

THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Manfield Chemical Holdings Limited, you should at once hand this Composite Document and the accompanying Form of Acceptance to the purchaser(s) or transferee(s) or to the bank or licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s). This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms and conditions of the Offer contained herein.

The Stock Exchange of Hong Kong Limited and Hong Kong Exchanges and Clearing Limited take no responsibility for the contents of this Composite Document and the Form 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 Form of Acceptance.

Timenew Limited

(Incorporated in the British Virgin Islands with limited liability)



MANFIELD

Manfield Chemical Holdings Limited

萬輝化工控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1561)

**COMPOSITE OFFER AND RESPONSE DOCUMENT
IN RELATION TO THE
UNCONDITIONAL MANDATORY CASH OFFER BY
CCB INTERNATIONAL CAPITAL LIMITED
FOR AND ON BEHALF OF TIMENEW LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
MANFIELD CHEMICAL HOLDINGS LIMITED (OTHER THAN THOSE
ALREADY OWNED BY OR AGREED TO BE ACQUIRED
BY TIMENEW LIMITED AND PARTIES ACTING IN CONCERT WITH IT)**

Financial adviser to the Offeror



Financial adviser to the Company



Independent Financial Adviser to the Independent Board Committee



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

A letter from CCB International containing, among other things, details of the terms of the Offer is set out on pages 6 to 16 of this Composite Document.

A letter from the Board is set out on pages 17 to 24 of this Composite Document. A letter from the Independent Board Committee containing its recommendation to the Offer Shareholders in relation to the Offer is set out on pages 25 to 26 of this Composite Document. A letter from the Independent Financial Adviser containing its advice on the Offer to the Independent Board Committee is set out on pages 27 to 48 of this Composite Document.

The procedures for acceptance and settlement of the Offer and other related information are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Form of Acceptance should be received by the Registrar by no later than 4:00 p.m. on 31 December 2018 or such later time and/or date as the Offeror may determine and announce, in accordance with the requirements under the Takeovers Code.

Persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the Form of Acceptance to any jurisdiction outside Hong Kong, should read the details in this regard which are contained in the paragraph headed "11. Important Note to Shareholders outside Hong Kong" in the "Letter from CCB International" in this Composite Document before taking any action. It is the responsibility of each Overseas Shareholders wishing to accept the Offer to satisfy himself, herself or itself as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with all necessary formalities, regulatory and/or legal requirements. Overseas Shareholders are advised to seek professional advice on deciding whether or not to accept the Offer.

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.irasia.com/listco/hk/manfield/> as long as the Offer remains open.

10 December 2018

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EXPECTED TIMETABLE

The expected timetable set out below is indicative only and may be subject to change. Further announcement(s) will be made in the event of any changes to the timetable as and when appropriate. All times and dates in this Composite Document and the Form of Acceptance shall refer to Hong Kong times and dates.

2018

Despatch date of this Composite Document and the Form of Acceptance and commencement date of the Offer (<i>Note 1</i>)	Monday, 10 December
Latest time and date for acceptance of the Offer (<i>Notes 2 and 4</i>).....	By 4:00 p.m. Monday, 31 December
Closing Date (<i>Notes 2 and 4</i>)	Monday, 31 December
Announcement of the results of the Offer to be posted on the Stock Exchange's website (<i>Note 2</i>)	By 7:00 p.m. On Monday, 31 December
Latest date of posting of remittances for the amounts due in respect of valid acceptances received under the Offer (<i>Notes 3 and 4</i>).....	Thursday, 10 January 2019

Notes:

1. The Offer, which is unconditional, is made on the date of posting of this Composite Document, and is capable of acceptance on and from that date until the Closing Date. Acceptances of the Offer shall be irrevocable and shall not be capable of being withdrawn, except in the circumstances set out in the section headed "Right of Withdrawal" in Appendix I to this Composite Document.
2. In accordance with the Takeovers Code, the Offer must initially be opened for acceptance for at least 21 days following the date on which this Composite Document is posted. The latest time for acceptance is at 4:00 p.m. on Monday, 31 December 2018 unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. An announcement will be published on the website of the Stock Exchange by 7:00 p.m. on Monday, 31 December 2018 stating whether the Offer has been extended, revised or expired. In the event that the Offeror decides to extend the Offer and the announcement does not specify the next closing date, at least 14 days' notice by way of an announcement will be given before the Offer is closed to those Offer Shareholders who have not accepted the Offer.

