for acceptances (assuming the Offers become or is declared unconditional in all respects on the First Closing Date) ^(Note 3)	Monday, 14 October 2024
Latest time and date by which the Offers can become or be declared unconditional as to acceptances ^(Note 5)	7:00 p.m. on Monday, 28 October 2024

EXPECTED TIMETABLE

Notes:

1. The Offers, which is conditional, is made on Tuesday, 27 August 2024 (being the date of posting of this Composite Document) and is capable of acceptance on and from that date for the whole of the Offers Period. Acceptances of the Offers shall be irrevocable and are not capable of being withdrawn, except in the circumstances as permitted under the Takeovers Code. Please refer to the paragraph headed “6. Right of Withdrawal” in Appendix I to this Composite Document for further information on the circumstances where acceptances may be withdrawn.
2. In accordance with the Takeovers Code, the Offers must initially be open for acceptance for at least twenty-one (21) days following the date on which this Composite Document was posted. The latest time and date for acceptance of the Offers will be at 4:00 p.m. on Tuesday, 17 September 2024 unless the Offeror revises or extends the Offers in accordance with the Takeovers Code. The Offeror has the right under the Takeovers Code to extend the Offers until such date as it may determine in accordance with the Takeovers Code (or as permitted by the Executive in accordance with the Takeovers Code). The Offeror will issue an announcement in relation to any extension of the Offers, which will state either the next Closing Date or, if the Offers are at that time unconditional as to acceptances, a statement that the Offers will remain open until further notice. In the latter case, at least fourteen (14) days’ notice in writing must be given before the Offers are closed to those Independent Shareholders and/or Optionholders who have not accepted the Offers. Beneficial owners of Shares who hold their Shares in CCASS directly as an Investor Participant or indirectly via a broker or custodian participant should note the timing requirements (set out in Appendix I to this Composite Document) for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures.
3. Subject to the Offers becoming unconditional or being declared unconditional in all respects, remittances in respect of the cash consideration (after deducting the seller’s ad valorem stamp duty in respect of the Offers Shares for which the Offers is accepted) payable for the Shares tendered under the Offers will be posted to the accepting Shareholders by ordinary post at his/her/its own risk. Payment will be made as soon as possible, but in any event no later than seven (7) Business Days after the later of (i) the date on which the Offers becomes or is declared unconditional in all respects and (ii) the date of receipt by the Registrar of the duly completed Forms of Acceptance and all other relevant documents to render the acceptance under the Offers complete and valid.
4. In accordance with the Takeovers Code, where the Offers become or is declared unconditional in all respects, the Offers should remain open for acceptance for not less than fourteen (14) days thereafter and, at least fourteen (14) days’ notice in writing must be given before the Offers are closed to those Shareholders who have not accepted the Offers. The Offeror has the right, subject to the Takeovers Code, to extend the Offers until such date as the Offeror may determine or as permitted by the Executive, in accordance with the Takeovers Code. The Offeror will issue an announcement in relation to any extension of the Offers, which will state the next Closing Date or, if the Offers have become or is at that time unconditional in all respects, that the Offers will remain open until further notice. In the latter case, at least fourteen (14) days’ notice will be given before the Offers are closed to those Shareholders who have not accepted the Offers and an announcement will be published.
5. In accordance with the Takeovers Code, except with the consent of the Executive, the Offers may not become or be declared unconditional as to acceptances after 7:00 p.m. on Monday, 28 October 2024, being the 60th day after the day this Composite Document is posted. Accordingly, unless the Offers have previously become unconditional as to acceptances, the Offers will lapse after 7:00 p.m. on Monday, 28 October 2024 unless extended with the consent of the Executive.

Save as mentioned above, if the latest time for the acceptance of the Offers and the posting of remittances do not take effect on the date and time as stated above, the other dates mentioned above may be affected. The Offeror and the Company will notify the Independent Shareholders and/or Optionholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

IMPORTANT NOTICES

EFFECT OF SEVERE WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF THE OFFER AND/OR THE LATEST DATE FOR POSTING OF REMITTANCE

If there is any severe weather conditions as announced by the Government of Hong Kong:

1. in force in Hong Kong at any local time before 12:00 noon but no longer in force at and after 12:00 noon on the latest date for acceptance of the Offer and the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances, the latest time for acceptance of the Offer will remain at 4:00 p.m. on the same Business Day and the posting of the cheques will be made on the same Business Day; or
2. in force in Hong Kong at any local time at 12:00 noon and/or thereafter on the latest date for acceptance of the Offer and the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances, the latest time for acceptance of the Offer will be rescheduled to 4:00 p.m. on the next Business Day or such other day as the Executive may approve in accordance with the Takeovers Code and the posting of the cheques will be made on the next Business Day which does not have those warnings in force at 12:00 noon and/or thereafter.

NOTICE TO OVERSEAS SHAREHOLDERS

The making of the Offer to the Overseas Shareholders and/or their ability to participate in the Offer may be subject to the laws of the relevant jurisdictions. Overseas Shareholders should observe any applicable legal or regulatory requirements. It is the responsibility of the Overseas Shareholders wishing to accept the Offer to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction from such Overseas Shareholders. Based on the Register of Members as at the Latest Practicable Date, none of Shareholders registered as a shareholder on the Register of Members is an Overseas Shareholder. Please see the paragraph headed “7. Overseas Shareholders” in Appendix I to this Composite Document.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Composite Document contains forward-looking statements, which may be identified by words such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “seek”, “estimate”, “will”, “would” or words of similar meaning, that involve risks and uncertainties, as well as assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements.

The Offeror and the Company assume no obligation and do not intend to update these forward-looking statements, except as required pursuant to applicable laws and the Takeovers Code.

DEFINITIONS

DEFINITIONS

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

“acting in concert”	has the meaning ascribed to it in the Takeovers Code
“associate”	has the meaning ascribed to it in the Takeovers Code
“beneficial owner”	any beneficial owner of Shares registered in the name of any nominee, trustee, depositary or any other authorised custodian or third party
“Board”	the board of Directors from time to time
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Operational Procedures”	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirement relating to the operations and functions of CCASS, as from time to time in force
“Closing Date”	the date stated in this Composite Document as the First Closing Date (or any subsequent closing date as and may be announced by the Offeror and approved by the Executive)
“Company”	Hang Pin Living Technology Company Limited (stock code: 1682), a company incorporated in Bermuda with limited liabilities and the Shares of which are listed on the Main Board of the Stock Exchange
“Composite Document”	this composite offer and response document which is being jointly issued by the Offeror and the Company to all Shareholders in accordance with the Takeovers Code and the Listing Rules (containing, among other things, the terms and conditions of the Offers and the Forms of Acceptance)
“Conditions”	the conditions of the Offer, as set out under the paragraph headed “Conditions of the Offers” in the “Letter from Kingston Securities”

DEFINITIONS

“Directors”	directors of the Company from time to time
“Encumbrance(s)”	any option, right of acquisition, right of priority, mortgage, charge, lien, right of retention of title, right of set-off, counterclaim, trust arrangement, or any other right to collateral of any kind or equity interest or restriction (including the restrictions imposed by the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)) in respect of any asset
“Executive”	the Executive Director of the Corporate Finance Division of the SFC from time to time or any delegates of the Executive Director
“First Closing Date”	17 September 2024, being 21 days after the despatch of this Composite Document
“Forms of Acceptance”	the WHITE Form of the Share Offer Acceptance and the PINK Form of the Option Offer Acceptance (accompanying this Composite Document), and the “Form(s) of Acceptance” means either of them
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board comprising the independent non-executive Directors, namely Dr. Lam Lee G, Mr. Chan Kin and Mr. Chau Chi Yan Benny
“Independent Financial Adviser”	INCU Corporate Finance Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Company with the approval of the Independent Board Committee for the purpose of advising the Independent Board Committee, the Independent Shareholders in respect of the Offers
“Independent Shareholders”	Shareholders other than the Offeror and parties acting in concert with it
“Investor Participant”	a person admitted to participate in CCASS as an investor participant

DEFINITIONS

“Joint Announcement”	the joint announcement issued by the Offeror and the Company dated 6 August 2024 in connection with the Offers
“Kingston Corporate Finance”	Kingston Corporate Finance Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the financial adviser to the Offeror in relation to the Offers
“Kingston Securities”	Kingston Securities Limited, a corporation licensed to carry on type 1 (dealing in securities) regulated activity under the SFO
“Last Trading Day”	5 August 2024, being the last trading day on which the Shares were traded on the Stock Exchange prior to the issue and publication of the Joint Announcement
“Latest Practicable Date”	23 August 2024, being the latest practicable date for ascertaining information prior to the despatch of this Composite Document
“Letter from Kingston Securities”	the letter from Kingston Securities in respect of the Offers, which forms part of this Composite Document
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Mr. Ng”	Ng Leung Ho (吳良好), a shareholder holding 50% shareholding interest in the Offeror and a director of the Offeror, being a party acting in concert with the Offeror
“Mr. Ng’s Shares”	the 103,950,000 Shares held by Mr. Ng immediately prior to the purchase by the Offeror on 6 August 2024
“Mr. Yu”	Mr. Yu Xueming (余學明), a shareholder holding 50% shareholding interest in the Offeror and a director of the Offeror, being a party acting in concert with the Offeror
“Offeror”	Brilliant Sunshine International Limited, an investment holding company incorporated in British Virgin Islands with limited liability, which is owned as to 50% by Mr. Ng and as to 50% by Mr. Yu
“Offers”	the Share Offer and the Option Offer

DEFINITIONS

“Offer Period”	the period from the date of the Joint Announcement until whichever is the latest of (i) the Closing Date, (ii) the date when the Offers lapses, (iii) the time when the Offeror announces that the Offers will not proceed, and (iv) the date when an announcement is made of the withdrawal of the Offers
“Offer Share(s)”	all the Shares in issue, other than those already owned by or to be acquired by the Offeror and the parties acting in concert with it (i.e., 681,977,000 Shares)
“Optionholders”	the holders of the Share Options
“Option Offer”	the voluntary conditional general cash offer being made by Kingston Securities for and on behalf of the Offeror in accordance with the Takeovers Code to cancel all outstanding Share Options (i.e., 20,768,000 Share Options) in exchange for cash in accordance with the terms described in this Composite Document
“Overseas Shareholders”	Independent Shareholders whose addresses, as shown on the register of members of the Company, are outside Hong Kong
“PINK Form of the Option Offer Acceptance”	the PINK form of acceptance and cancellation of all outstanding Options in respect of the Option Offer
“PRC”	the People’s Republic of China (excluding Hong Kong, Macau and Taiwan for the purpose of this Composite Document)
“public hands” and “public float”	have the respective meanings ascribed to those terms under the Listing Rules
“Register of Members”	the register of members of the Company
“Registrar”	Tricor Secretaries Limited, of 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
“Relevant Period”	the period commencing on 6 February 2024 (being the date falling six months prior to 6 August 2024, being the commencement of the Offer Period) and ending on the Latest Practicable Date
“relevant securities”	has the meaning as defined in Note 4 to Rule 22 of the Takeovers Code
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

DEFINITIONS

“Share(s)”	ordinary share(s) of par value of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of Shares
“Share Offer”	the voluntary conditional general cash offer being made by Kingston Securities for and on behalf of the Offeror in accordance with the Takeovers Code to acquire all of the outstanding Shares (other than those already owned by or to be acquired by the Offeror and parties acting in concert with it) in accordance with the terms and conditions set out in this Composite Document
“Share Offer Price”	the price of HK\$0.08 per Offer Share, payable by the Offeror to the Shareholders for each Offer Share accepted under the Share Offer
“Share Option(s)”	the share options granted by the Company pursuant to the Share Option Schemes
“Share Option Scheme”	the share option scheme of the Company adopted on 2 June 2010 and refreshed on 29 September 2017
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to that term in the Listing Rules
“Takeovers Code”	The Code on Takeovers and Mergers
“WHITE Form of the Share Offer Acceptance”	the WHITE form of acceptance and transfer of the Offer Share(s) in respect of the Share Offer
“%”	per cent.

Certain amounts and percentage figures in this Composite Document have been subject to rounding adjustments.

* *For identification purpose only*

Unless the context otherwise requires, all references in this Composite Document to:

- (a) times and dates are references to Hong Kong times and dates, except as otherwise specified;
- (b) pronouns in masculine, feminine or neutral genders shall be construed to state and include any other gender; and
- (c) words, terms and titles in the singular form shall be construed to include the plural and vice versa.

LETTER FROM KINGSTON SECURITIES

Kingston Securities Limited
72/F, The Center
99 Queen's Road Central
Central, Hong Kong

27 August 2024

To the Independent Shareholders and Optionholders

Dear Sir or Madam,

VOLUNTARY CONDITIONAL GENERAL CASH OFFERS BY



ON BEHALF OF

BRILLIANT SUNSHINE INTERNATIONAL LIMITED

TO ACQUIRE ALL OF THE ISSUED SHARES OF

HANG PIN LIVING TECHNOLOGY COMPANY LIMITED

**(OTHER THAN THOSE ALREADY OWNED BY OR TO BE ACQUIRED BY
THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT)**

AND

**FOR THE CANCELLATION OF ALL THE OUTSTANDING SHARE
OPTIONS OF THE COMPANY**

INTRODUCTION

On 6 August 2024, the Board was informed by the Offeror that, following the purchase of Mr. Ng's Shares (i.e., the 103,950,000 Shares held by Mr. Ng immediately prior to the purchase) from Mr. Ng, who holds 50% shareholding interest in the Offeror and is the director of the Offeror, at HK\$0.08 per Share, the Offeror would like to make a voluntary conditional general cash offers in compliance with the Takeovers Code to (1) acquire all of the Offer Shares (other than those already owned by or agreed to be acquired by the Offeror and parties acting in concert with it); and (2) cancel all the outstanding Share Options.

As at the Latest Practicable Date, the Offeror and the parties acting in concert with it hold 103,950,000 Shares (i.e., Mr. Ng's Shares) (representing approximately 13.23% of the entire issued share capital of the Company).

As at the Latest Practicable Date, there were 785,927,000 Shares in issue and 20,768,000 outstanding Share Options. Save for the above, there are no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company in issue as at the Latest Practicable Date.

This letter forms part of the Composite Document and sets out, amongst other things, certain details of the Offers, the reasons for making the Offers and the intentions of the Offeror in relation to the Group. Further details on the terms of the Offers are set out in Appendix I to the Composite Document and in the accompanying Forms of Acceptance. Unless the context otherwise requires, terms defined in the Composite Document have the same meanings when used in this letter.

LETTER FROM KINGSTON SECURITIES

Your attention is also drawn to the “Letter from the Board” on pages 18 to 24, the “Letter from the Independent Board Committee” on pages 25 to 26 and the “Letter from the Independent Financial Adviser” on pages 27 to 49 of the Composite Document.

THE OFFERS

Subject to the Conditions, the Offer is made by Kingston Securities on behalf of the Offeror in compliance with the Takeovers Code on the following basis:

The Share Offer

For each Offer Share. HK\$0.08 in cash

The Share Offer Price is HK\$0.08 per Offer Share, which is the same as the purchase price per Share for the purchase of Mr. Ng’s Shares by the Offeror on 6 August 2024. The purchase price was determined after arm’s length negotiation between the Offeror and Mr. Ng, taking into account:

- (i) the thin average trading volume of the Shares during the twelve-month period preceding the commencement of the Offer Period, up to and including the Last Trading Day. The average trading volume ranged between nil to approximately 0.0381% to the then total number of issued Shares as at the end of their respective month; and
- (ii) the average of the closing prices of the Shares as quoted on the Stock Exchange over the 60, 90 and 180 trading days up to and including the Last Trading Day.

Under the terms of the Offers, the Offer Shares will be acquired with all rights and benefits attaching to them as at the date of the Joint Announcement or which subsequently become attached to them (including the right to receive in full all dividends, distributions and any return of capital, if any, declared, made or paid, on or after the date of the Joint Announcement), and free from all Encumbrances.

The Option Offer

For cancellation of each Share Option with
exercise price of HK\$0.854. HK\$0.01 in cash

In accordance with the terms of the Share Option Scheme, Optionholders are entitled to exercise their Share Options in full (to the extent not already exercised) at any time after the date on which the Option Offer is declared unconditional and up to the close of the Option Offer (or any revised offer), after which the Options will lapse automatically (to the extent not exercised).

Pursuant to Rule 13 of the Takeovers Code, the Offeror is making an appropriate cash offer to the Optionholders to cancel their Share Options. The consideration for the cancellation of each Share Option would normally be the see-through price which represents the excess of the Share Offer Price per Offer Share and the exercise price of each Share Option. As the exercise price of the Share Options is above the Share Offer Price, the “see-through” price is zero and the Option Offer Price will be a nominal value of HK\$0.01 per Share Option.

LETTER FROM KINGSTON SECURITIES

As at the Latest Practicable Date, there were 785,927,000 Shares in issue. Save for the Share Options, as at the Latest Practicable Date, the Company does not have any outstanding options, derivatives, warrants or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares.

Under the terms of the Option Offer, the Share Options of the accepting Optionholders (together with all rights attaching thereto) will be cancelled.

As at the Latest Practicable Date, the Company has no outstanding dividend or other distribution that has been declared, made but not yet paid. In addition, the Company does not intend to declare, pay and/or make any dividend or other distribution on the Shares until after the close of the Offers.

Comparison of value

The cash consideration of HK\$0.08 per Offer Share under the Share Offer Price represents:

- a. a discount of approximately 13.98% to the closing price of the Shares of HK\$0.093 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- b. a discount of approximately 20.00% to the closing price of the Shares of HK\$0.1000 per Share as quoted on the Stock Exchange on the Last Trading Day;
- c. a discount of approximately 22.25% to the average closing price of the Shares of HK\$0.1029 per Share as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day;
- d. a discount of approximately 9.71% to the average closing price of the Shares of HK\$0.0886 per Share as quoted on the Stock Exchange for the 60 consecutive trading days up to and including the Last Trading Day;
- e. a premium of approximately 0.63% over the average closing price of the Shares of HK\$0.0795 per Share as quoted on the Stock Exchange for the 90 consecutive trading days up to and including the Last Trading Day;
- f. a premium of approximately 10.50% over the average closing price of the Shares of HK\$0.0724 per Share as quoted on the Stock Exchange for the 180 consecutive trading days up to and including the Last Trading Day;
- g. a discount of approximately 28.64% to the audited consolidated net asset value attributable to Shareholders of approximately HK\$0.1121 per Share as at 31 March 2024 (calculated based on the audited consolidated net asset value of the Company of approximately HK\$88,091,000 as at 31 March 2024 as extracted from the annual report of the Company for the year ended 31 March 2024 and 785,927,000 Shares (being the number of Shares then in issue)).

LETTER FROM KINGSTON SECURITIES

Highest and lowest Share prices

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.1160 on 15 July 2024 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.0560 on 15 April 2024.

Value of the Offers

On the basis of the Share Offer Price of HK\$0.08 per Offer Share and 785,927,000 Shares in issue as at the Latest Practicable Date, the entire issued share capital of the Company is valued at HK\$62,874,160.

Based on (i) the Share Offer Price of HK\$0.08 per Offer Share and 681,977,000 Shares (i.e., other than 103,950,000 Shares held by the Offeror) being subject to the Share Offer; and (ii) the Option Offer Price of HK\$0.01 per Share Option (which is a nominal value) and 20,768,000 Share Options being subject to the Option Offer, and on the basis that there is no other change in the issued share capital of the Company from the date of the Joint Announcement up to the close of the Offers:

- (i) the value of the Share Offer will be HK\$54,558,160; and
- (ii) the total amount to satisfied the cancellation of all outstanding Share Options will be HK\$207,680.

Therefore, the total cash consideration payable by the Offeror under the Offers would be HK\$54,765,840 in the event that the Offers are accepted in full.

Confirmation of sufficient financial resources

Kingston Corporate Finance, being the financial adviser to the Offeror in respects of the Offers, is satisfied that sufficient financial resources are available to the Offeror to satisfy the consideration payable in case of full acceptance of the Offers. The Offeror has sufficient cash funding and intends to finance the consideration payable by the Offeror under the Offers by its internal resources. Such cash amount has been ring-fenced by Kingston Securities for the sole purpose of satisfying the settlement of the consideration under acceptance of the Offers from the Latest Practicable Date until the date falling on the seventh (7th) Business Day following the close of the Offers.

LETTER FROM KINGSTON SECURITIES

Effect of accepting the Offers

Subject to the Share Offer becoming unconditional, provided that valid acceptance forms and the relevant certificate(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and in good order and have been received by the branch share registrar of the Company in Hong Kong, the Shareholders will sell their tendered Shares to the Offeror free from all Encumbrances and together with all rights attaching to them, including, without limitation, the rights to receive in full all dividends and other distributions, if any, recommended, declared, made or paid by reference to a record date on or after the date on which the Share Offer is made, that is, the date of despatch of the Composite Document.

Subject to the Option Offer becoming unconditional, acceptances of the Option Offer by Optionholders will result in the cancellation of those outstanding Share Options, together with all rights attaching thereto. Subject to the Option Offer becoming unconditional, Share Options in respect of which the Option Offer is not accepted will (to the extent not exercised) automatically lapse upon the close of the Offers.

Acceptances of the Offers will be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

Hong Kong Stamp Duty

Seller's Hong Kong ad valorem stamp duty arising in connection with acceptances of the Offers will be payable by the relevant Shareholders at a rate of 0.1% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer, whichever is higher, and will be deducted from the amount payable to the relevant Shareholder on acceptance of the Share Offer (where the stamp duty calculated includes a fraction of HK\$1.00, the stamp duty would be rounded-up to the nearest HK\$1.00). The Offeror will arrange for payment of the sellers' Hong Kong ad valorem stamp duty on behalf of accepting Shareholders and pay the buyer's Hong Kong ad valorem stamp duty in connection with such Offer Shares and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

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

Taxation advice

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

LETTER FROM KINGSTON SECURITIES

Overseas Shareholders and overseas Optionholders

The Offeror intends to make the Offers available to all Independent Shareholders and Optionholders, including those with a registered address in a jurisdiction outside Hong Kong. The availability of the Offers to persons with a registered address in a jurisdiction outside Hong Kong may be affected by the laws of the relevant overseas jurisdictions. The making of the Offers to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or limited by the laws or regulations of the relevant jurisdictions. The Overseas Shareholders and/or overseas Optionholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the responsibilities of the Overseas Shareholders and overseas Optionholders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offers (including the obtaining of any governmental, exchange control or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders and overseas Optionholders in respect of such jurisdictions).

Any acceptance by Shareholders and/or Optionholders and beneficial owners of the Shares and Share Options who are citizens, residents or nationals of a jurisdiction outside Hong Kong will be deemed to constitute a representation and warranty from such persons to the Offeror that the local laws and requirements have been complied with. Shareholders and/or Optionholders who are in doubt as to the action they should take should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

As at the Latest Practicable Date, there was nil Overseas Shareholder and three overseas optionholders located in the PRC.

Settlement of consideration

Subject to the Offers having become, or having been declared, unconditional in all respects, payment in cash in respect of acceptances of the Offers will be made as soon as possible but in any event no later than seven (7) Business Days after the later of (i) the date on which the Offers become, or are declared unconditional; and (ii) the date receipt of a complete and valid acceptance in respect of the Offers, pursuant to Rule 20.1 and Note 1 to Rule 30.2 of the Takeovers Code.

No fractions of a cent will be payable and the amount of the consideration payable to a Shareholder and/or Optionholder who accepts the Offers will be rounded up to the nearest cent.

Closing date of the Offer

The latest date on which the Offeror can declare the Offers unconditional as to acceptances is 7:00 p.m. on the 60th day after the posting of this Composite Document (i.e., 28 October 2024), or such later date to which the Executive may consent.

LETTER FROM KINGSTON SECURITIES

CONDITIONS OF THE OFFERS

Conditions to the Share Offer

The Share Offer is conditional on fulfillment (or waiver, where applicable) of the following conditions:

- (i) the Offeror having received valid acceptances (and, where permitted, such acceptances not having been withdrawn) at or before 4:00 p.m. on the Closing Date (or such other time or date as the Offeror may, subject to the Takeovers Code, decide) in respect of the Share Offer which will result in the Offeror and parties acting in concert with it holding more than 50% of the Shares;
- (ii) the Shares remaining listed and traded on the Main Board of the Stock Exchange up to the Closing Date, save for any temporary suspension of trading pending the issuance of any announcement(s) in relation to any inside information of the Company (if any) and no indication having been received on or before the Closing Date from the SFC and/or the Stock Exchange to the effect that the listing of the Shares on the Stock Exchange is or is likely to be withdrawn, other than as a result of either of the Offers or anything done or caused by or on behalf of the Offeror; and
- (iii) no event, up to the Closing Date, having occurred which would make the Offer or the acquisition of any of the Offer Shares under the Offer void, unenforceable or illegal or prohibit the implementation of the Offers.

Condition to the Option Offer

The Option Offer is conditional upon the Share Offer becoming or being declared unconditional in all respects.

The Offeror reserves the right to waive, in whole or part, condition (ii) under paragraph headed “conditions to the Share Offer” above. Save for condition (ii), other conditions are not waivable. Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke the above Conditions as a basis for not proceeding with the Offers only if the circumstances which give rise to a right to invoke such Conditions are of material significance to the Offeror in the context of the Offers. If any of the Conditions cannot be fulfilled or waived by the Closing Date, the Offers will lapse.

The Offeror will issue an announcement in relation to the revision, extension or lapse of the Offers or the fulfilment (or if permissible, waiver) of the Conditions in accordance with the Takeovers Code and the Listing Rules. The Offeror reserves the right to revise the terms of the Offer in accordance with the Takeovers Code.

As at the Latest Practicable Date, none of the above conditions have been fulfilled.

LETTER FROM KINGSTON SECURITIES

Shareholders and/or potential investors of the Company are reminded that if any of the Conditions is not fulfilled or waived (if applicable), the Offer may lapse subject to Note 2 to Rule 30.1 of the Takeovers Code. The Shareholders and/or potential investors of the Company should therefore exercise caution when dealing in Shares or rights in respect of them.

As at the Latest Practicable Date, none of the Offeror and its Concert Parties has received any irrevocable commitment in respect of acceptance of the Offers.

Pursuant to Rule 15.3 of the Takeovers Code, the Offeror must publish an announcement when the Offers become unconditional as to acceptances and when the Offer becomes unconditional in all respects. The Offer must also remain open for acceptance for not less than 14 days after it becomes or is declared unconditional (whether as to acceptances or in all respects). Shareholders are reminded that the Offeror does not have any obligation to keep the Offers open for acceptance beyond this 14-day period.

INFORMATION ON THE OFFEROR

The Offeror is an investment holding company incorporated in British Virgin Islands with limited liability, which is owned as to 50% by Mr. Ng and as to 50% by Mr. Yu. As at the Latest Practicable Date, the assets held by the Offeror are Mr. Ng's Shares and cash.

Mr. Ng

Mr. Ng is an entrepreneur specialising in garment processing and manufacturing. He commences his garment processing and manufacturing business in the 1980s. He is the founder and chairman of Good Fellow Group Limited (金威集團控股有限公司), a company being primarily involved in the garment industry, as well as real estate, high technology, agriculture and forestry, and finance. Furthermore, He had been a substantial shareholder of the Company since December 2017 and immediately prior to the sales of his Shares to the Offeror. Mr. Ng has extensive experience related to the business of the Group (i.e., garment business) but has not held any positions in the Group.

Mr. Ng was an executive director and a chairman of the board of Good Resources Holdings Limited (delisted on 4 May 2022, previous stock code: 109) and a member of each of the remuneration committee, nomination committee and general committee of the company from 14 June 2007 to 10 November 2008. He was appointed as non-executive director and chairman of the company on 8 September 2009 and re-designated to executive director and member of each of the remuneration committee, nomination committee and general committee of the company on 30 September 2009. He was also the director of certain subsidiaries of the company. He re-designated to non-executive director on 29 June 2015 and resigned on 1 April 2016. In addition, Mr. Ng was an executive director and a chairman of the board of China Sandi Holdings Limited (previous known as: China Grand Forestry Green Resources Group Limited) (stock code: 910) from 1 December 1998 to 30 September 2009.

LETTER FROM KINGSTON SECURITIES

Mr. Ng currently holds several important positions, including being a Honorary Chairman of Hong Kong Federation of Fujian Associations (香港福建社團聯會榮譽主席), Vice Chairman of Friends of Hong Kong Association Limited (香港友好協進會副會長), Honorary Chairman of Kukien Chamber of Commerce (香港福建商會榮譽會長) and Honorary Chairman of the Hong Kong Puxian Native Association (香港莆仙同鄉聯合會榮譽會長). He was the member of the 10th and 12th National Committee of Chinese People's Political Consultative Conference ("CPPCC") (第10屆及第12屆全國政協委員), standing committee member of the 12th Subcommittee of Education, Science, Culture, Health and Sports of the National Committee of the CPPCC (第12屆全國政協教科文衛體委員會常委) and the standing committee member of the 13th and 14th National Committee of the CPPCC (第13屆及第14屆全國政協常委).

Mr. Ng is a Justice of the Peace of the Hong Kong Special Administrative Region (香港特別行政區太平紳士). He has been honored with the Grand Bauhinia Medal (大紫荊星章) in 2022, the Gold Bauhinia Star Medal (金紫荊星章) in 2017 and the Silver Bauhinia Star (銀紫荊星章) in 2011 by the Hong Kong Special Administrative Region.

Mr. Yu

Mr. Yu is an entrepreneur and a senior engineer in China and has about 20 years of experience in construction, real estate development, coal mining and investment industries. He served as the manager of Shanxi branch of Fujian Gaohua Construction Engineering Co., Ltd.* (福建省高華建設工程有限公司山西分公司) from 1995 to 2008, the chairman of Jiexiu City Wangyuan Coal Industry Co. Ltd.* (介休市旺源煤業有限公司) from 2008 to 2012, and has been the chairman of Shanxi Xierun Investment Co. Ltd.* (山西協潤投資有限公司) and Xiaoyi City Tiankai Real Estate Development Co. Ltd.* (孝義市天凱房地產開發有限公司) since 2008. In addition, Mr. Yu was an executive director of Momentum Financial Holdings Limited (formerly known as: Fornton Group Limited) (stock code: 1152) from 4 June 2014 to 22 January 2018. Mr. Yu obtained a bachelor degree from Huaqiao University in China, majoring in Civil Engineering, in July 1997. Mr. Yu has no experience in the business of the Group.

INTENTIONS OF THE OFFEROR WITH REGARD TO THE COMPANY

The Company's share price has been on a downward trend since late December 2018. The stock price closed at HK\$1.130 per Share on 31 December 2018, and dropped to a closing price of HK\$0.100 per Share on the Last Trading Date. According to the annual reports of the Company, the Company recorded a profit of approximately HK\$8.0 million in 2018, which decreased to approximately HK\$1.1 million in 2019. Since 2020, the Company has been in a loss-marking position. However, the Offeror is optimistic about the Company's future prospects and asserts its confidence and commitment through the Offers.

LETTER FROM KINGSTON SECURITIES

As a substantial shareholder (as defined under the Listing Rules) since 2017 and with extensive experience in garment processing and manufacturing, Mr. Ng aims to enhance the Group's financial performance. Along with the business acquaintance Mr. Yu, they plan to further invest in the Company's business by acquiring a majority interest pursuant to the Offers. If the Offers become unconditional, the Offeror will become the controlling shareholder of the Company. The Offeror intends to maintain the Group's existing principal activities, and at the same time after completion of the Offers, the Offeror will conduct a review on the existing principal businesses and the financial position of the Group for the purpose of formulating business plans and strategies for the future business development of the Group. In this regard, the Offeror may look into business opportunities and consider whether any fund raising, business restructuring and/or diversification will be appropriate with a view enhancing the long-term growth of the Group. Should such corporate actions materialise, further announcement(s) will be made in accordance with the Listing Rules.

Leveraging Mr. Ng's experience in garment processing and manufacturing, along with the formulation of business plans and strategies following a review of the Group's current business and position, the Offeror aims to create enhanced long-term value for the Shareholders. The Offeror have not identified any investment or business opportunities for the Company nor have the Offeror entered into any related agreement, arrangements, understandings or negotiation and there is no plan on any injection or disposal of any assets or businesses into/of the Group as at the Latest Practicable Date.

The Offeror may consider convening a general meeting to appoint new member(s) to the Board if such appointment is considered to be beneficial to the future development of the Group as permitted under the Takeovers Code. Any change to the composition of the board of the Company will be made in compliance with the Takeovers Code and the Listing Rules.

The Offeror has no intention to introduce major changes to the business of the Group, including any redeployment of fixed assets other than those in its ordinary course of business. Save for the potential change(s) to the composition of the board of the Company, the Offeror has no existing plan or contemplation to terminate the employment of any other employees or other personnel of the Group. However, after the close of the Offers, the Offeror will continuously review the operation of the Group and the Offeror reserves the right to make any changes that the Offeror deems necessary or appropriate to the Group's businesses and operations to optimise the value of the Group and in the interest of the overall Shareholders. As at the Latest Practicable Date, the Offeror has no plan and/or intention to downsize or change the scale of the Group's existing principal business.