Beneficial owners of the Offer Shares who hold their Offer Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures. Further details in this regard have been set out in Appendix I to this Composite Document.
3. Remittances in respect of the cash consideration payable for the Offer Shares tendered under the Offer will be made as soon as possible, but in any event within seven Business Days following the date of receipt of a duly completed Form of Acceptance in accordance with the Takeovers Code.
4. If there is a tropical cyclone warning signal number 8 or above, or a black rainstorm warning:
 - (a) in force in Hong Kong at any local time before 12:00 noon but no longer in force 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 and the posting of remittances will remain at 4:00 p.m. on the same Business Day; or

EXPECTED TIMETABLE

- (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. 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 and the posting of remittances will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warning in force at any time between 9:00 a.m. and 4:00 p.m. or such other day as the Executive may approve in accordance with the Takeovers Code.

Unless otherwise expressly stated, all times and dates in this Composite Document and the Form of Acceptance shall refer to Hong Kong times and dates.

DEFINITIONS

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

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associate(s)”	has the meaning ascribed to it under the Takeovers Code
“Board”	the board of Directors
“Business Day(s)”	a day on which the Stock Exchange is open for the transaction of business
“BVI”	British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“CCB International”	CCB International Capital Limited, a corporation licensed to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO, the financial adviser to the Offeror
“Closing Date”	31 December 2018, the closing date of the Offer, which is 21 days after the date on which this Composite Document is posted, or if the Offer is extended, any subsequent closing date of the Offer as extended and announced by the Offeror in accordance with the Takeovers Code
“Company”	Manfield Chemical Holdings Limited (萬輝化工控股有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1561)
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the SPA
“Completion Date”	14 November 2018, being the date on which Completion took place
“Composite Document”	this composite offer and response document jointly issued by the Offeror and the Company to the Offer Shareholders in connection with the Offer in compliance with the Takeovers Code
“Director(s)”	the director(s) of the Company

DEFINITIONS

“Encumbrance(s)”	(i) any mortgage, charge, pledge, lien, hypothecation, encumbrances or other security arrangement of any kind; (ii) any option, equity, claim, adverse interest or other third party right of any kind; (iii) any arrangement by which any right is subordinated to any right of such third party; or (iv) any contractual right of set-off, including any agreement or commitment to create or procure to create, or to permit or suffer to be created or subsisted any of the above
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Form of Acceptance”	the form of acceptance and transfer of the Offer Shares in respect of the Offer accompanying this Composite Document
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Board, comprising Dato’ Wong Peng Chong, Mr Kong Muk Yin, Dr Chui Hong Sheung JP, Mr Cheung Chi Wai Vidy and Mr Yue Kwai Wa Ken formed for the purpose of advising the Offer Shareholders in respect of the Offer
“Independent Financial Adviser” or “Guosen Securities”	Guosen Securities (HK) Capital Co., Ltd., a corporation licensed to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, the independent financial adviser appointed by the Company to advise the Independent Board Committee on the Offer
“Joint Announcement”	the joint announcement dated 13 November 2018 issued by the Company and the Offeror in respect of, among other things, the SPA and the Offer
“Last Trading Day”	7 November 2018, the last trading day for the Shares prior to the halt of trading of the Shares pending publication of the Joint Announcement
“Latest Practicable Date”	7 December 2018, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the main board maintained and operated by the Stock Exchange
“Mezzo”	Mezzo International Limited, a company incorporated in the BVI on 17 May 2010 with limited liability, a company wholly owned by Mr Lee Seng Hui
“Offer”	the unconditional mandatory cash offer made by CCB International on behalf of the Offeror (and parties acting in concert with it) hereunder in accordance with the Takeovers Code for the Offer Shares
“Offer Period”	has the meaning ascribed to it in the Takeovers Code, being the period commencing from 13 November 2018 (i.e. the date of the Joint Announcement) and ending on the Closing Date
“Offer Price”	HK\$2 per Offer Share in respect of the Offer
“Offer Share(s)”	all the Share(s) in issue, other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it
“Offer Shareholder(s)”	holder(s) of Offer Share(s)
“Offeror” or “Purchaser”	Timenew Limited, a company incorporated in the BVI with limited liability on 6 January 2005 and the beneficial owners of which are the Purchaser Guarantor and Dr Li Zhong Yuan who are legally interested in 51% and 49% and beneficially interested in 80.9524% and 19.0476% of the entire issued share capital of Timenew Limited respectively
“Overseas Shareholder(s)”	the Shareholder(s) whose address(es) as shown on the register of members of the Company, is (are) outside Hong Kong
“PRC” or “China”	the People’s Republic of China excluding, for the purpose of this Composite Document, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser Guarantor”	Mr Li Xiao Ru, a director and shareholder of the Offeror
“Registrar”	Tricor Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company