LETTER FROM KINGSTON SECURITIES

PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

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

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

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

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

COMPULSORY ACQUISITION

The Offeror does not intend to exercise or apply any right which may be available to it to acquire compulsorily any Shares outstanding after the close of the Offers.

FURTHER DETAILS OF THE OFFERS

Further details regarding the Offers, including the terms of the Offers and procedures for acceptance, are set out in Appendix I to the Composite Document and the accompanying Forms of Acceptance.

GENERAL MATTERS RELATING TO THE OFFER

Composite Document

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

All documents and remittances to be sent to the Independent Shareholders will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent to the Independent Shareholders at their respective addresses as they appear in the Register of Members (or, in the case of joint Shareholders, to such Shareholder whose name appears first in the Register of Members). The Company, the Offeror and parties acting in concert with it, Kingston Corporate Finance, Kingston Securities, the Independent Financial Adviser, the Registrar and their respective ultimate beneficial owners, directors, officers, agents or associates or any other persons involved in the Offers will not be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof or in connection therewith.

LETTER FROM KINGSTON SECURITIES

WARNING

The Shareholders and/or potential investors of the Company should be aware that the Offers are subject to the Conditions being fulfilled or (if permissible) waived, and therefore that the Offers may or may not become unconditional. Shareholders and potential investors should therefore exercise caution when dealing in Shares or other rights in respect of them. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

RECOMMENDATION AND ADDITIONAL INFORMATION

Your attention is drawn to the “Letter from the Board” on pages 18 to 24, the “Letter from the Independent Board Committee” on pages 25 to 26 and the “Letter from the Independent Financial Adviser” on pages 27 to 49, all of which are contained in the Composite Document, in relation to their recommendations and/or advice regarding the Offers.

Your attention is also drawn to the additional information set out in the appendices which form part of the Composite Document.

Yours faithfully,
For and on behalf of
Kingston Securities Limited
Chu, Nicholas Yuk-yui
Director

LETTER FROM THE BOARD

HANG PIN LIVING TECHNOLOGY COMPANY LIMITED

杭品生活科技股份有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1682)

Executive Directors:

Mr. Lam Kai Yeung

Mr. Zhang Kaiyuan

Independent non-executive Directors:

Dr. Lam Lee G

Mr. Chan Kin

Mr. Chau Chi Yan Benny

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Head office and principal Place of
business:*

Room 2101, 21/F

China Merchants Tower,

Shun Tak Centre

168-200 Connaught Road Central,

Hong Kong

27 August 2024

To the Shareholders

Dear Sir or Madam,

VOLUNTARY CONDITIONAL GENERAL CASH OFFERS BY



金利豐證券

KINGSTON SECURITIES

ON BEHALF OF

BRILLIANT SUNSHINE INTERNATIONAL LIMITED

TO ACQUIRE ALL OF THE ISSUED SHARES OF

HANG PIN LIVING TECHNOLOGY COMPANY LIMITED

(OTHER THAN THOSE ALREADY OWNED BY OR

TO BE ACQUIRED BY THE OFFEROR AND

PARTIES ACTING IN CONCERT WITH IT)

AND

FOR THE CANCELLATION OF ALL THE OUTSTANDING SHARE

OPTIONS OF THE COMPANY

LETTER FROM THE BOARD

1. INTRODUCTION

On 6 August 2024, the Board was informed by the Offeror that, following the purchase of Mr. Ng's Shares (i.e., the 103,950,000 Shares held by Mr. Ng immediately prior to the purchase) from Mr. Ng, who holds 50% shareholding interest in the Offeror and is the director of the Offeror, at HK\$0.08 per Share, the Offeror would like to make a voluntary conditional general cash offers in compliance with the Takeovers Code to (1) acquire all of the Offer Shares (other than those already owned by or agreed to be acquired by the Offeror and parties acting in concert with it); and (2) cancel all the outstanding Share Options.

The purpose of this Composite Document is to provide you with, among other things:

- (a) information relating to the Group and the Offeror;
- (b) further information regarding the terms and procedures of the Offers;
- (c) a letter from Kingston Securities containing, among other things, details of the Offers;
- (d) a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders; and
- (e) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders.

2. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, which comprises Dr. Lam Lee G, Mr. Chan Kin and Mr. Chau Chi Yan Benny, being all the independent non-executive Directors, has been established by the Board to make a recommendation to the Independent Shareholders as to whether the Offers are fair and reasonable and as to acceptance of the Offers.

The Independent Financial Adviser, INCU Corporate Finance Limited, has been appointed with the approval of the Independent Board Committee to advise the Independent Board Committee in connection with the Offers pursuant to Rule 2.1 of the Takeovers Code and, in particular, as to whether the terms of the Offers are fair and reasonable and as to the acceptance of the Offers. The full texts of the letter from the Independent Board Committee addressed to the Independent Shareholders and the letter from the Independent Financial Adviser addressed to the Independent Board Committee are set out in this Composite Document. You are advised to read both letters and the additional information contained in the appendices to this Composite Document carefully before taking any action in respect of the Offers.

LETTER FROM THE BOARD

3. THE OFFERS

Consideration for the Offers

As set out in the “Letter from Kingston Securities” on pages 6 to 17 of this Composite Document, the Offers are made by Kingston Securities for and on behalf of the Offeror on the following basis:

The Share Offer

For each Offer Share. HK\$0.08 in cash

The Share Offer Price is HK\$0.08 per Offer Share, which is the same as the purchase price per Share for the purchase of Mr. Ng’s Shares by the Offeror on 6 August 2024. The purchase price was determined after arm’s length negotiation between the Offeror and Mr. Ng, taking into account:

- (i) the thin average trading volume of the Shares during the twelve-month period preceding the commencement of the Offer Period, up to and including the Last Trading Day. The average trading volume ranged between nil to approximately 0.0381% to the then total number of issued Shares as at the end of their respective month; and
- (ii) the average of the closing prices of the Shares as quoted on the Stock Exchange over the 60, 90 and 180 trading days up to and including the Last Trading Day.

The Option Offer

For cancellation of each Share Option with
exercise price of HK\$0.854. HK\$0.01 in cash

In accordance with the terms of the Share Option Scheme, Optionholders are entitled to exercise their Share Options in full (to the extent not already exercised) at any time after the date on which the Option Offer is declared unconditional and up to the close of the Option Offer (or any revised offer), after which the Options will lapse automatically (to the extent not exercised).

Pursuant to Rule 13 of the Takeovers Code, the Offeror is making an appropriate cash offer to the Optionholders to cancel their Share Options. The consideration for the cancellation of each Share Option would normally be the see-through price which represents the excess of the Share Offer Price per Offer Share and the exercise price of each Share Option. As the exercise price of the Share Options is above the Share Offer Price, the “see-through” price is zero and the Option Offer Price will be a nominal value of HK\$0.01 per Share Option.

LETTER FROM THE BOARD

As at the Latest Practicable Date, there were 785,927,000 Shares in issue. Save for the Share Options, as at the Latest Practicable Date, the Company does not have any outstanding options, derivatives, warrants or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares.

Under the terms of the Option Offer, the Share Options of the accepting Optionholders (together with all rights attaching thereto) will be cancelled.

The Directors confirm that, as at the Latest Practicable Date, the Company has no outstanding dividend or other distribution that has been declared, made but not yet paid. In addition, the Company does not intend to declare, pay and/or make any dividend or other distribution on the Shares until after the close of the Offers.

The details of the total value of the Offers are set out in the section headed “The Offers” in the “Letter from Kingston Securities” in this Composite Document.

Further details of the Hong Kong stamp duty in connection with the acceptance of the Offers are set out in the paragraph headed “1. Procedures for Acceptance” in the Appendix I titled “Further Terms and Procedures for Acceptance of the Offers” to this Composite Document. Details of the payment of cash consideration for the acceptance of the Offers are set out in the paragraph headed “2. Settlement” in the Appendix I titled “Further Terms and Procedures for Acceptance of the Offers” to this Composite Document.

4. CONDITIONS OF THE OFFERS

The Conditions to the Offers are set out in the section headed “Conditions of the Offers” in the “Letter from Kingston Securities” in this Composite Document.

LETTER FROM THE BOARD

5. SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company as at the Latest Practicable Date is as follows:

	As at the Latest Practicable Date	
	Number of Shares	Approximately % of issued Shares
Offeror and parties acting in concert with it		
The Offeror	103,950,000	13.23%
Sub-total	103,950,000	13.23%
Other Shareholders		
Mr. Ng Tsze Lun (<i>Note 2</i>)	50,173,000	6.38%
Other public shareholders	631,804,000	80.39%
Total	785,927,000	100%

Notes:

1. Mr. Lam Kai Yeung, the Director, holds 5,192,000 Share Options that entitles him to subscribe for 5,192,000 Shares at the exercise price of HK\$0.854. Save for the above, none of the Directors holds any Shares as at the Latest Practicable Date.
2. There is no relationship between Mr. Ng Tsze Lun and either the Offeror or Mr. Ng. Mr. Ng Tsze Lun is not acting in concert with the Offeror or Mr. Ng.

LETTER FROM THE BOARD

6. INFORMATION ON THE GROUP

The Company is a company incorporated in Bermuda with limited liabilities and the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1682). The Company is an investment holding company. The Group is principally engaged in (i) garment sourcing; and (ii) provision of financial services.

The following table is a summary of certain audited consolidated financial information of the Group for the two financial years ended 31 March 2024 and 31 March 2023 as extracted from the annual results of the Company of the year ended 31 March 2024:

	For the year ended 31 March	
	2023	2024
	(audited)	(audited)
	HK\$'000	HK\$'000
Revenue	123,210	96,691
Gross profit	5,522	2,309
Loss before tax	(5,509)	(6,655)
Loss for the year attributable to owners of the Company	(5,509)	(3,655)
	As at 31 March	
	2023	2024
	(audited)	(audited)
	HK\$'000	HK\$'000
Consolidated net asset value	91,350	88,091

Further financial information of the Group is set out in Appendix II to this Composite Document.

7. INFORMATION OF THE OFFEROR AND INTENTIONS OF THE OFFEROR IN RELATION TO THE GROUP

Information of the Offeror is set out in the section headed “Information on the Offeror” in the “Letter from Kingston Securities” in this Composite Document.

The Board notes the stated intentions of the Offeror in relation to the Group set out in the section headed “Intentions of the Offeror with regard to the Company” in the “Letter from Kingston Securities” in this Composite Document. It is open to working with the Offeror in reviewing the structure, operation and business of the Group to enhance and strengthen its business.

LETTER FROM THE BOARD

8. PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

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

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

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

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

9. RECOMMENDATION AND ADDITIONAL INFORMATION

The recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Offers is set out in the “Letter from the Independent Board Committee” in this Composite Document. The advice from INCU Corporate Finance Limited to the Independent Board Committee in relation to the Offers and the principal factors considered by INCU Corporate Finance Limited in arriving at its advice are set out in the “Letter from Independent Financial Adviser” in this Composite Document.

Additional information is also set out in the appendices to this Composite Document. You are recommended to read carefully Appendix I titled “Further Terms and Procedures for Acceptance of the Offers” to this Composite Document and the accompanying Forms of Acceptance for further details in respect of the procedures for acceptance of the Offers.

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

By order of the Board
**Hang Pin Living Technology
Company Limited**
Lam Kai Yeung
*Chief Executive Officer &
Executive Director*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the full text of a letter from the Independent Board Committee to the Independent Shareholders in respect of the Offers for inclusion in this Composite Document.

HANG PIN LIVING TECHNOLOGY COMPANY LIMITED

杭品生活科技股份有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1682)

27 August 2024

To the Independent Shareholders and the Optionholders

Dear Sir or Madam,

VOLUNTARY CONDITIONAL GENERAL CASH OFFERS BY



ON BEHALF OF

**BRILLIANT SUNSHINE INTERNATIONAL LIMITED
TO ACQUIRE ALL OF THE ISSUED SHARES OF
HANG PIN LIVING TECHNOLOGY COMPANY LIMITED
(OTHER THAN THOSE ALREADY OWNED BY OR
TO BE ACQUIRED BY THE OFFEROR AND
PARTIES ACTING IN CONCERT WITH IT)**

AND

**FOR THE CANCELLATION OF ALL THE OUTSTANDING SHARE
OPTIONS OF THE COMPANY**

INTRODUCTION

We refer to the composite document dated 27 August 2024 jointly issued by the Company and the Offeror (the “Composite Document”), of which this letter forms part. Capitalised terms used in this letter have the same meanings as that defined in the Composite Document unless stated otherwise or the context requires otherwise.

We have been constituted by the Board as the Independent Board Committee to consider the terms of the Offers and to make a recommendation as to whether, in our opinion, the Offers are fair and reasonable insofar as the Independent Shareholders and the Optionholders are concerned, and to make a recommendation in relation to the acceptance or not of the Offers.

INCUB Corporate Finance Limited has been appointed as the Independent Financial Adviser with our approval to advise the Independent Board Committee in respect of the terms of the Offers and as to acceptance thereof. Details of their advice and recommendations and the principal factors and reasons considered and taken into account by it in arriving at its advice are set out in the “Letter from Independent Financial Adviser” at pages 27 to 49 of the Composite Document.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We also wish to draw your attention to the “Letter from the Board” and “Letter from Kingston Securities” and the additional information set out in the Composite Document.

We, as members of the Independent Board Committee, have declared that we are independent and do not have any conflict of interest in respect of the Offers and are therefore able to consider the terms of the Offers and make recommendations accordingly to the Independent Shareholders.

RECOMMENDATIONS

Having considered the terms of the Offers and the letter of advice and recommendations from the Independent Financial Adviser, we concur with the view of the Independent Financial Adviser and consider that the Offers are fair and reasonable insofar as the Independent Shareholders and the Optionholders are concerned. Accordingly, we recommend the Independent Shareholders and the Optionholders to accept the Offers.

The Independent Shareholders and the Optionholders are recommended to read the full text of the “Letter from Independent Financial Adviser” set out in the Composite Document.

Notwithstanding our recommendation, the Independent Shareholders and the Optionholders should consider carefully the terms of the Offers. In any case, the Independent Shareholders and the Optionholders are reminded that the decision to realise or to hold their investment is subject to individual circumstances and investment objectives.

If in doubt, the Independent Shareholders and the Optionholders should consult their own professional advisers for professional advice. In addition, Independent Shareholders and the Optionholders who wish to accept the Offers are recommended to read and consider carefully the procedures for accepting the Offers detailed in Appendix I titled “Further Terms and Procedures for Acceptance of the Offers” and the accompanying Forms of Acceptance.

Yours faithfully,

For and on behalf of the Independent Board Committee of
Hang Pin Living Technology Company Limited

Dr. Lam Lee G
*Independent non-executive
Director*

Mr. Chan Kin
*Independent non-executive
Director*

Mr. Chau Chi Yan Benny
*Independent non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from INCU Corporate Finance Limited, which has been prepared for the purpose of incorporation into this composite document, setting out its opinion to the Independent Board Committee, the Independent Shareholders and the Optionholders in connection with the Offers.



INCUB Corporate Finance Limited
Unit 1402, 14/F, Winsome House,
73 Wyndham Street,
Central, Hong Kong

27 August 2024

*To: The Independent Board Committee,
the Independent Shareholders, and
the Optionholders of
Hang Pin Living Technology Company Limited*

Dear Sirs or Madams,

**VOLUNTARY CONDITIONAL GENERAL CASH OFFERS BY
KINGSTON SECURITIES LIMITED
ON BEHALF OF
BRILLIANT SUNSHINE INTERNATIONAL LIMITED
TO ACQUIRE ALL OF THE ISSUED SHARES OF
HANG PIN LIVING TECHNOLOGY COMPANY LIMITED
(OTHER THAN THOSE ALREADY OWNED BY OR
TO BE ACQUIRED BY THE OFFEROR AND
PARTIES ACTING IN CONCERT WITH IT)
AND
FOR THE CANCELLATION OF ALL THE OUTSTANDING
SHARE OPTIONS OF THE COMPANY**

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee, the Independent Shareholders and the Optionholders in respect of the Offers, details of which are set out in the composite document dated 27 August 2024 (the “**Composite Document**”) jointly issued by the Offeror and the Company, 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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Reference is made to the Joint Announcement jointly issued by the Offeror and the Company dated 6 August 2024. On 6 August 2024, the Board was informed by the Offeror that, following the purchase of Mr. Ng's Shares (i.e., the 103,950,000 Shares held by Mr. Ng immediately prior to the purchase) from Mr. Ng, who holds 50% shareholding interest in the Offeror and is the director of the Offeror, at HK\$0.08 per Share, the Offeror would like to make voluntary conditional general cash offers in compliance with the Takeovers Code to (1) acquire all of the Offer Shares (other than those already owned by or agreed to be acquired by the Offeror and parties acting in concert with it); and (2) cancel all the outstanding Share Options.