DEFINITIONS

“Relevant Period”	the period commencing on the date falling six months preceding 13 November 2018, being the date of commencement of the Offer Period, and ending on the Latest Practicable Date
“Sale Shares”	450,000,000 Shares, representing 75% of the total issued share capital of the Company as at the Latest Practicable Date, sold by the Vendor to the Purchaser pursuant to the terms of the SPA, and each a “Sale Share”
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Mortgage”	the deed of share mortgage executed by the Offeror as the mortgagor in favour of the Vendor as mortgagee over the Sale Shares at Completion
“Shareholder(s)”	holder(s) of the Share(s)
“SHK Investment”	Sun Hung Kai Investment Services Limited, a corporation licensed to carry on type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO
“SPA”	the conditional agreement dated 7 November 2018 entered into among the Vendor, the Offeror and the Purchaser Guarantor in respect of the Transactions
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Transactions”	transactions contemplated under the SPA
“Underwriting Agreement”	the placing and underwriting agreement dated 7 November 2018 entered into by the Offeror as offeror, the Purchaser Guarantor and SHK Investment as the placing agent in respect of the placing and underwriting of the Underwritten Shares

DEFINITIONS

“Underwritten Shares” the Offer Shares validly tendered by the Offer Shareholders under the Offer, which are fully underwritten by SHK Investment pursuant to the Underwriting Agreement

“Vendor” Guang Ming Holdings Limited, a company incorporated in the BVI on 28 March 2014 with limited liability, a company owned as to approximately 51% by Mezzo and 49% by six individuals who are Mr Yuen Shu Wah (an executive Director and the chairman of the Company), Mr Ko Jack Lum (an executive Director), Mr Yuen Shi Ki, Mr Wong Chi Kong, Mr Kwok Wai Kit Victor and Ms Wong Shiu Chun who have direct interests in the Vendor as to 28.65%, 15.50%, 1.85%, 1.50%, 1.00% and 0.50% respectively

“%” per cent.

1. All time and date references contained in this Composite Document refer to Hong Kong times and dates.
2. Certain amounts and percentage figures in this Composite Document have been subject to rounding adjustments.
3. The singular includes the plural and vice versa, unless the context otherwise requires.
4. References to any appendix, paragraph and any sub-paragraphs of them are references to the appendices to, and paragraphs of, this Composite Document and any sub-paragraphs of them respectively.
5. References to any statute or statutory provision include a statute or statutory provision which amends, consolidates or replaces the same whether before or after the date of this Composite Document.
6. Reference to one gender is a reference to all or any genders.



10 December 2018

To the Offer Shareholders

Dear Sir/Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY
CCB INTERNATIONAL CAPITAL LIMITED
FOR AND ON BEHALF OF TIMENEW LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
MANFIELD CHEMICAL HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED BY OR
AGREED TO BE ACQUIRED BY TIMENEW LIMITED AND
PARTIES ACTING IN CONCERT WITH IT)**

1. INTRODUCTION

Reference is made to the Joint Announcement. On 7 November 2018 (after trading hours), the Vendor, the Purchaser Guarantor and the Offeror entered into the SPA, pursuant to which, the Vendor conditionally agreed to sell and the Offeror conditionally agreed to purchase, in aggregate, 450,000,000 Sale Shares, representing 75% of the existing issued share capital of the Company as at the Latest Practicable Date. The total consideration for the Sale Shares is HK\$900,000,000, equivalent to HK\$2 per Sale Share.

Completion took place on 14 November 2018. Upon Completion, the Offeror and parties acting in concert with it became interested in a total of 450,000,000 Shares, representing 75% of the existing issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make the Offer to acquire all the Offer Shares. We, CCB International, has been appointed by the Offeror to make the Offer for and on behalf of the Offeror.

This letter forms part of this Composite Document and sets out, among other things, the details of the Offer, certain information on the Offeror and the intention of the Offeror regarding the Group. The terms of the Offer and the procedures of acceptances are set out in this letter, Appendix I to this Composite Document and the Form of Acceptance.

The Offer Shareholders are strongly advised to carefully consider the information contained in the "Letter from the Board", the "Letter from the Independent Board Committee" and the "Letter from the Independent Financial Adviser" as set out in this Composite Document before reaching a decision as to whether or not to accept the Offer.

LETTER FROM CCB INTERNATIONAL

2. THE OFFER

CCB International, on behalf of the Offeror and in compliance with the Takeovers Code, is making the Offer to acquire all the Offer Shares, on the terms set out in this Composite Document in accordance with the Takeovers Code on the following basis:

Principal terms of the Offer

For each Offer Share HK\$2 in cash

As at the Latest Practicable Date, there are 600,000,000 Shares in issue. 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 or other types of equity interest as at the Latest Practicable Date.

The Offer Shares to be acquired under the Offer shall be fully paid and shall be acquired free from all liens, charges, and Encumbrances and together with all rights attaching or accruing thereto including, without limitation, all dividends and distributions, if any, declared, made or paid, on or after the date on which the Offer is made, being the date of despatch of this Composite Document. The Offer is unconditional in all respects and will not be conditional upon acceptance being received in respect of a minimum number of Offer Shares or other conditions.

Comparison of value

The Offer Price of HK\$2 per Offer Share represents:

- (i) a discount of approximately 14.2% to the closing price of HK\$2.33 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 13.0% to the average closing price of approximately HK\$2.298 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 12.0% to the average closing price of approximately HK\$2.274 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 11.9% to the average closing price of approximately HK\$2.269 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 33.3% to the closing price of HK\$3 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

LETTER FROM CCB INTERNATIONAL

- (vi) a premium of approximately 83.2% over the audited consolidated net asset value of the Company of approximately HK\$1.092 per Share or a premium of approximately 87.1% over the audited consolidated net asset value attributable to owners of the Company of approximately HK\$1.069 (based on 600,000,000 Shares in issue as at the Latest Practicable Date) as at 31 December 2017 (being the date to which the latest audited financial results of the Group were made up); and
- (vii) a premium of approximately 86.9% over the unaudited consolidated net asset value of the Company of approximately HK\$1.070 per Share or a premium of approximately 91.0% over the unaudited consolidated net asset value attributable to owners of the Company of approximately HK\$1.047 (based on 600,000,000 Shares in issue as at the Latest Practicable Date) as at 30 June 2018 (being the date to which the latest unaudited consolidated interim results of the Group were made up).

Value of the Offer

As at the Latest Practicable Date, there are 600,000,000 Shares in issue. Assuming that there is no change in the issued share capital of the Company and on the basis of the Offer Price of HK\$2 per Share, the entire issued share capital of the Company is valued at HK\$1,200,000,000. As 450,000,000 Shares have already been acquired by the Offeror and parties acting in concert with it as at the Latest Practicable Date, 150,000,000 Shares will be subject to the Offer, and the maximum aggregate cash consideration payable by the Offeror under the Offer will be HK\$300,000,000.

Highest and lowest Share prices

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$3.6 per Share on 19 November 2018 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$1.95 per Share on 11 June 2018.

Confirmation of financial resources

As the Offeror will not be considered as a public Shareholder, and in order to maintain sufficient public float, SHK Investment, the Offeror and Mr Li Xiao Ru as the Offeror's guarantor have entered into the Underwriting Agreement, pursuant to which, SHK Investment agreed to act as the exclusive placing agent and underwriter of the Offeror and SHK Investment shall place and underwrite all the Offer Shares validly tendered for acceptance under the Offer. Please refer to the paragraph headed "9. Placing and Underwriting Agreement" for further details. CCB International, as the financial adviser to the Offeror, is satisfied that sufficient resources are available to the Offeror and SHK Investment to satisfy the amount of funds required for full acceptance of the Offer.

The Offeror does not intend that the payment of interest on, repayment of or security for any liability (contingent or otherwise) will depend to any significant extent on the business of the Company.

LETTER FROM CCB INTERNATIONAL

Effect of accepting the Offer

By accepting the Offer, the Offer Shareholders will sell their tendered Offer Shares to the Offeror free from all Encumbrances and together with all rights attaching to them including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the Offer is made, being the date of despatch of this Composite Document.