As at the Latest Practicable Date, the Offeror and the parties acting in concert with it hold 103,950,000 Shares (i.e., Mr. Ng's Shares) (representing approximately 13.23% of the entire issued share capital of the Company).

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all non-executive Directors, namely Dr. Lam Lee G, Mr. Chan Kin and Mr. Chau Chi Yan Benny, has been established in accordance with Rule 2.1 of the Takeovers Code to advise the Independent Shareholders and the Optionholders as to whether the Offers are fair and reasonable and as to acceptance of the Offers.

OUR INDEPENDENCE

We, INCU Corporate Finance Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders and the Optionholders as to whether the Offers are fair and reasonable and as to the acceptance of the Offers. Our appointment as the Independent Financial Adviser has been approved by the Independent Board Committee in accordance with Rule 2.1 of the Takeovers Code.

During the past two years, we did not act as an independent financial adviser and has not provided any other services to the Company, the Offeror, Mr. Ng, Mr. Yu and any party acting, or presumed to be acting, in concert with any of the above, or any company controlled by any of them. We are independent from, and are not associated with the Company, the Offeror, Mr. Ng, Mr. Yu and any party acting, or presumed to be acting, in concert with any of the above, or any company controlled by any of them. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser, no arrangement exists whereby we will receive any fees or benefits from the abovementioned parties or any party acting, or presumed to be acting, in concert with any of them, any of their respective associates, close associates or core connected persons or other parties that could be regarded as relevant to our independence. Accordingly, we are considered eligible to give independent advice in respect of the Offers to the Independent Board Committee and the Independent Shareholders and the Optionholders in accordance with Rule 2.1 of the Takeovers Code.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR OPINION

In formulating our opinion and recommendations, we have relied on the statements, information, opinions and representations relating to the operations, financial condition and prospects of the Group contained or referred to in the Composite Document and/or provided to us by the Directors and the Offeror (where applicable). We have reviewed the information of the Company, including but not limited to, the announcements of the Company, the annual report for the year ended 31 March 2024 (the “**Annual Report 2023/24**”), the information contained in the Composite Document and certain published information from the public domain. We have assumed that all statements, information and representations provided by the Directors and the Offeror (where applicable) are true and accurate at the time when they were provided and continue to be so as at the Latest Practicable Date and the Shareholders will be notified of any material changes to such statements, information, representations and/or our opinion contained in this letter as soon as possible in accordance with Rule 9.1 of the Takeovers Code.

We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors and the Offeror (where applicable) in the Composite Document were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Composite Document, or the reasonableness of the opinions expressed by the Directors and the Offeror (where applicable), which have been provided to us.

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

We have not carried out any independent verification of the information provided, nor have we conducted any independent investigation into the business and affairs of the Group. We have not considered the taxation implication on the Group or the Shareholders as a result of the Offers.

Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Where information in this letter has been extracted from published or otherwise publicly available sources, the sole responsibility of us is to ensure that such information has been correctly and fairly extracted, reproduced or presented from the relevant stated sources and not be used out of context. Shareholders will be notified of any material changes to such statements, information, opinions and/or representation as soon as possible in accordance with Rule 9.1 of the Takeovers Code if there arises any material changes of information previously provided to us by the Company or of our opinion in which event this letter shall be amended and updated.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL TERMS OF THE OFFERS

According to the Composite Document, as at the Latest Practicable Date, the Company has 785,927,000 Shares in issue and 20,768,000 outstanding Share Options. Save for the above, there are no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company in issue as at the Latest Practicable Date.

1. The Share Offer

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

For each Offer Share HK\$0.08 in cash

The Share Offer Price is HK\$0.08 per Offer Share, which is the same as the purchase price per Share for the purchase of Mr. Ng's Shares by the Offeror on 6 August 2024. The purchase price was determined after arm's length negotiation between the Offeror and Mr. Ng, taking into account:

- (i) the thin average trading volume of the Shares during the twelve-month period preceding the commencement of the Offer Period, up to and including the Last Trading Day. The average trading volume ranged between nil to approximately 0.0381% to the then total number of issued Shares as at the end of their respective month; and
- (ii) the average of the closing prices of the Shares as quoted on the Stock Exchange over the 60, 90 and 180 trading days up to and including the Last Trading Day.

The Directors confirm that, as at the Latest Practicable Date, the Company has no outstanding dividend or other distribution that has been declared, made but not yet paid. In addition, the Company does not intend to declare, pay and/or make any dividend or other distribution on the Shares until after the close of the Offers.

2. The Option Offer

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

**For cancellation of each Share Option with
exercise price of HK\$0.854 HK\$0.01 in cash**

In accordance with the terms of the Share Option Scheme, Optionholders are entitled to exercise their Share Options in full (to the extent not already exercised) at any time after the date on which the Option Offer is declared unconditional and up to the close of the Option Offer (or any revised offer), after which the Options will lapse automatically (to the extent not exercised).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 13 of the Takeovers Code, the Offeror is making an appropriate cash offer to the Optionholders to cancel their Share Options. The consideration for the cancellation of each Share Option would normally be the see-through price which represents the excess of the Share Offer Price per Offer Share and the exercise price of each Share Option. As the exercise price of the Share Options is above the Share Offer Price, the “see-through” price is zero and the Option Offer Price will be a nominal value of HK\$0.01 per Share Option.

Save for the Share Options, as at the Latest Practicable Date, the Company does not have any outstanding options, derivatives, warrants or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares.

Under the terms of the Option Offer, the Share Options of the accepting Optionholders (together with all rights attaching thereto) will be cancelled.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation to the Independent Board Committee, the Independent Shareholders and the Optionholders in respect of the Offers, we have taken into account the following principal factors and reasons:

1. Background and financial information of the Group

General information of the Group

The Company is a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1682). The Company is an investment holding company. The Group is principally engaged in (i) garment sourcing (the “**Garment Business**”); and (ii) provision of financial services (the “**Financial Services Business**”).

The Garment Business began in 1998, which provided a comprehensive range of services covering the entire supply chain of garment products. As disclosed in the Annual Report 2023/24 and the announcement of the Company dated 30 March 2021, subsequent to the termination of tenancy agreement in respect of the premises located in Putian, Fujian for manufacturing and sales of garment products and the disposal of assets, including the garment manufacturing machineries and equipment and office equipment, in the PRC in 2021 after the outbreak of COVID-19 pandemic, the Group returns back to light assets business model, which has reduced inventory pressure and operating costs of the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Group commenced the Financial Services Business in 2018, which provides financial services including asset management, finance lease, pawn and money lending business. Under the money lending business, Golden Maximum Finance Limited (“**Golden Maximum**”), an indirectly wholly-owned subsidiary of the Group and a money lender license holder under the Money Lenders Ordinance (Cap. 163 of the laws of Hong Kong), offers both secured and unsecured loans to borrowers, which primarily include individuals and corporations in Hong Kong or in the PRC. The borrowers of Golden Maximum under the money lending business are mainly introduced to the Group by referral by the close business partners or customers of the Group and are with sound credit records. The money lending business generates revenue and profit by way of interest income. The money lending business is financed by the internal resources of the Group.

Financial information of the Group

Set out below is a summary of the financial performance of the Group for the financial years ended 31 March 2023 (“**FY2022/23**”) and 31 March 2024 (“**FY2023/24**”) respectively as extracted from the Annual Report 2023/24:

	FY2022/23 <i>(HK\$'000)</i> audited	FY2023/24 <i>(HK\$'000)</i> audited
Garment Business	118,710	95,311
Financial Services Business	<u>4,500</u>	<u>1,380</u>
Total revenue	123,210	96,691
Loss before taxation	(5,509)	(6,655)
Loss for the year attributable to owners of the Company	(5,509)	(3,655)

As shown in the above table, the Group’s total revenue for FY2023/24 was approximately HK\$96.69 million, representing a decrease of approximately HK\$26.52 million or 21.5%, compared to the revenue of approximately HK\$123.21 million for FY2022/23. The decrease in revenue was mainly due to (i) the decrease in revenue of Garment Business of approximately HK\$23.40 million as a result of the slow global economic recovery and the decline in textile and apparel exports from China to the markets in Europe and United States; and (ii) the decrease in revenue of Financial Services Business of approximately HK\$3.12 million due to the decrease in interest income of the short-term loans provided by the Group as a result of all of the short-term loans having been repaid by the borrowers in FY2023/24 under the money lending business. By the end of FY2023/24, there is no short-term loan provided by the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As result of the decrease in revenue of the Group, the loss before taxation of the Group increased by approximately HK\$1.15 million or 20.9% from approximately HK\$5.51 million for FY2022/23 to approximately HK\$6.66 million for FY2023/24. The Group recorded loss before taxation for both FY2022/23 and FY2023/24 as the gross profit of approximately HK\$5.52 million and HK\$2.31 million for FY2022/23 and FY2023/24 were insufficient to cover the administrative expenses of approximately HK\$13.37 million and HK\$13.68 million for FY2022/23 and FY2023/24 respectively.

Due to the over-provision of income tax for the year ended 31 March 2021, an income tax credit of approximately HK\$3.00 million was recorded in FY2023/24. Therefore, the Group recorded loss for the year attributable to owners of the Company of approximately HK\$5.51 million and HK\$3.66 million for FY2022/23 and FY2023/24 respectively.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is a summary of the financial position of the Group as at 31 March 2023 and 31 March 2024 respectively as extracted from the Annual Report 2023/24:

	As at 31 March 2023	As at 31 March 2024
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
	audited	audited
Non-current assets		
Plant and equipment	608	1,062
Right-of-use assets	154	–
	762	1,062
Current assets		
Trade and other receivables	42,784	13,979
Amount due from a former subsidiary	2,832	1,130
Loan receivables	44,181	–
Financial assets at fair value through profit or loss	17,732	29,340
Cash and cash equivalents	32,110	60,238
	139,639	104,687
Total assets	140,401	105,749
Current liabilities		
Trade and other payable	44,851	16,458
Tax payables	4,200	1,200
	49,051	17,658
Total liabilities	49,051	17,658
Net current assets	90,588	87,029
Net assets	91,350	88,091

As shown in the above table, the non-current assets of the Group, which consist of plant and equipment and right-of-use assets, were approximately HK\$0.76 million and HK\$1.06 million as at 31 March 2023 and 31 March 2024 respectively. The increase in non-current assets was mainly due to the purchase of vehicles during FY2023/24.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The current assets of the Group were approximately HK\$139.64 million and HK\$104.69 million as at 31 March 2023 and 31 March 2024 respectively. The decrease in current assets of the Group of approximately HK\$34.95 million was mainly due to combined effect of (i) the decrease in loan receivables from approximately HK\$44.18 million as at 31 March 2023 to nil as at 31 March 2024 as a result of repayment of the short-term loans provided by the Group under the money lending business; (ii) the decrease in trade and other receivables of approximately HK\$28.80 million, which was in line with the decrease in revenue as discussed above; and (iii) the increase in cash and cash equivalents of the Group of approximately HK\$28.13 million mainly due to the settlement of the short-term loans by the borrowers as discussed above. According to the Annual Report 2023/24, the financial assets at fair value through profit or loss as at 31 March 2024 represent the investment in shares of companies listed on the Stock Exchange.

The current liabilities of the Group were approximately HK\$49.05 million and HK\$17.66 million as at 31 March 2023 and 31 March 2024 respectively. The decrease in current liabilities of the Group of approximately HK\$31.39 million was mainly due to the decrease in trade and other payables of approximately HK\$28.39 million, which was in line with the decrease in revenue as discussed above.

As at 31 March 2023 and 31 March 2024, the Group had no non-current liabilities.

Dividend payment

We note that the Company has been making loss and has not declared and distributed any dividend in the last five financial years. There is no guarantee that the Company will declare and distribute dividends to the Shareholders in future.

2. Prospect and outlook of the Group

During FY2023/24, the revenue of Financial Services Business was fully relied on the interest income from short-term loans under the money lending business. As discussed in the section headed “1. Background and financial information of the Group” above in this letter, all of the short-term loans provided by the Group under the money lending business of Financial Services Business has been repaid during FY2023/24. As at the Latest Practicable Date, there is no new loan provided by the Group. As discussed with the management of the Company, the Company intends to continue the Financial Service Business. Due to the uncertainty of the market condition, the Group will adopt a more conservative approach in identifying new borrowers under its credit risk assessment and internal control procedure.

For the Garment Business, according to the Annual Report 2023/24, all revenue from Garment Business for FY2022/23 and FY2023/24 was generated from customers in the PRC. The Group encountered severe challenge in the garment industry. As affected by the ongoing Russia-Ukraine war and the Sino-US trade disputes, the trading atmosphere had remained tense and the increasing trade barriers has damaged the market confidence. As a result, the operating performance of retailers was adversely affected, especially for those engaged in the trading of non-daily necessities, such as apparel products. Although various anti-epidemic measures had been withdrawn in China at the beginning of 2023, due to the combined effects of economic slowdown and sluggish real estate market in China, the overall pace of recovery in China was slower than expected, and the market conditions were still weak while recovery was still slow in terms of consumers’ purchasing power in the textile and apparel market. Consumers remained cautious on spending and preferred low-priced, functional and cost-effective consumption.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We observe that there is severe competition in the garment and clothing industry in the PRC with the decreasing export amount and intense price competition in the market after reviewing the national and export data from the National Bureau of Statistics of the PRC and the General Administration of Customs of the PRC. According to the national data as announced by the National Bureau of Statistics of the PRC (<https://data.stats.gov.cn/easyquery.htm?cn=C01>), the expenditure on apparel per capita in the PRC has been increased from RMB1,338 for the year 2019 to RMB1,479 for the year of 2023, representing a compounded annual growth rate of approximately 2.5%. Although there was sustainable growth in expenditure on apparel per capita in the PRC, based on the latest available statistics of retail price of products in the PRC, the retail price of apparel products in the PRC showed a lower year-over-year growth ranged from negative 0.2% to positive 0.6% between the year of 2020 and 2022 as compared with the year-over-year growth ranged from positive 1.2% to 2.9% between the year of 2014 and 2019 before the outbreak of the COVID-19 pandemic. Furthermore, according to the export data as announced by the General Administration of Customs of the PRC (<http://www.customs.gov.cn/customs/302249/zfxgk/2799825/302274/302277/5668662/index.html>), the export of apparel and clothing accessories in the PRC for the year of 2023 was approximately US\$159.14 billion, which represented a decrease of approximately 7.8% as compared with year of 2022, and the export of apparel and clothing accessories in the PRC for the first six months of 2024 was approximately US\$73.83 billion, which represented almost no growth as compared with the first six months of 2023. Since the latest export amount of apparel and clothing accessories and the recent growth rate of retail price of apparel products have been reduced, the result of the above statistics reflects that the consumers are more price sensitive and the competition of the garment industry is intensified in the PRC local market after the COVID-19 pandemic.

After considering that (i) the Group has been making loss for FY2022/23 and FY2023/24 as discussed in the section headed “1. Background and financial information of the Group” above in this letter; and (ii) the Garment Business would encounter severe competition due to the slow recovery of garment and clothing industry in the PRC after the COVID-19 pandemic, we consider that the Group’s outlook and prospects remain uncertain.

3. Information of the Offeror

The Offeror

The Offeror is an investment holding company incorporated in British Virgin Islands with limited liability, which is owned as to 50% by Mr. Ng and as to 50% by Mr. Yu. As at the Latest Practicable Date, the assets held by the Offeror are Mr. Ng’s Shares and cash.

Mr. Ng

Mr. Ng is an entrepreneur specialising in garment processing and manufacturing. He commences his garment processing and manufacturing business in the 1980s. He is the founder and chairman of Good Fellow Group Limited, a company being primarily involved in the garment industry, as well as real estate, high technology, agriculture and forestry, and finance. Furthermore, he had been a substantial shareholder of the Company since December 2017 and immediately prior to the sales of his Shares to the Offeror. Mr. Ng has extensive experience related to the business of the Group (i.e., garment business) but has not held any positions in the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Mr. Ng was an executive director and a chairman of the board of Good Resources Holdings Limited (delisted on 4 May 2022, previous stock code: 109) and a member of each of the remuneration committee, nomination committee and general committee of the company from 14 June 2007 to 10 November 2008. He was appointed as non-executive director and chairman of the company on 8 September 2009 and re-designated to executive director and member of each of the remuneration committee, nomination committee and general committee of the company on 30 September 2009. He was also the director of certain subsidiaries of the company. He re-designated to non-executive director on 29 June 2015 and resigned on 1 April 2016. In addition, Mr. Ng was an executive director and a chairman of the board of China Sandi Holdings Limited (previous known as: China Grand Forestry Green Resources Group Limited) (stock code: 910) from 1 December 1998 to 30 September 2009.