Acceptance of the Offer 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 acceptance of the Offer will be payable by each accepting Offer Shareholder at a 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 acceptance of the Offer, whichever is higher, and the amount of such duty will be deducted from the cash amount payable by the Offeror to such accepting Offer Shareholder (where the amount of stamp duty is a fraction of a dollar, the stamp duty will be rounded up to the nearest dollar).

The Offeror bears its own portion of buyer's Hong Kong ad valorem stamp duty at a 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 acceptance of the Offer, whichever is higher, and will arrange for payment of the seller's Hong Kong ad valorem stamp duty on behalf of the relevant accepting Offer Shareholder and will pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptances of the Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Payment

Payment in cash in respect of acceptances of the Offer, net of the stamp duty, will be made as soon as possible but in any event, within seven Business Days following the date on which the duly completed acceptances of the Offer and the relevant documents of title in respect of such acceptances are received by the Offeror (or its agent) to render each such acceptance complete and valid to the Takeovers Code.

LETTER FROM CCB INTERNATIONAL

3. SHAREHOLDING STRUCTURE OF THE COMPANY

The table below sets out the shareholding structure of the Company (i) immediately prior to Completion; and (ii) after Completion and as at the Latest Practicable Date:

	Immediately prior to Completion		After Completion and as at the Latest Practicable Date	
	<i>Number of Shares</i>	<i>(approximately) %</i>	<i>Number of Shares</i>	<i>(approximately) %</i>
<i>Substantial Shareholder(s)</i>				
The Vendor ^(Note)	450,000,000	75	—	—
The Offeror and its concert parties (other than the Vendor)	—	—	450,000,000	75
Public Shareholders	150,000,000	25	150,000,000	25
Total	600,000,000	100	600,000,000	100

Note: The Vendor is owned as to 51% by Mezzo and 49% by six individuals (the “Other Shareholders”), and has corporate interest in long position of 450,000,000 Shares. Mezzo is held as to 100% by Mr Lee Seng Hui. As such, Mr Lee Seng Hui is deemed to have corporate interest in long position of 450,000,000 Shares immediately prior to the Completion. The Other Shareholders consist of Mr Yuen Shu Wah (an executive Director and the chairman of the Company), Mr Ko Jack Lum (an executive Director), Mr Yuen Shi Ki, Mr Wong Chi Kong, Mr Kwok Wai Kit Victor and Ms. Wong Shiu Chun who have direct interests in the Vendor as to 28.65%, 15.50%, 1.85%, 1.50%, 1.00% and 0.50% respectively. The Other Shareholders have no relationship with Mr Lee Seng Hui other than in respect of their shareholdings in the Vendor.

4. INFORMATION ON THE GROUP

Details of the information on the Group are set out in the paragraph headed “4. Information on the Group” in the “Letter from the Board” in this Composite Document.

5. INFORMATION ON THE OFFEROR

The Offeror is a company incorporated in the BVI with limited liability on 6 January 2005. It is an investment holding company. Its assets are solely cash. As at the Latest Practicable Date, its ordinary share capital is legally owned as to 51 % and 49% by the Purchaser Guarantor and Dr Li Zhong Yuan respectively and the economic interest is beneficially owned as to 80.9524% and 19.0476% by the Purchaser Guarantor and Dr Li Zhong Yuan respectively. Dr Li Zhong Yuan and the Purchaser Guarantor planned to purchase the Sale Shares through the Offeror as an investment vehicle and they therefore acquired the shares in the Offeror at nominal consideration on various occasions. Dr Li Zhong Yuan and the Purchaser Guarantor became the shareholders of the Offeror, and are interested in 49% and 51% of the issued share capital of the Offeror respectively. Dr Li Zhong Yuan and the Purchaser Guarantor subsequently agreed on the funding contribution among themselves which determines their beneficial interest in the Offeror. However, they did not further adjust the number of shares they hold in the Offeror so as to match their respective beneficial interest

LETTER FROM CCB INTERNATIONAL

because the voting rights of the shareholders in the Offeror are based on the number of shares each of them hold in the Offeror and the Purchaser Guarantor already has a majority interest and voting rights in the Offeror in respect of management and decision making process as a matter of statutory control over the Offeror. The return of the Offeror (including dividends and distributions) will be distributed between the shareholders with reference to their respective beneficial interest.

Other than their respective interest in the Offeror, Dr Li Zhong Yuan and the Purchaser Guarantor have no other financial, business or other relationship with each other.