Mr. Ng currently holds several important positions, including being a Honorary Chairman of Hong Kong Federation of Fujian Associations, Vice Chairman of Friends of Hong Kong Association Limited, Honorary Chairman of Kukien Chamber of Commerce and Honorary Chairman of the Hong Kong Puxian Native Association. He was the member of the 10th and 12th National Committee of Chinese People's Political Consultative Conference ("CPPCC"), standing committee member of the 12th Subcommittee of Education, Science, Culture, Health and Sports of the National Committee of the CPPCC and the standing committee member of the 13th and 14th National Committee of the CPPCC.

Mr. Ng is a Justice of the Peace of the Hong Kong Special Administrative Region. He has been honoured with the Grand Bauhinia Medal (大紫荊星章) in 2022, the Gold Bauhinia Star Medal in 2017 and the Silver Bauhinia Star in 2011 by the Hong Kong Special Administrative Region.

Mr. Yu

Mr. Yu is an entrepreneur and a senior engineer in China and has about 20 years of experience in construction, real estate development, coal mining and investment industries. He served as the manager of Shanxi branch of Fujian Gaohua Construction Engineering Co., Ltd.* (福建省高華建設工程有限公司山西分公司) from 1995 to 2008, the chairman of Jiexiu City Wangyuan Coal Industry Co. Ltd.* (介休市旺源煤業有限公司) from 2008 to 2012, and has been the chairman of Shanxi Xierun Investment Co. Ltd.* (山西協潤投資有限公司) and Xiaoyi City Tiankai Real Estate Development Co. Ltd.* (孝義市天凱房地產開發有限公司) since 2008. In addition, Mr. Yu was an executive director of Momentum Financial Holdings Limited (formerly known as: Fornton Group Limited) (stock code: 1152) from 4 June 2014 to 22 January 2018. Mr. Yu obtained a bachelor degree from Huaqiao University in China, majoring in Civil Engineering, in July 1997. Mr. Yu has no experience in the business of the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

4. The intention of the Offeror in relation to the Group and proposed change of composition of the Board

The intention of the Offeror in relation to the Group

As stated in the Composite Document, the Company's share price has been on a downward trend since late December 2018. The stock price closed at HK\$1.130 per Share on 31 December 2018, and dropped to a closing price of HK\$0.100 per Share on the Last Trading Day. According to the annual reports of the Company, the Company recorded a profit of approximately HK\$8.0 million in 2018, which decreased to approximately HK\$1.1 million in 2019. Since 2020, the Company has been in a loss-making position. However, the Offeror is optimistic about the Company's future prospects and asserts its confidence and commitment through the Offers.

As a substantial shareholder (as defined under the Listing Rules) since 2017 and with extensive experience in garment processing and manufacturing, Mr. Ng aims to enhance the Group's financial performance. Along with the business acquaintance Mr. Yu, they plan to further invest in the Company's business by acquiring a majority interest pursuant to the Offers. If the Offers become unconditional, the Offeror will become the controlling shareholder of the Company. The Offeror intends to maintain the Group's existing principal activities, and at the same time after completion of the Offers, the Offeror will conduct a review on the existing principal businesses and the financial position of the Group for the purpose of formulating business plans and strategies for the future business development of the Group. In this regard, the Offeror may look into business opportunities and consider whether any fund raising, business restructuring and/or diversification will be appropriate with a view enhancing the long-term growth of the Group. Should such corporate actions materialise, further announcement(s) will be made in accordance with the Listing Rules.

Leveraging Mr. Ng's experience in garment processing and manufacturing, along with the formulation of business plans and strategies following a review of the Group's current business and position, the Offeror aims to create enhanced long-term value for the Shareholders. The Offeror have not identified any investment or business opportunities for the Company nor have the Offeror entered into any related agreement, arrangements, understandings or negotiation and there is no plan on any injection or disposal of any assets or businesses into/of the Group as at the Latest Practicable Date.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Offeror has no intention to introduce major changes to the business of the Group, including any redeployment of fixed assets other than those in its ordinary course of business. Save for the potential change(s) to the composition of the board of the Company, the Offeror has no existing plan or contemplation to terminate the employment of any other employees or other personnel of the Group. However, after the close of the Offers, the Offeror will continuously review the operation of the Group and the Offeror reserves the right to make any changes that the Offeror deems necessary or appropriate to the Group's businesses and operations to optimise the value of the Group and in the interest of the overall Shareholders. As at the Latest Practicable Date, the Offeror has no plan and/or intention to downsize or change the scale of the Group's existing principal business.

Proposed change of composition of the Board

As at the Latest Practicable Date, the Board comprised Mr. Lam Kai Yeung and Mr. Zhang Kaiyuan as executive Directors, Dr. Lam Lee G, Mr. Chan Kin and Mr. Chau Chi Yan Benny as independent non-executive Directors.

As stated in the Composite Document, the Offeror may consider convening a general meeting to appoint new member(s) to the Board if such appointment is considered to be beneficial to the future development of the Group as permitted under the Takeovers Code. Any change to the composition of the board of the Company will be made in compliance with the Takeovers Code and the Listing Rules.

According to the Composite Document and the information under the section headed "3. Information of the Offeror" above in this letter, we note that Mr. Ng has extensive experience in garment industry and has been a substantial shareholder of the Company since December 2017 before the sale of his Shares to the Offeror but Mr. Yu has no experience in the business of the Group. Although Mr. Ng is experienced in garment processing and manufacturing, after considering that (i) the Offeror has yet to provide any business plans and strategies for the future business development of the Group in the Composite Document; (ii) the Offeror will only conduct a review on the existing principal businesses and the financial position of the Group after completion of the Offers to formulate its business plan; and (iii) the Offeror has not determined the change of board composition of the Company as at the Latest Practicable Date, we consider that the potential reform of the Company by the Offeror and to broaden the scope of their investment were unknown and thus the prospects of the Company are uncertain.

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5. Public float and maintaining the listing status of the Company

The Offeror does not intend to exercise or apply any right which may be available to it to acquire compulsorily any Shares outstanding after the close of the Offers.

The Offeror intends to maintain the listing status of the Company after the close of Offers.

According to the Listing Rules, if, at the close of the Offers, less than 25% of the issued Shares (excluding treasury shares) are held by the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, then the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares.

As stated in the Composite Document, the directors of the Offeror and the new directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

6. Principal terms of the Share Offer

According to the Composite Document, the Share Offer Price of HK\$0.08 per Offer Share represents:

- (i) a discount of approximately 13.98% to the closing price of HK\$0.0930 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 20.00% to the closing price of the Shares of HK\$0.1000 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 22.25% to the average of the closing price of the Shares of approximately HK\$0.1029 per Share as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 9.71% to the average of the closing price of the Shares of approximately HK\$0.0886 per Share as quoted on the Stock Exchange for the 60 consecutive trading days up to and including the Last Trading Day;
- (v) a premium of approximately 0.63% over the average of the closing price of the Shares of approximately HK\$0.0795 per Share as quoted on the Stock Exchange over the 90 consecutive trading days up to and including the Last Trading Day;
- (vi) a premium of approximately 10.50% over the average of the closing price of the Shares of approximately HK\$0.0724 per Share as quoted on the Stock Exchange over the 180 consecutive trading days up to and including the Last Trading Day; and

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- (vii) a discount of approximately 28.64% to the audited consolidated net asset value attributable to Shareholders of approximately HK\$0.1121 per Share as at 31 March 2024 (the “NAV per Share”) (calculated based on the audited consolidated net asset value of the Company of approximately HK\$88,091,000 as at 31 March 2024 as extracted from the annual report of the Company for the year ended 31 March 2024 and 785,927,000 Shares (being the number of Shares then in issue)).

Historical Share price performance

In order to assess the fairness and reasonableness of the Share Offer Price, we have reviewed the chart and table that illustrate the historical daily closing price as quoted on the Stock Exchange during (i) the period commencing from 7 August 2023 up to and including the Last Trading Day (the “**Pre-Announcement Period**”), being approximately one year prior to the Last Trading Day; and (ii) the period commencing from 6 August 2024 (i.e. the trading day right after the Last Trading Day) to the Latest Practicable Date (the “**Post-Announcement Period**”) (collectively, the “**Review Period**”). We consider that the Review Period is adequate as it represents a reasonable period to reflect a general overview of the historical price movement of the Shares that covers a full year prior to the Last Trading Day, which includes the release of the interim results for the six months ended 30 September 2023 (“**HY2023/24**”) and the annual results for FY2023/24, and avoids any short-term fluctuation of the Share price, which may distort our analysis. The following chart sets out the daily closing price of the Shares on the Stock Exchange during the Review Period:

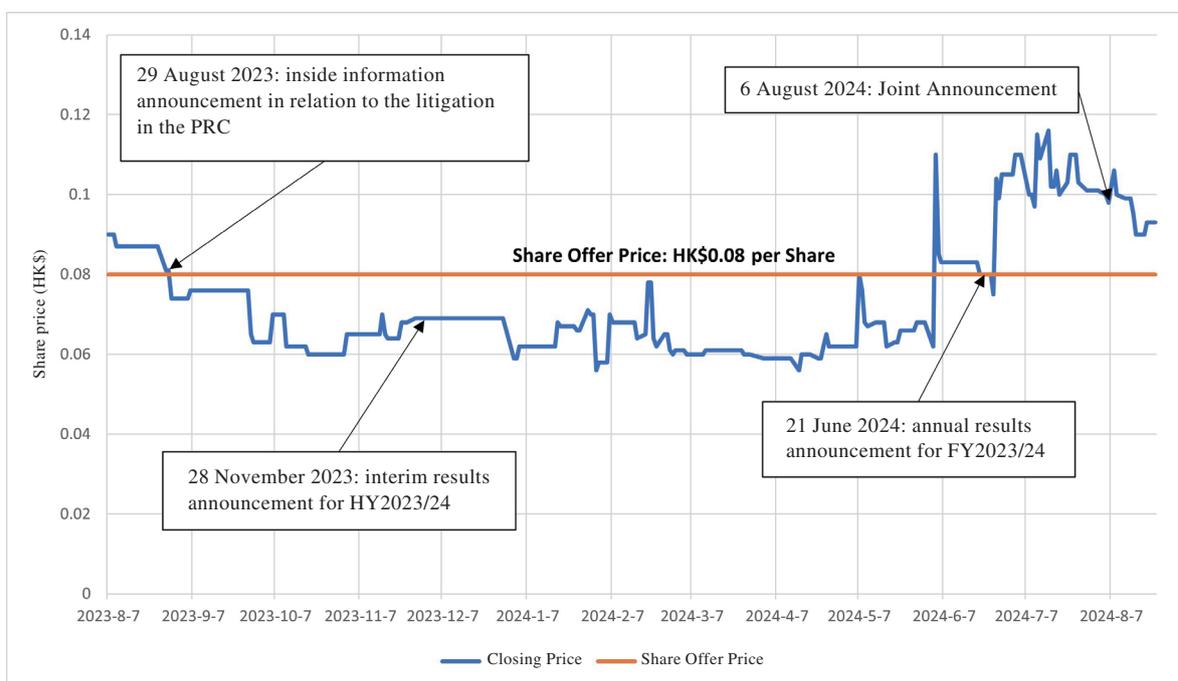


Chart 1: Historical Share price performance of the Company during the Review Period
Source: Website of the Stock Exchange (www.hkex.com.hk)

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As shown in the above chart 1, during the Pre-Announcement Period, the daily closing price of the Shares ranged from the lowest of HK\$0.056 per Share to the highest of HK\$0.116 per Share, with an average closing price of HK\$0.073 per Share. The Share Offer Price of HK\$0.08 per Offer Share is within the range of and above the average of the closing price of Shares during the Pre-Announcement Period. We note that the closing price of the Shares was generally above the Share Offer Price of HK\$0.08 per Offer Share after the annual results announcement for FY2023/24 dated 21 June 2024. As advised by the Directors, they are not aware of any specific reasons for the aforesaid closing price fluctuation of the Shares during the Pre-Announcement Period.

During the Post-Announcement Period, the daily closing price of the Shares ranged from the lowest of HK\$0.090 per Share to the highest of HK\$0.106 per Share, with an average closing price of HK\$0.096 per Share. The Share Offer Price of HK\$0.08 per Offer Share is out of the range of the closing price of the Shares during the Post-Announcement Period. A possible explanation of the closing prices during the Post-Announcement Period was due to the market reaction resulted from the Joint Announcement.

After considering that (i) the Share Offer Price of HK\$0.08 per Offer Share is above the average of the closing price of Shares of HK\$0.074 per Share during the Review Period; (ii) the Share Offer Price represents a premium of approximately 0.63% and 10.50% over the average of the closing price of the Shares of approximately HK\$0.0795 and HK\$0.0724 per Share as quoted on the Stock Exchange over the 90 and 180 consecutive trading days up to and including the Last Trading Day respectively; (iii) the closing price of the Shares were below the Share Offer Price for 189 trading days out of 259 trading days during the Review Period; (iv) the closing price of the Shares were below the NAV per Share for 257 trading days out of 259 trading days during the Review Period and represent an average discount of approximately 34.11% to the NAV per Share while the Share Offer Price represents a discount of approximately 28.64% to the NAV per Share; and (v) there is no guarantee that the Share price will or will not sustain and will or will not be higher than the Share Offer Price during and after the Offer Period even though the Share Offer Price is below the range of the closing price of the Shares during the Post-Announcement Period, we consider that the Share Offer Price is fair and reasonable.

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Trading volume of the Shares

In addition to the historical closing price of the Shares, we have also reviewed the trading volume of the Shares during the Review Period. The table below summarizes the trading volume of the Shares during the Review Period:

Month	Total trading volume of Shares <i>(Shares)</i>	Number of trading days <i>(days)</i>	Approximate average daily trading volume of the Shares <i>(Shares)</i>	Approximate percentage of average daily trading volume to the total number of issued Shares held by public Shareholders <i>(Note)</i>
Pre-Announcement Period				
2023				
7 August to 31 August	120,000	19	6,316	0.001%
September	296,000	19	15,579	0.002%
October	276,000	20	13,800	0.002%
November	164,000	22	7,455	0.001%
December	0	19	0	0.000%
2024				
January	164,000	22	7,455	0.001%
February	2,004,000	19	105,474	0.015%
March	52,000	20	2,600	0.000%
April	608,000	20	30,400	0.004%
May	252,000	21	12,000	0.002%
June	5,688,000	19	299,368	0.044%
July	3,216,000	22	146,182	0.021%
1 August to the Last Trading Day	5,600	3	1,867	0.000%
Post-Announcement Period				
2024				
6 August to the Latest Practicable Date	2,024,000	14	144,571	0.021%

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

Note: The percentage is calculated based on the approximate average daily trading volume of the Shares divided by the total number of issued Shares held by public Shareholders, which represents the total number of issued Shares at the end of each month or period subtracted by the number of issued Shares held by Mr. Ng and the Offeror (where applicable).

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During the Pre-Announcement Period, the average daily trading volume of the Shares ranged between nil and 299,368 Shares, representing 0.000% and approximately 0.044% of the total number of issued Shares held by the public Shareholders at the end of the relevant months respectively.

During the Post-Announcement Period, the average daily trading volume of the Shares was 144,571 Shares, representing approximately 0.021% of the total number of issued Shares held by the public Shareholders at the Latest Practicable Date.

As the average daily trading volume of the Shares during the Review Period represents less than 0.050% to the total number of the Shares held by public Shareholders, the liquidity of the Shares during the Review Period has been, in our view, generally thin. Such low level of liquidity might cause difficulty for the Independent Shareholders to dispose of their Shares in the market. Therefore, we consider that the Share Offer provides an assured exit alternative for the Independent Shareholders, to realise part or all of their investments in the Shares at the Share Offer Price of HK\$0.08 per Offer Share if they wish so.

Comparable analysis

To further evaluate the fairness and reasonableness of the Share Offer Price, we have conducted comparable companies analysis to compare the Share Offer Price against the market valuation of other comparable companies using the commonly adopted comparison benchmarks in the evaluation of a company. For comparison purpose, we have considered the price-to-earnings ratio (the “**P/E Ratio**”) and price-to-book ratio (the “**P/B Ratio**”), which are the most commonly adopted valuation benchmark in the course of valuation of companies. However, given that the Group recorded net loss attributable to owners of the Company for FY2022/23 and FY2023/24 and the Group has returned to light assets business model since 2021 as discussed in the section headed “1. Background and financial information of the Group” above in this letter, the P/E Ratio and the P/B Ratio are not applicable and not appropriate in this case. Therefore, we instead used the price-to-sales ratio (the “**P/S Ratio**”) as alternative benchmark for our market comparable analysis.