6. FUTURE INTENTION OF THE OFFEROR IN RELATION TO THE GROUP

The Offeror intends to continue the existing principal businesses of the Group and maintain the employment of the operational and administrative employees of the Group (except for the proposed changes to the members of the Board as detailed in the sub-paragraph headed “7. Proposed Change of Board Composition” below).

Leveraging on the experience of Dr Li Zhong Yuan (see the biography of Dr Li Zhong Yuan in the paragraph headed “7. Proposed Change of Board Composition” below) in the new economy sector, which include financial services, digital applications for retail and quasi-retail in general, and fintech in particular, the Offeror will explore possible business opportunities in the new economy industry for the Group. The Offeror will also conduct a review on the business operations and financial position of the Group for the purpose of formulating business plans and strategies for the future business development of the Group. Subject to the results of the review, the Offeror may explore other business opportunities for the Group and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Group. The Offeror has been reviewing, and in preliminary discussion and negotiations with multiple entities and different parties in the new economy sector to explore possible collaboration opportunities. However, no agreement nor understanding (whether formal or informal, legally binding or non-legally binding) has been reached. The Offeror will continue to review the market development and put forward for the Company’s consideration should appropriate opportunities arise. In the event that any such opportunities materialise, further announcement(s) will be made by the Company in accordance with the Listing Rules.

Save as disclosed above, as at the Latest Practicable Date, the Offeror has no intention or plans for any acquisition or disposal of assets and/or business of the Group and no investment or business opportunity has been identified nor has the Offeror entered into any agreement, arrangements, understandings or negotiation in relation to the injection of any assets or business into the Group, and the Offeror has no intention to redeploy the fixed assets of the Group other than those in its ordinary and usual course of business.

7. PROPOSED CHANGE OF BOARD COMPOSITION

The Board is currently made up of three executive Directors, two non-executive Directors and three independent non-executive Directors.

Mr Yuen Shu Wah, Mr Ko Jack Lum, Mr Ng Kai On, Dato' Wong Peng Chong, Dr Chui Hong Sheung, JP, Mr Cheung Chi Wai Vidy and Mr Yue Kwai Wa Ken have tendered resignation to take effect from a date which is no earlier than such date as permitted under Rule 7 of the Takeovers Code (i.e. after the close of the Offer).

Mr Kong Muk Yin (“**Mr Kong**”) will remain as a non-executive Director. Mr Kong has been a non-executive Director and the company secretary of the Company since the listing of Shares in the Company on 1 December 2015. As a non-executive Director with professional qualifications in accounting and finance, Mr Kong primarily participates in the meetings of the Board to bring another perspective to issues of strategy, performance, accountability, resources, key appointments and standards of conduct and transactions which are material to the Group as and when required. In addition, given his role and experience as the company secretary of the Company, Mr Kong is familiar with the internal communication channels and corporate organisation of the Group. As such, the Offeror believes that the continued appointment of Mr Kong will assist in the smooth transition of business of the Company and may assist the proposed new Directors and management in managing the internal operation of the Group.

The Offeror proposes to nominate Dr Li Zhong Yuan as executive Director, Ms. Zuo Yi as non-executive Director and Mr Li Gong, Mr Wang Jianping and Dr Shi Ping as independent non-executive Directors. The appointment of the new executive Director, non-executive Director and independent non-executive Directors will take effect on the posting date of this Composite Document. Meanwhile, the Offeror is considering other potential candidates for nomination as Directors. Any changes to the composition of the Board will be made in compliance with the Takeovers Code and the Listing Rules and further announcement(s), including but not limited to the details required by Rule 13.51(2) of the Listing Rules, will be made upon any resignation and appointment of the Directors becoming effective. The biographies of the new Directors to be nominated are set out below:

Biographies of new Directors nominated by the Offeror

Dr Li Zhong Yuan (“Dr Li”), aged 57, nominated by the Offeror as an executive director. Dr Li received a PhD in mathematics from the University of Michigan in 1990 and was employed as a CLE Moore Instructor at Massachusetts Institute of Technology (M.I.T.) for three years, researching and teaching in the field of mathematical sciences and their applications. Dr Li subsequently worked for a number of years with bulge bracket Wall Street Firms in innovatively structured financial products, and then started his own independent entrepreneurship since the year of 2000. He is experienced in financial services and digital applications in general, and fintech in particular. Dr Li had been a director of China Health Group Limited (Stock Code: 673) until June 2016. Dr Li is also a member of the international Advisory Board of the University of California at San Diego’s School of Global Policy and Strategy and its 21st Century China Center’s China Leadership Board member.

LETTER FROM CCB INTERNATIONAL

Ms Zuo Yi (“Ms Zuo”), aged 43, nominated by the Offeror as a non-executive Director. Ms. Zuo obtained a bachelor’s degree from Fudan University in 1997 and received a MBA from Stanford University’s Graduate School of Business in 2004. Ms Zuo has over 10 years of experience in investment banking and private equity worked as a vice president under the investment banking division of Morgan Stanley, and then as an executive director in the investment bank division of UBS Group. In 2013, Ms Zuo joined Crimson Private Fund to head up its China business. Ms Zuo joined Four Seasons Education Group, a NYSE listed company, in 2017 as its Chief Financial Officer.

Mr Li Gong (“Mr Li”), aged 59, nominated by the Offeror as an independent non-executive Director. Mr Li studied physics at Fudan University and obtained a bachelor of science and master of science in electrical engineering at the University of Houston in 1983 and 1985 respectively. He then started his career at Accenture in 1985 as a consultant and spent 30 years at Accenture. Mr Li was a member of Accenture Global Leadership Council, a senior managing director and the Chairman of Greater China region when he decided to retire from Accenture in 2015. Mr Li served as a member of the board of several Accenture’s joint ventures in Asia including China Communications Services Software Technology Company in China. He also served as a member of advisory committee to Shanghai Municipal Government, and was a recipient of Magnolia Gold Award (白玉蘭榮譽獎) of Shanghai Municipality. Mr Li was also an advanced leadership fellow at Harvard University from December 2015 to December 2016.

Mr Wang Jianping (“Mr Wang”), age 53, nominated by the Offeror as an independent non-executive Director. Mr Wang has an MBA from Wuhan University in China. Mr Wang is a senior accountant and has spent his entire career in banking and investment in the PRC before he decided to retire from China Minsheng Investment Group Corp. a company in the PRC with RMB50 billion paid-in capital, as its vice-president and chief financial officer in 2018. In his banking career, Mr Wang served as a member of the Communist Party Committee of China Minsheng Bank headquarters and the governor of China Minsheng Bank Shanghai Branch. Prior to that, Mr Wang assumed multiple managerial positions of China Minsheng Bank headquarters’ finance departments over 10 years, including the President of Planning Finance Department and the President of Financial Management Department. Prior to China Minsheng Bank, Mr Wang worked at the People’s Bank of China — Hunan Provincial Branch. Mr Wang has been an independent non-executive director of Aier Eye Hospital Group Co., Ltd., a company listed on the ChiNext of Shenzhen Stock Exchange (Stock Code:300015) since 2015 and an independent non-executive director of Chongqing Lummy Pharmaceutical Co., Ltd., a company listed on the ChiNext of Shenzhen Stock Exchange (Stock Code 300006) since 2016.

Dr Shi Ping (“Dr Shi”), aged 56, nominated by the Offeror as an independent non-executive Director. Dr Shi received a bachelor of science in economics from Nanjing University of Finance and Economics in 1985, a master of science in economics from Nanjing University in 2006, and also a PhD in resource economics from China University of Geosciences in 2014. Dr Shi is the Dean of Nanjing Audit University’s Ruihua School of Auditing and Accounting, where Nanjing Audit University is the only university co-founded by National Audit Office of the PRC, one of the 26 Ministries and Commissions

LETTER FROM CCB INTERNATIONAL

composing of the PRC State Council, and Ruihua, the branding party of the School, is a leading accounting firm in the PRC. Dr Shi is the Chairman of Jiangsu Association of Wealth Managers and awarded with the status of consulting expert on managerial accounting by the Bureau of Finance of Jiangsu Province. Dr Shi has been involved in financial theory and practice researches over 10 years, and chaired and participated in four research projects of provincial and ministerial levels. Dr Shi has been an independent non-executive director of Jiangsu Huaxicun Holding Co., Ltd., a company listed on the SME Board of Shenzhen Stock Exchange (stock code: 000936) and of SVG Group Co., Ltd., a company listed on the ChiNext of Shenzhen Stock Exchange (stock code: 300331) since 2014 and an independent non-executive director of Nantong Jianghai Capacitor Co., Ltd., a company listed on the SME Board of Shenzhen Stock Exchange (stock code: 002484) and of Jiangsu Daybright Intelligent Electric Co., Ltd., a company listed on the ChiNext of Shenzhen Stock Exchange (stock code: 300670) since 2017.