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As approximately 96.3% and 98.6% of the revenue of the Group was contributed by the Garment Business for FY2022/23 and for FY2023/24 respectively and the implied market capitalisation of the Company as calculated by multiplying the Share Offer Price by the number of issued Shares as at the Latest Practicable Date is approximately HK\$62.87 million, we have selected comparable companies that (i) are listed on the Stock Exchange, of which the shares are not in prolonged suspension; (ii) the market capitalisation as at the Latest Practicable Date is not more than HK\$100 million; (iii) at least 90% of their respective total revenue contributed from the sales and trading of garment and clothing products in their latest financial year; and (iv) at least 90% of their respective total revenue contributed from the customers in the PRC. However, we could only identified 2 listed companies that have fulfilled the above criteria and consider such sample size is insufficient for our analysis. Therefore, we relaxed the criterion (ii) to market capitalisation of not more than HK\$300 million and we have identified 4 listed companies that have fulfilled the relaxed criteria (the “**Comparable Companies**”). We are of the view that the Comparable Companies have been exhaustively identified and form a fair, reasonable, appropriate and representative sample for the purpose of drawing a meaningful comparison.

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Set out below is the summary of our market comparable analysis:

No.	Stock code	Company name	Principal business	Market capitalisation (HK\$ million) (Note 1)	P/S Ratio (Note 2)	P/B Ratio (Note 3)
1	540	Speedy Global Holdings Limited	apparel supply chain servicing business which offers a wide range of woven wear, cut-and-sewn knitwear and sweater knitwear products to a number of owners or agents of global reputable brands	52.8	0.11	0.76
2	1146	Huicheng International Holdings Limited	design, manufacture, marketing and sale of apparel products and accessories in the PRC with a focus on menswear and property development in the PRC	234.29	1.04	0.21
3	1388	Embry Holdings Limited	manufacture and sale of ladies' brassieres, panties, swimwear, sleepwear and others	120.39	0.09	0.06
4	8456	Mansion International Holdings Limited	sale of baby and children garments	14.81	0.21	2.57
				Maximum	1.04	2.57
				Minimum	0.09	0.06
				Average	0.36	0.90
				Median	0.16	0.48
	1682	the Company	Garment Business and Financial Services Business	62.87 (Note 4)	0.65 (Note 5)	0.71 (Note 5)

Notes:

1. The market capitalisation is calculated based on the closing price and the number of issued shares (excluding treasury shares) of the Comparable Companies as at the Latest Practicable Date.
2. The P/S Ratio is calculated based on the market capitalisation of the Comparable Companies divided by their total revenue in their latest financial year.
3. The P/B Ratio is calculated based on the market capitalisation of the Comparable Companies divided by the equity attributable to the shareholders of the Comparable Companies. As mentioned above, the Group has returned to light assets business model since 2021. Therefore, the P/B Ratio of the Comparable Companies is for reference only and does not form part of our analysis.
4. The implied market capitalisation of the Company is calculated by multiplying the Share Offer Price by the number of issued Shares as at the Latest Practicable Date.
5. The implied P/S Ratio and P/B Ratio of the Company are calculated based on the implied market capitalisation of the Company divided by the revenue of the Group of approximately HK\$96.69 million for FY2023/24 and the equity attributable to the Shareholders of approximately HK\$88.09 million as at 31 March 2024 respectively.
6. As all of the Comparable Companies recorded net loss attributable to the shareholders in their latest financial year, P/E Ratio of the Comparable Companies is not available.

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As shown in the above table, the P/S Ratio of the Comparable Companies ranged from 0.09 to 1.04, with an average of 0.36 and a median of 0.16. As the implied P/S Ratio of the Company is higher than the average and median of the P/S Ratio of the Comparable Companies, we consider the Share Offer Price is fair and reasonable.

7. Principal terms of the Option Offer

As disclosed in the Composite Document, Kingston Securities, for and on behalf of the Offeror and in compliance with the Takeovers Code, is making the Option Offer to the Offer Optionholders at the Share Option Price of HK\$0.01 per Share Option to cancel all outstanding Offer Options in exchange for cash.

Pursuant to Rule 13 of the Takeovers Code, the Offeror is making an appropriate cash offer to the Optionholders to cancel their Share Options. The consideration for the cancellation of each Share Option would normally be the see-through price which represents the excess of the Share Offer Price per Offer Share and the exercise price of each Share Option. As the exercise price of the Share Options is above the Share Offer Price, the “see-through” price is zero and the Option Offer Price will be a nominal value of HK\$0.01 per Share Option.

Given that the “see-through” value of the outstanding Options is zero, we consider that the Option Offer Price of HK\$0.01 per Share Option is fair and reasonable so far as the Optionholders are concerned.

RECOMMENDATION

The Share Offer

Having considered the principal factors and reasons discussed above, in particular, that:

- (i) the Group was making loss for FY2022/23 and FY2023/24;
- (ii) outlook and prospect of the Group remains uncertain;
- (iii) no business plan has been provided by the Offeror for the future business development of the Group;
- (iv) the Offeror has not determined the change of board composition of the Company as at the Latest Practicable Date;
- (v) the Share Offer Price is above the average of the closing price of Shares during the Review Period;
- (vi) the low liquidity of the Shares might cause difficulty for the Independent Shareholders to dispose of their Shares in the market and the Share Offer provides an assured exit alternative for the Independent Shareholders to realise part or all of their investments; and

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- (vii) the implied P/S Ratio of the Company is higher than the average and the median of the P/S Ratio of the Comparable Companies;

we are of the view that the Share Offer (including the Share Offer Price) are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to accept the Share Offer. The Independent Shareholders should read carefully the procedures for acceptance of the Share Offer as detailed in the Composite Document, the appendices to the Composite Document and the Forms of Acceptance, if they wish to accept the Share Offer.

The Option Offer

Given that the “see-through” value of the outstanding Options is zero, we consider that the Option Offer Price of a nominal value of HK\$0.01 per Share Option for the cancellation of each Share Option is fair and reasonable so far as the Optionholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Optionholders to accept the Option Offer.

Nonetheless, we note that the Shares have been trading above the Share Offer Price since the date of the Joint Announcement up to the Latest Practicable Date. The Independent Shareholders should, having regard to their own circumstances, consider selling their Shares in the open market instead of accepting the Share Offer in the event that the net sale proceeds, net of all transaction costs, exceed the amount receivable under the Share Offer. However, the Independent Shareholders who wish to realise their investments in the Company in the open market are reminded to monitor the trading price and liquidity of the Shares during the Offer Period as a result of the relatively inactive trading in the Shares during the Review Period.

We would like to remind the Independent Shareholders that, if they consider retaining their Shares under the Share Offer, they should (i) carefully consider the potential difficulties they may encounter in disposing their investments in the Shares after the close of the Share Offer due to the historical low liquidity of the Shares; and (ii) closely monitor the development of the Group and any announcements of the Company regarding the Offeror’s business plan during and after the Offer Period.

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As different Independent Shareholders or Optionholders would have different investment criteria, objectives, risk preference and tolerance level and/or circumstances, we would recommend any Independent Shareholder or Optionholders who may require advice in relation to any aspect of the Composite Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser before making the decision to, whether or not, accept the Offers or disposing any of their Shares in the open market.

Yours faithfully,

For and on behalf of

INCU CORPORATE FINANCE LIMITED

Gina Leung

Psyche So

Managing Director

Associate Director

Ms. Gina Leung is a licensed person registered with the SFC and a responsible officer of INCU Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. She has over 20 years of experience in the corporate finance industry and has participated in the provision of independent financial advisory services for various transactions involving companies listed in Hong Kong.

Ms. Psyche So is a licensed person registered with the SFC and a responsible officer of INCU Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. She has over seven years of experience in the corporate finance industry and has participated in the provision of independent financial advisory services for various transactions involving companies listed in Hong Kong.

1. PROCEDURES FOR ACCEPTANCE OF THE SHARE OFFER

To accept the Share Offer, you should complete and sign the accompanying WHITE Form of the Share Offer Acceptance in accordance with the instructions printed thereon, which form part of the terms of the Share Offer.

- (i) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Share(s) is/are in your name, and you wish to accept the Share Offer, you must send the duly completed and signed WHITE Form of the Share Offer Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the number of Shares in respect of which you intend to accept the Share Offer, by post or by hand, to the Registrar, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong in an envelope marked “Hang Pin Living Technology Company Limited – Share Offer” to be received by the Registrar no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce, with the consent of the Executive, in accordance with the Takeovers Code.

- (ii) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Share(s) is/are in the name of a nominee company or a name other than your own, and you wish to accept the Share Offer in respect of your Shares (whether in full or in part), you must either:
 - (a) lodge your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Share Offer on your behalf and requesting it to deliver the duly completed WHITE Form of the Share Offer Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

 - (b) arrange for the Shares to be registered in your name by the Company through the Registrar, and send the duly completed White Form of the Share Offer Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

- (c) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Share Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
 - (d) if your Shares have been lodged with your investor participant's account maintained with CCASS, give your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.
- (iii) If the Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Share(s) is/are not readily available and/or is/are lost and you wish to accept the Share Offer in respect of your Share(s), the WHITE Form of the Share Offer Acceptance should nevertheless be completed, signed and delivered to the Registrar together with a letter stating that you have lost one or more of your Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) should be forwarded to the Registrar as soon as possible thereafter. If you have lost your Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title, you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.
- (iv) If you have lodged transfer(s) of any of your Share(s) for registration in your name and have not yet received your Share certificate(s), and you wish to accept the Share Offer in respect of your Share(s), you should nevertheless complete and sign the WHITE Form of the Share Offer Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to Kingston Securities and/or the Offeror or their respective agent(s) to collect from the Registrar on your behalf the relevant Share certificate(s) when issued and to deliver such certificate(s) to the Registrar as if it was/they were delivered to the Registrar together with the WHITE Form of the Share Offer Acceptance.

- (v) Acceptance of the Share Offer will be treated as valid only if the completed and signed WHITE Form of the Share Offer Acceptance is received by the Registrar no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce, with the consent of the Executive, in accordance with the Takeovers Code and the Registrar has recorded that the relevant Forms of Acceptance and the relevant document(s) as required under this paragraph have been so received, and are:
 - (a) accompanied by the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if the Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title is/are not in your name, such other document(s) in order to establish your right to become the registered holder of the relevant Share(s); or
 - (b) from a registered Shareholder or his/her personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to Share(s) which are not taken into account under another subparagraph of this paragraph (v)); or
 - (c) certified by the Registrar or the Stock Exchange.
- (vi) If the WHITE Form of the Share Offer Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (e.g. a grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar must be produced.
- (vii) Seller's ad valorem stamp duty payable by the relevant Independent Shareholders in connection with the acceptance of the Share Offer at the rate of 0.1% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer, whichever is higher, will be deducted from the cash amount payable by the Offeror to such Independent Shareholders on acceptance of the Share Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Independent Shareholders accepting the Share Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptances of the Share Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).
- (viii) No acknowledgement of receipt of any WHITE Form of the Share Offer Acceptance, Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Share(s) will be given.

2. PROCEDURES FOR ACCEPTANCE OF THE OPTION OFFER

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

- (i) The duly completed and signed PINK Form of the Option Offer Acceptance should be forwarded, together with the relevant certificate(s) of the Share Options (and/or satisfactory indemnity or indemnities required in respect thereof) (if applicable) you intend to tender, stating the number of Options in respect of which you intend to accept the Option Offer, by post or by hand, in an envelope marked “Hang Pin Living Technology Company Limited – Option Offer” to the Company as soon as possible and in any event so as to reach the Company by not later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce, with the consent of the Executive, in accordance with the Takeovers Code.
- (ii) If the certificate(s) in respect of your Options (if applicable) is/are not readily available and/ or is/are lost, as the case may be, and you wish to accept the Option Offer, the PINK Form of the Option Offer Acceptance should nevertheless be completed, signed and delivered to the Company together with a letter stating that you have lost one or more of your Option certificate(s) (if applicable) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Company as soon as possible thereafter. If you have lost your Option certificate(s) (if applicable), you should also write to the Company requesting a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Company.
- (iii) No stamp duty will be deducted from the amount paid or payable to Optionholders who accept the Option Offer.
- (iv) No acknowledgment of receipt of any PINK Form(s) of the Option Offer Acceptance and/or certificate(s) of the Share Options (if applicable) will be given.

In making their decision, the Optionholders must rely on their own examination of the Group and the terms of the Option Offer, respectively, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Form(s) of Acceptance, shall not be construed as any legal or business advice on the part of any of the Offeror, Kingston Securities, the Company, Kingston Corporate Finance, the Independent Financial Advisers, or their respective professional advisers. Optionholders should consult their own professional advisers for professional advice.

3. ACCEPTANCE PERIOD AND REVISIONS

- (i) Unless the Offers have previously been revised or extended, with the consent of the Executive, in accordance with the Takeovers Code, the Forms of Acceptance must be received by the Registrar (in respect of the Share Offer) or the Company (in respect of the Option Offer) by 4:00 p.m. on the First Closing Date in accordance with the instructions printed on the relevant Forms of Acceptance, and the Offers will be closed on the First Closing Date.
- (ii) The Offeror and the Company will jointly issue an announcement in accordance with the Takeovers Code through the websites of the Stock Exchange and the Company no later than 7:00 p.m. on the First Closing Date stating whether the Offers have been extended, revised or has expired.
- (iii) In the event that the Offeror decides to extend the Offers, at least fourteen (14) days' notice by way of announcement will be given, before the latest time and date for acceptance of the Offers, to those Independent Shareholders or Optionholders who have not accepted the Offers.
- (iv) If the Offeror revise the terms of the Offers, all Independent Shareholders and Optionholders, whether or not they have already accepted the Offers will be entitled to the revised terms. The revised Offers must be kept open for at least fourteen (14) days following the date on which the revised offer document is posted.
- (v) If the First Closing Date of the Offers is extended, any reference in this Composite Document and in the Forms of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the First Closing Date of the Offers so extended.
- (vi) There is no obligation on the Offeror to extend the Offers if the Conditions are not satisfied by the First Closing Date or any subsequent Closing Date.

4. ANNOUNCEMENT

- (i) As required under Rule 19 of the Takeovers Code, by 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension or expiry of the Offers. The Offeror must publish an announcement in accordance with the requirements of the Takeovers Code by 7:00 p.m. on the Closing Date stating whether the Offers have been extended, revised or has expired.

Such announcement must state the total number of Shares and rights over Shares:

- (a) for which acceptances of the Offers have been received;

- (b) held, controlled or directed by the Offeror or parties acting in concert with it before the Offer Period; and
- (c) acquired or agreed to be acquired by the Offeror or parties acting in concert with it during the Offer Period.

The announcement must also include details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or parties acting in concert with it has borrowed or lent, save for any borrowed securities which have been either on-lent or sold and the percentages of the relevant classes of share capital of the Company and the percentages of voting rights of the Company represented by these numbers.

- (ii) In computing the total number of Shares represented by acceptances, only valid acceptances in complete and good order and which have been received by the Registrar (in respect of the Share Offer) or the Company (in respect of the Option Offer) no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Offers, shall be included.
- (iii) As required by the Takeovers Code and the Listing Rules, all announcements in relation to the Offers which the Executive and the Stock Exchange have confirmed that they have no further comments thereon must be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (<http://www.hk01682.com/>).

5. NOMINEE REGISTRATION

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

6. RIGHT OF WITHDRAWAL

- (i) Acceptance of the Offers tendered by the Independent Shareholders and the Optionholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in subparagraph (ii) and (iii) below.
- (ii) in compliance with Rule 17 of the Takeovers Code, which provides that an acceptor of the Offer shall be entitled to withdraw his/her/its acceptance after 21 days from the First Closing Date if the Offers have not by then become unconditional as to acceptances. The Independent Shareholders and the Optionholders may withdraw his/her/its acceptance by lodging a notice in writing signed by the Independent Shareholders or the Optionholders (or his/her/its agent duly appointed in writing and evidence of whose appointment is produced together with the notice) to the Registrar.

- (iii) If the Offeror is unable to comply with the requirements set out in the paragraph headed “4. ANNOUNCEMENT” in this Appendix, the Executive may require pursuant to Rule 19.2 of the Takeovers Code that the Independent Shareholders and the Optionholders who have tendered acceptances of the Offers, be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements of Rule 19 of the Takeovers Code are met.

In such case, when the Independent Shareholders and/or Optionholders withdraw their acceptances, the Offeror shall, as soon as possible but in any event no later than seven (7) Business Days after receipt of the notice of withdrawal, return by ordinary post the Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the Offer Shares and/or Share Options (as the case may be) lodged with the Form(s) of Acceptance to the relevant Independent Shareholders and Optionholders (as the case may be) at their own risk.

7. SETTLEMENT OF THE OFFERS

Share Offer

Provided that the accompanying WHITE Form of the Share Offer Acceptance, together with the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Offer Shares are valid, complete and in good order and have been received by the Registrar no later than 4:00 p.m. on the Closing Date, a cheque for the amount due to each of the accepting Independent Shareholders in respect of the Offer Shares tendered under the Share Offer (less seller’s ad valorem stamp duty payable by him/her/it) will be despatched to such Independent Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event no later than seven (7) Business Days after the later of (i) the date on which the Share Offer becomes, or is declared unconditional; and (ii) the date of receipt by the Registrar of a complete and valid acceptance in respect of the Share Offer, pursuant to Rule 20.1 and Note 1 to Rule 30.2 of the Takeovers Code.

Settlement of the consideration to which any accepting Independent Shareholder is entitled under the Share Offer will be paid by the Offeror in full in accordance with the terms of the Share Offer (save in respect of the payment of seller’s ad valorem stamp duty) set out in this Composite Document (including this Appendix) and the accompanying WHITE Form of the Share Offer Acceptance, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Independent Shareholder.

Option Offer

Provided that the accompanying PINK Form of the Option Offer Acceptance, together with the relevant certificate(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Options are valid, complete and in good order and have been received by the Company no later than 4:00 p.m. on the Closing Date, a cheque for the amount due to each of the accepting Optionholders in respect of the Options tendered under the Option Offer will be despatched to such Optionholder by ordinary post at his/her/its own risk as soon as possible but in any event no later than seven (7) Business Days after the later of (i) the date on which the Option Offer becomes, or is declared unconditional; and (ii) the date of receipt by the Company of a complete and valid acceptance in respect of the Option Offer, pursuant to Rule 20.1 and Note 1 to Rule 30.2 of the Takeovers Code.

Settlement of the consideration to which any accepting Optionholder is entitled under the Option Offer will be paid by the Offeror in full in accordance with the terms of the Option Offer set out in this Composite Document (including this Appendix) and the accompanying PINK Form of the Option Offer Acceptance, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting Optionholder.

8. OVERSEAS SHAREHOLDERS AND OPTIONHOLDERS

The availability of the Offers to any Overseas Shareholders and Optionholders may be affected by the applicable laws and regulations of their relevant jurisdictions of residence. Overseas Shareholders and Optionholders should fully observe any applicable legal and regulatory requirements and, where necessary, consult their own professional advisers. It is the sole responsibilities of the Overseas Shareholders and the Optionholders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offers (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders and Optionholders in respect of such jurisdictions).

Acceptance of the Offers by any Overseas Shareholder and Optionholder will be deemed to constitute a representation and warranty from such Overseas Shareholder and Optionholder to the Offeror that all local laws and requirements have been complied with. The Overseas Shareholders and the Optionholders should consult their professional advisers if in doubt.

9. HONG KONG STAMP DUTY

Sellers' Hong Kong ad valorem stamp duty on acceptances of the Share Offer at a rate of 0.1% of the consideration payable in respect of the relevant acceptances or, if higher, the market value of the Shares subject to such acceptance, will be deducted from the amounts payable to the Independent Shareholders who accept the Share Offer. The Offeror will arrange for payment of sellers' ad valorem stamp duty on behalf of the Independent Shareholders who accept the Share Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Share Offer and the transfers of the relevant Offer Shares in accordance with the Stamp Duty Ordinance (Cap. 117 of the Laws of Hong Kong).

No stamp duty will be payable in connection with the acceptance of the Option Offer.

10. GENERAL

- (i) All communications, notices, Forms of Acceptance, certificates, transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offers to be delivered by or sent to or from the Independent Shareholders and the Optionholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Offeror or the parties acting in concert with it, Kingston Securities, the Company, Kingston Corporate Finance, the Independent Financial Advisers and their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offers accepts any liability for any loss or delay in postage or any other liabilities whatsoever which may arise as a result thereof.
- (ii) Acceptance of the Share Offer by any Independent Shareholder will constitute a warranty by such person to the Offeror and Kingston Securities that all Offer Shares to be sold by such person under the Share Offer are fully paid and free from all encumbrances whatsoever together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date of this Composite Document.
- (iii) Acceptance of the Share Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror and Kingston Securities that the number of Offer Shares in respect of which it has indicated in the WHITE Form of the Share Offer Acceptance is the aggregate number of Shares held by such nominee for such beneficial owners who accept the Share Offer.
- (iv) Acceptance of the Option Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror and Kingston Securities that the number of Options in respect of which it has indicated in the PINK Form of the Option Offer Acceptance is the aggregate number of Options held by such nominee for such beneficial owners who accept the Option Offer.
- (v) Acceptance of the Offers by any person will be deemed to constitute a warranty by such person that such person is permitted under all applicable laws and regulations to receive and accept the Offers, and any revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws and regulations. Any such person will be responsible for any such issue, transfer and other applicable taxes or other governmental payments by such persons.
- (vi) All acceptances, instructions, authorities and undertakings given by the Independent Shareholders and the Optionholders in the Forms of Acceptance shall be irrevocable, except as permitted under the Takeovers Code.
- (vii) The provisions set out in the accompanying Forms of Acceptance form part of the terms of the Offers.

- (viii) The accidental omission to despatch this Composite Document and/or the accompanying Forms of Acceptance or either of them to any person to whom the Offers are made shall not invalidate the Offers in any way.
- (ix) The Offers are, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.
- (x) Due execution of the Forms of Acceptance will constitute an irrevocable authority to the Offeror and/or Kingston Securities and/or such person or persons as any of them may direct to complete, amend and execute any document on behalf of the person accepting the Offers, and to do any other act that may be necessary or expedient for the purpose of vesting in the Offeror, or such person or persons as it may direct, the Offer Shares and Share Options in respect of which such person has accepted the Offers.
- (xi) The Offers are made in accordance with the Takeovers Code.
- (xii) In making their decision, the Independent Shareholders and Optionholders must rely on their own examination of the Offeror, the Group and the terms of the Offers, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the accompanying Forms of Acceptance shall not be construed as any legal or business advice on the part of the Offeror and the parties acting in concert with it, Kingston Securities, the Company, Kingston Corporate Finance, the Independent Financial Advisers or their respective professional advisers. The Independent Shareholders and the Optionholders should consult their own professional advisers for professional advice.
- (xiii) This Composite Document has been prepared for the purposes of compliance with the legislative and regulatory requirements applicable in respect of the Offers in Hong Kong and the operating rules of the Stock Exchange.
- (xiv) References to the Offers in this Composite Document and the Forms of Acceptance shall include any extension and/or revision thereof.
- (xv) The English text of this Composite Document and of the accompanying Forms of Acceptance shall prevail over the Chinese text.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the Offeror and the parties acting in concert with it hold 103,950,000 Shares, representing 13.23% of the issued share capital of the Company. Save for the aforesaid, the Offeror and the parties acting in concert with it do not hold, own, control or have direction over any Shares or voting rights of the Company or any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code).

3. ADDITIONAL DISCLOSURE OF INTERESTS AND DEALINGS

The Offeror and the parties acting in concert with it confirm that, as at the Latest Practicable Date:

- (i) save for 103,950,000 Shares held by the Offeror (representing approximately 13.23% of the issued share capital of the Company), the Offeror nor any parties acting in concert with it owned or had control or direction over any voting rights, or rights over the Shares or convertible securities, warrants, options or any derivatives in respect of such securities;
- (ii) there are no outstanding derivatives in respect of the securities in Company entered into by the Offeror or any parties acting in concert with it;
- (iii) there are no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company which the Offeror (or any parties acting in concert with it) have borrowed or lent.
- (iv) there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Shares and which might be material to the Offers;
- (v) save as disclosed in the paragraph headed “Conditions of the Offers” under the section headed “The Offers” in the Letter from Kingston Securities, there is no agreement or arrangement to which the Offeror or any party acting in concert with it is a party which relates to circumstances in which it may or may not invoke or seek to invoke a condition to the Offers;

- (vi) neither the Offeror nor any parties acting in concert with it has received any irrevocable commitment to accept or reject the Offers;
- (vii) there was no agreement, arrangement or understanding which may result in the securities of the Company to be acquired in pursuance of the Offers being transferred, charged or pledged to any other persons;
- (viii) Save for the purchase of Mr. Ng's Shares by the Offeror at HK\$0.08 per Share, neither the Offeror nor any parties acting in concert with it had dealt in any Shares, options, derivatives, warrants or other securities convertible into Shares during the Relevant Period;
- (ix) there is no arrangement, understanding or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between any Shareholder(s) and the Offeror and any parties acting in concert with it;
- (x) no benefit (other than statutory compensation required under the applicable laws) had been or would be given to any Directors as compensation for loss of office or otherwise in connection with the Offers;
- (xi) there was no agreement, arrangement or understanding (including any compensation arrangement) existing between the Offeror and parties acting in concert with it and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Offers;
- (xii) save for the consideration (i.e., HK\$0.08 per Share) paid by the Offeror to Mr. Ng for the purchase of Mr. Ng's Shares, there is no other consideration, compensation or benefits in whatever form paid or to be paid by the Offeror or any parties acting in concert with it to Mr. Ng, or any party acting in concert with him in connection with the sale and purchase of Mr. Ng's shares;

4. QUALIFICATION AND CONSENT OF EXPERTS

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

Name	Qualification
Kingston Corporate Finance	a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO
Kingston Securities	a corporation licensed to carry out type 1 (dealing in securities) regulated activity under the SFO

As at the Latest Practicable Date, each of the experts mentioned above had given and had not withdrawn its written consent to the issue of this Composite Document with the inclusion of its letter, advice and/or references to its name in the form and context in which they are respectively included.

5. MARKET PRICES

The table below shows the closing prices of the Shares as quoted on the Stock Exchange on (a) the last day on which trading took place in each of the calendar months during the Relevant Period; (b) the Last Trading Day; and (c) the Latest Practicable Date.

Date	Closing price per Share (HK\$)
29 February 2024	0.060
31 March 2024	0.060
30 April 2024	0.062
31 May 2024	0.068
30 June 2024	0.105
31 July 2024	0.101
Last Trading Day	0.100
Latest Practicable Date	0.093

During the Relevant Period:

- (i) the highest closing price of the Shares quoted on the Stock Exchange was HK\$0.1160 per Share on 15 July 2024; and
- (ii) the lowest closing price of the Shares quoted on the Stock Exchange was HK\$0.0560 per Share on 15 April 2024.

6. MISCELLANEOUS

As at the Latest Practicable Date:

- (i) the Offeror is incorporated in British Virgin Islands with limited liability and its registered address is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands and the correspondence address is situated at Room 3310, 33/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong. The Offeror is owned as to 50% by Mr. Ng and as to 50% by Mr. Yu. The principal activities of the Offeror is an investment holding and the directors of the Offeror are Mr. Ng and Mr. Yu;
- (ii) the correspondence address of Mr. Ng is Room 3310, 33/F., West Tower Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong;
- (iii) the correspondence address of Mr. Yu is Room 3310, 33/F., West Tower Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong;
- (iv) Kingston Securities is the offer facility provider to the Offeror and agent making the Offers on behalf of the Offeror, and its registered office is situated at 72/F, The Center, 99 Queen's Road Central, Central, Hong Kong;
- (v) Kingston Corporate Finance is the financial adviser to the Offeror and its registered office is situated at 72/F, The Center, 99 Queen's Road Central, Central, Hong Kong;
- (vi) the English text of this Composite Document and the accompanying Forms of Acceptance shall prevail over the Chinese text in case of inconsistency.

7. DOCUMENTS ON DISPLAY

Copies of the following documents are published on (i) the website of the SFC (<http://www.sfc.hk>); and (ii) the website of the Company (<http://www.hk01682.com/>), from the date of this Composite Document up to and including the Closing Date:

- (i) the memorandum and articles of association of the Offeror;
- (ii) the letter from Kingston Securities, the text of which is set out in this Composite Document; and
- (iii) the written consents as referred to in the section headed "4. Qualification and Consent of Experts" in this appendix.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

Set out below is a summary of the financial information of the Group for each of the three financial years ended 31 March 2024, as extracted from the audited consolidated financial statements of the Group set forth in the annual reports of the Company for the three financial years ended 31 March 2024.

	For the financial year ended		
	31 March		
	2022	2023	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)	(audited)
Revenue	122,339	123,210	96,691
Gross profit	6,128	5,522	2,309
Income tax (expense)/credit	–	–	3,000
Loss before taxation	(12,673)	(5,509)	(6,655)
Loss attributable to owners of the Company	(12,673)	(5,509)	(3,655)
Other comprehensive expenses			
– Exchange difference arising on translation of foreign operations	395	(765)	(423)
Total comprehensive expense attributable to owners of the Company	(12,278)	(6,274)	(4,078)
	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
Loss per share			
– Basic and diluted	(1.61)	(0.70)	(0.47)
Dividends distributed to owners of the Company	–	–	–

The Company did not record any non-controlling interests for each of the three years ended 31 March 2022, 2023 and 2024, all loss of the Group for each of the three years ended 31 March 2022, 2023 and 2024 was attributable to owners of the Company.

The auditors of the Company for the years ended 31 March 2022, 2023 and 2024 were Elite Partners CPA Limited.

The auditor's reports issued by the auditor of the Company, Elite Partners CPA Limited in respect of the audited consolidated financial statements of the Group for each of the three years ended 31 March 2022, 2023 and 2024 did not contain any modified opinion, emphasis of matter or material uncertainty related to going concern.

There was no change in the Group's accounting policy during each of the years ended 31 March 2022, 2023 and 2024 which would result in the figures in its consolidated financial statements being not comparable to a material extent.

Save as disclosed above, there were no items of any income or expense which are material in respect of the consolidated financial results of the Group for each of the aforesaid periods.

2. CONSOLIDATED FINANCIAL STATEMENTS

The Company is required to set out or refer to in this Composite Document the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in the consolidated financial statements of the Group for the year ended 31 March 2022 (the "2022 Financial Statements"), 31 March 2023 (the "2023 Financial Statements"), 31 March 2024 (the "2024 Financial Statements"), together with the notes to the relevant published accounts which are of major relevance to the appreciation of the above financial information.

The 2022 Financial Statements are set out from page 45 to page 106 in the annual report of the Company for the year ended 31 March 2022 (the "Annual Report 2022"), which was published on 14 July 2022. The Annual Report 2022 is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.hk01682.com/>), and is accessible via the following hyperlinks:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0714/2022071401176.pdf>

The 2023 Financial Statements are set out from page 49 to page 108 in the annual report of the Company for the year ended 31 March 2023 (the "Annual Report 2023"), which was published on 27 July 2023. The Annual Report 2023 is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.hk01682.com/>), and is accessible via the following hyperlinks:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0727/2023072700717.pdf>

The 2024 Financial Statements are set out from page 49 to page 102 in the annual report of the Company for the year ended 31 March 2024 (the "Annual Report 2024"), which was published on 24 July 2024. The Annual Report 2024 is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.hk01682.com/>), and is accessible via the following hyperlinks:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0724/2024072400658.pdf>

3. INDEBTEDNESS

As at the close of business on 31 July 2024, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, apart from intra-group liabilities, the Group did not have any outstanding debt securities, bank overdrafts and liabilities under acceptance or other similar indebtedness, debentures, mortgages, charges, loans, or acceptance credits or purchase commitments, guarantee or other material contingent liabilities as at 31 July 2024.

4. MATERIAL CHANGE

Save as disclosed below, the Directors confirm that, there had been no material change in the financial or trading position or outlook of the Group since 31 March 2024, being the date to which the latest published audited financial statements of the Company were made up, up to and including the Latest Practicable Date:

- (i) as stated in the annual report of the Company for the year ended 31 March 2024, the trade receivables were approximately HK\$13.65 million as at 31 March 2024. According to the latest unaudited management accounts of the Group for the three months ended 30 June 2024, the trade receivables increased by HK\$10.99 million or 80.5% to approximately HK\$24.64 million as at 30 June 2024. The trade receivables represent the sales of goods with the credit terms ranging from 30 to 150 days normally granted to the customers; and
- (ii) as stated in the announcement of the Company dated 13 June 2024 and 5 July 2024, on 5 July 2024, the Company received a notice of appeal stating that the plaintiff had made an appeal against the Judgement handed down by the High Court on 13 June 2024. According to the Judgement, the High Court ruled that the Order in relation to the Registration is to be set aside. For details, please refer to the disclosure under the paragraph headed “6. Litigation” in the Appendix IV to the Composite Document.

1. RESPONSIBILITY STATEMENT

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

2. SHARE CAPITAL OF THE COMPANY

Authorised and issued share capital

Since the year ended 31 March 2024 (being the end of the last financial year of the Company), and as at the Latest Practicable Date, the authorised and issued share capital of the Company were as follows:

<i>Authorised:</i>	<i>HK\$</i>
10,000,000,000 Shares of HK\$0.01 each	<u>100,000,000</u>
<i>Issued and fully paid:</i>	
785,927,000 Shares of HK\$0.01 each	<u>7,859,270</u>

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

As at the Latest Practicable Date, save for 20,768,000 outstanding Options, the Company did not have any outstanding options, warrants, derivatives or securities carrying conversion or subscription rights that would affect the issued share capital of the Company.

3. DISCLOSURE OF INTERESTS

Directors' and chief executives' interests in the securities of the Company and its associated companies

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executive of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code; or (iv) which were required to be disclosed under the Takeovers Code were as follows:

Name of director	Capacity	Number of shares	Approximate percentage of shareholding (Note 2)
Mr. Lam Kai Yeung	Beneficial owner	5,192,000 (Note 1)	0.66%

Notes:

1. It represents 5,192,000 Share Options granted on 16 January 2018 pursuant to the Share Option Scheme and are exercisable at the price of HK\$0.854 per share, and with a ten-year validity period from 16 January 2018.
2. The percentage has been calculated based on 785,927,000 Shares in issue as at the Latest Practicable Date.

Save as disclosed above as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had any interest or short position in the Shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions in which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; (iii) which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange; or (iv) which were required to be disclosed under the Takeovers Code.

Substantial Shareholders' and other persons' interests and short positions in shares and underlying shares

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of the SFO and so far as is known to, or can be ascertained after reasonable enquiry by the Directors, the following persons (other than Directors and the chief executive of the Company) had interests or short positions in the Shares and/or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholder	Capacity	Number of shares held	Approximate percentage of shareholding (Note 3)
Brilliant Sunshine International Limited (<i>Note 1</i>)	Beneficial owner	103,950,000	13.23%
Mr. Ng Tsze Lun	Beneficial owner	50,173,000	6.38%
Ms. Yau Yuk Chun Carole	Interest of spouse	50,173,000 (<i>Note 2</i>)	6.38%

Notes:

1. Brilliant Sunshine International Limited, the Offeror, is held as to 50% by Mr. Ng Leung Ho and as to 50% by Mr. Yu Xueming. Therefore, under the SFO, Mr. Ng Leung Ho and Mr. Yu Xueming are deemed to be interested in all the Shares held by the Offeror.
2. Ms. Yau Yuk Chun Carole is the wife of Mr. Ng Tsze Lun. Under the SFO, Ms. Yau Yuk Chun Carole is deemed to be interested in the same number of shares in which Mr. Ng Tsze Lun is interested.
3. The percentage has been calculated based on 785,927,000 Shares in issue as at 31 March 2024.

Save as disclosed above, as at the Latest Practicable Date, there was no other person who was recorded in the register of the Company as having interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all the circumstances at general meetings of members of the Group other than the Company, or which were required, pursuant to section 336 of the SFO, to be entered in the register referred to therein.

Share Option Scheme

As at the Latest Practicable Date, there were 20,768,000 outstanding Share Options. The following is the list of the outstanding Share Options:

Name of grantee	Date of grant	Exercise price HK\$/Share	Exercise period	Vesting period	Number of underlying Shares
Mr. Lam Kai Yeung (<i>Note 1</i>)	16/01/2018	0.854	16/01/2018– 15/01/2028	16/01/2018– 15/01/2028	5,192,000
Other participants in aggregate	16/01/2018	0.854	16/01/2018– 15/01/2028	16/01/2018– 15/01/2028	15,576,000

Note 1: Mr. Lam Kai Yeung was the Director as at the Latest Practicable Date.

4. ADDITIONAL DISCLOSURE OF INTERESTS AND DEALINGS

Save for the purchase of Mr. Ng's Shares by the Offeror on 6 August 2024, none of the Offeror nor the parties acting in concert with it have dealt for value in Shares, convertible securities, warrants or options in the Company or any derivatives in respect of such securities during the Relevant Period.

As at the Latest Practicable Date,

- (i) none of the Directors have dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares during the Relevant Period;
- (ii) Save for Mr. Lam Kai Yeung, the Director, holding 5,192,000 Share Options that entitles him to subscribe for 5,192,000 Shares at the exercise price of HK\$0.854, none of the Directors have any interest in the Shares, derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into the Shares;
- (iii) none of the subsidiaries of the Company, pension fund of the Company or its subsidiaries, or the 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, owned or controlled any Shares or any other convertible securities, warrants, options or derivatives in respect of Shares and none of them had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company during the Relevant Period;

- (iv) there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code between any person and 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, and no such person had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) during the Relevant Period;
- (v) no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company were managed on a discretionary basis by fund managers connected with the Company;
- (vi) no fund manager (other than exempt fund managers) connected with the Company, who manages funds on a discretionary basis, had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares during the Relevant Period;
- (vii) none of the Company or any Directors had borrowed or lent any Shares or any other convertible securities, warrants, options or derivatives in respect of the Shares as at the Latest Practicable Date and during the Relevant Period; and
- (viii) there was no understanding, arrangement, agreement or special deal between any Shareholder on one hand and the Company, its subsidiaries or associated companies on the other hand, save as disclosed below:

On 1 August 2020, the Company and High Profit Group Holdings Limited (“High Profit”), a company ultimately controlled by Mr. Ng, entered into a tenancy agreement (“Tenancy Agreement”) for a leasing period of one year at an aggregate rent of HK\$960,000 commencing from 1 August 2020. The Tenancy Agreement has been renewed on 1 August 2022, 1 August 2023 and 1 August 2024 for a leasing period of one year at an aggregate rent of HK\$960,000 commencing from 1 August 2022, 1 August 2023 and 1 August 2024.

Mr. Lam Kai Yeung, the Director, has indicated his intention to accept the Option Offer in respect of 5,192,000 Share Options held by him (representing, upon full exercise, approximately 0.66% of the total issued Shares as at the Latest Practicable Date).

5. DISCLOSURE OF INTERESTS IN SHARES OF THE OFFEROR

- (i) As at the Latest Practicable Date, the Company has no shareholding in the Offeror or any warrants, options, convertible securities or derivatives in respect of any shares of the Offeror.
- (ii) As at the Latest Practicable Date, none of the Directors is interested within the meaning of Part XV of the SFO in any shares of the Offeror or any warrants, options, convertible securities or derivatives in respect of any shares of the Offeror.
- (iii) Neither the Company nor any of its Directors has dealt for value in any shares of the Offeror or any warrants, options, convertible securities or derivatives in respect of any shares of the Offeror during the Relevant Period.

6. LITIGATION

On 7 January 2020, the Company received two separate first-instance trial judgments dated 26 December 2019, from the Intermediate People's Court of Huzhou of Zhejiang Province (the "First Instance Judgments"). The First Instance Judgments were in relation to two loans taken by two individuals as the borrowers (the "Borrowers"), a financial institution as the lender (the "Lender") dated 25 May 2017 and 5 June 2017 with the principal of RMB12,000,000 and RMB38,000,000 respectively, and were both guaranteed by several parties, including but not limited to the Company and Mr. Gao Zhiyin ("Mr. Gao"), a former executive director and chairman of the board of the Company. The guarantees were entered into by Mr. Gao without the proper authorisation of the Company. Pursuant to the First Instance Judgments, it is ruled that, among others, (i) the Borrowers shall repay principal loan amount of the loans in the sum of RMB12,000,000 and RMB38,000,000 respectively, together with interests; and (ii) despite it is ruled that the guarantees involving the Company were invalid, the Company shall be liable for 50% of the liabilities under that the Borrowers fail to repay to the Lender and the Company is entitled to compensation from the Borrowers.

The Company and the Lender had made appeals to the First Instance Judgments. On 2 September 2020, the Company received two separate second instance trial judgments in respect of the appeals against First Instance Judgments (the "Appeal Judgments") dated 24 August 2020 from the Higher People's Court of Zhejiang Province. Pursuant to the Appeal Judgments, the relevant appeals are dismissed, the rulings under the relevant First Instance Judgments shall stay and the Appeal Judgments shall be the final judgments for the respective cases.

On 23 April 2021, the Company received two separate judgments for the Retrial Petitions from the Supreme People's Court of the People's Republic of China (the "Judgments for Retrial Petitions"). Pursuant to the Judgments for Retrial Petitions, the court's review process had been completed, and the Retrial Petitions were dismissed.

On 25 August 2023, the Company received an order (the "Order") in relation to an application to the Court of First Instance of the High Court (the "High Court") of the Hong Kong Special Administrative Region to register the PRC Judgement under the Mainland Judgement (Reciprocal Enforcement) Ordinance (Chapter 597 of the Laws of Hong Kong) (the "MJREO") under High Court Miscellaneous Proceedings Action No. 647 of 2022, whereby it was ordered (a) the PRC Judgment be entered into as a judgment in the High Court under the MJREO for the payment of total sum of approximately RMB48.4 million (equivalent to approximately HK\$52.6 million) by the Company (the "Registration"); and (b) the Company be at liberty to apply to set aside the Registration within 30 days from the date of service of the notice of Registration and execution upon the said judgments will not be issued until after the expiration of that period or any extension of that period granted by the court; or if an application be made to set aside the Registration until such application has been disposed of.

On 22 September 2023 the Company applied to set aside the Registration.

On 13 June 2024, the Company received a judgment handed down by the High Court (the "Judgment"). According to the Judgment, the High Court ruled that the Order in relation to the Registration is to be set aside.

On 5 July 2024, the Company received a notice of appeal stating that the plaintiff had made an appeal against the Judgment.

As at the Latest Practicable Date, save for the above, none of the members of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was pending or threatened against any members of the Group.

7. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) had been entered into by members of the Group within the two years preceding the commencement of the Offer Period and up to and including the Latest Practicable Date and were or might be material:

- (i) a supplemental agreement dated 6 October 2022 entered into between Golden Maximum Finance Limited (a wholly-owned subsidiary of the Company, as lender) and Mr. Wong Lik Ping (as borrower) to extend the availability period of the loan facility of HK\$20,000,000 at an interest rate of 10% per annum from 12 months to 36 months commencing on 6 October 2020, other terms remain unchanged.

8. QUALIFICATION AND CONSENT OF EXPERTS

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

Name	Qualification
INCU Corporate Finance Limited	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

As at the Latest Practicable Date, the above expert had given and had not withdrawn its written consent to the issue of this Composite Document with the inclusion of its letter, advice and/or references to its name in the form and context in which it is included.

9. DIRECTORS' SERVICE AGREEMENTS

As at the Latest Practicable Date, save as disclosed below, (i) none of the Directors had any service contracts with the Company or any of its subsidiaries or associated companies in force which (a) (including both continuous and fixed term contracts) have been entered into or amended with during the Relevant Period; (b) were continuous contracts with a notice period of 12 months or more; or (c) were fixed term contracts with more than 12 months to run irrespective of the notice period; and (ii) none of the Directors had any existing or proposed service contract with any member of the Group or any associated companies of the Company which does not expire or is not determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

Mr. Lam Kai Yeung has been appointed as the executive Director with effect from 30 June 2017 and entered into a service contract with the Company with an annual director's fee of HK\$1,300,000 for a term of three years commencing on 30 June 2017 subject to retirement by rotation and re-election in accordance with the bye-laws of the Company. He has been re-elected on 29 September 2017, 28 September 2018, 30 September 2021, 16 September 2022, and 15 September 2023. The service contract continues to be effective unless otherwise agreed by both parties or otherwise recommended by the remuneration committee of the Company. The service contract can be terminated by either party by giving three month's notice in writing.

As at the Latest Practicable Date, the annual director's fee of Mr. Lam Kai Yeung was HK\$1,690,000.

Mr. Zhang Kaiyuan has been appointed as the executive Director with effect from 30 May 2024 and entered into a service contract with the Company with an annual director's fee of HK\$360,000 for a term of three years commencing on 30 May 2024 subject to retirement by rotation and re-election in accordance with the bye-laws of the Company. If he is re-appointed, the service contract will continue to be effective unless otherwise agreed by both parties or otherwise recommended by the remuneration committee of the Company. The service contract can be terminated by either party by giving three month's notice in writing.

Dr. Lam Lee G. has been appointed as the independent non-executive Director with effect from 29 September 2017 and signed a letter of appointment with the Company with an annual director's fee of HK\$120,000 for a term of three years commencing on 29 September 2017 subject to retirement by rotation and re-election in accordance with the bye-laws of the Company. He has been re-elected on 13 November 2017, 31 July 2020, 30 September 2021, 16 September 2022, and 15 September 2023, the service contract continues to be effective unless otherwise agreed by both parties or otherwise recommended by the remuneration committee of the Company. The service contract can be terminated by either party by giving one month's notice in writing.

As at the Latest Practicable Date, the annual director's fee of Dr. Lam Lee G. was HK\$120,000.

Mr. Chan Kin has been appointed as the independent non-executive Director with effect from 25 February 2019 and signed a letter of appointment with the Company with an annual director's fee of HK\$120,000 for a term of three years commencing on 25 February 2019 subject to retirement by rotation and re-election in accordance with the bye-laws of the Company. He has been re-elected on 30 September 2019, 30 September 2021, 16 September 2022, and 15 September 2023. The service contract continues to be effective unless otherwise agreed by both parties or otherwise recommended by the remuneration committee of the Company. The service contract can be terminated by either party by giving one month's notice in writing.

As at the Latest Practicable Date, the annual director's fee of Mr. Chan Kin was HK\$120,000.

Mr. Chau Chi Yan Benny has been appointed as the independent non-executive Director with effect from 16 April 2021 and signed a letter of appointment with the Company with an annual director's fee of HK\$144,000 for a term of three years commencing on 16 April 2021 subject to retirement by rotation and re-election in accordance with the bye-laws of the Company. He has been re-elected on 30 September 2021, 16 September 2022, and 15 September 2023. The service contract continues to be effective unless otherwise agreed by both parties or otherwise recommended by the remuneration committee of the Company. The service contract can be terminated by either party by giving one month's notice in writing.

As at the Latest Practicable Date, the annual director's fee of Mr. Chau Chi Yan Benny was HK\$120,000.

Save for the normal remuneration, the above Directors may receive bonus, share options or other share-based incentives, subject to the sole discretion of the Board and dependent on certain factors, including but not limited to, the operating results and requirements of the Group.

10. MISCELLANEOUS

As at the Latest Practicable Date,

- (i) no arrangement was in place for any benefit (other than statutory compensation) to be given to any Directors as compensation for loss of office or otherwise in connection with the Offers;
- (ii) there was no agreement or arrangement between any Directors and any other person which was conditional on or dependent upon the outcome of the Offers or is otherwise connected with the Offers;
- (iii) there was no material contract entered into by the Offeror and parties acting in concert with it in which any Director has a material personal interest;
- (iv) The registered address of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda;
- (v) The principal place of business of the Company in Hong Kong is at Room 2101, 21/F., China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong;
- (vi) The Company's branch share registrar in Hong Kong is Tricor Secretaries Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong;
- (vii) INCU Corporate Finance Limited, is the Independent Financial Adviser and its registered office is situated at Unit 1402, 14/F, Winsome House, 73 Wyndham Street, Central, Hong Kong; and
- (viii) the English text of this Composite Document and the accompanying Forms of Acceptance shall prevail over the Chinese text in case of inconsistency.

11. DOCUMENTS ON DISPLAY

Copies of the following documents are published on (i) the website of the SFC (<http://www.sfc.hk>); and (ii) the website of the Company (<http://www.hk01682.com/>), from the date of this Composite Document up to and including the Closing Date:

- (i) the amended and restated memorandum of association and bye-laws of the Company;
- (ii) the Annual Report 2022, the Annual Report 2023 and the Annual Report 2024;
- (iii) the letter from the Board, the text of which is set out in this Composite Document;
- (iv) the letter from the Independent Board Committee, the text of which is set out in this Composite Document;
- (v) the letter from the Joint Independent Financial Advisers, the text of which is set out in this Composite Document;
- (vi) the material contracts referred to in the section headed “7. Material contracts” in this appendix;
- (vii) the written consent referred to in the section headed “8. Qualification and consent of experts” in this appendix;
- (viii) the service contracts referred to in the section headed “9. Directors’ Service Agreements” in this appendix; and
- (ix) this Composite Document and the accompanying Forms of Acceptance.