8. COMPULSORY ACQUISITION

The Offeror does not intend to exercise any power of compulsory acquisition of any outstanding Offer Shares not acquired under the Offer after the close of the Offer.

9. PLACING AND UNDERWRITING AGREEMENT

As at the Latest Practicable Date, the Offeror held 75% of the entire issued capital of the Company. In order to satisfy the public float requirement under the Listing Rules, on 7 November 2018, the Offeror and the Purchaser Guarantor have entered into the Underwriting Agreement with SHK Investment, pursuant to which the Offeror has appointed SHK Investment as its placing agent and SHK Investment agrees, during the placing period (i.e. the period commencing upon the commencement date of the Offer and terminating on the seventh Business Day from the Closing Date) on a fully underwritten basis to procure purchasers or placees to purchase the Underwritten Shares at HK\$2, failing which SHK Investment shall purchase such remaining Underwritten Shares as principal at HK\$2.

In consideration of the services to be provided by SHK Investment, the Offeror shall pay to SHK Investment a commission of three percent (3%) of the amount equal to the placing price multiplied by the total number of the Offer Shares (i.e. HK\$9 million).

The Underwriting Agreement further provides that SHK Investment shall not place any of the Offer Shares to (i) any connected person (as defined under the Listing Rules) of the Company; (ii) person who is not an independent person; or (iii) person who, after the placing of such Underwritten Shares by SHK Investment, may no longer be considered as a member of the “public” (as defined under the Listing Rules).

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

The Offeror intends that the Company will remain listed on Main Board after the close of the Offer. In order to satisfy the public float requirement under the Listing Rules, on 7 November 2018, the Offeror entered into the Underwriting Agreement. For details of the Underwriting Agreement, please see the paragraph headed “9. Placing and Underwriting Agreement” above.

11. IMPORTANT NOTE TO SHAREHOLDERS OUTSIDE HONG KONG

The Offer is made in respect of securities of a company incorporated in the Cayman Islands and subject to the statutory procedural and disclosure requirements of Hong Kong, which may be different from those of other jurisdictions.

The Offer is available to all Offer Shareholders including those with registered addresses outside Hong Kong. The availability of the Offer to persons not resident in Hong Kong and the ability of Overseas Shareholders to participate in the Offer will however be subject to, and may be limited by, the laws and regulations of their respective jurisdictions.

The making of the Offer to Overseas Shareholders may be prohibited or limited by the laws of the relevant jurisdictions. Overseas Shareholders 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 responsibility of Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders in respect of such jurisdictions).

12. TAX IMPLICATIONS

The Offer Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the tax implications that may arise from accepting or rejecting the Offer. It is emphasised that none of the Offeror, its beneficial owners and parties acting in concert with any of them, the Company, CCB International, the Independent Financial Adviser, the Registrar or the company secretary of the Company or any of their respective directors or professional advisers or any other parties involved in the Offer or any of their respective agents accepts any responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

13. ACCEPTANCE AND SETTLEMENT

Your attention is drawn to the further details regarding the procedures for acceptance and settlement and acceptance period as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

LETTER FROM CCB INTERNATIONAL

14. GENERAL

To ensure equality of treatment of all Offer Shareholders, those registered Offer Shareholders who hold the Shares as nominee 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 owner of the Offer Shares whose investments are registered in the name of a nominee to provide instructions to their nominee of their intentions with regards to the Offer.

All documents and remittances will be sent to the Offer Shareholders by ordinary post at their own risk. Such documents and remittances will be sent to them at their respective addresses as they appear in the register of members of the Company or, in the case of joint Offer Shareholders, to the Offer Shareholder whose name appears first in the register of members of the Company, as applicable. None of the Offeror, its beneficial owners and parties acting in concert with any of them, the Company, CCB International, the Independent Financial Adviser, the Registrar or the company secretary of the Company or any of their respective directors or professional advisers or any other parties involved in the Offer will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof or in connection therewith.

15. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Composite Document and the accompanying Form of Acceptance, which form part of this Composite Document. You are reminded to carefully read the “Letter from the Board”, the “Letter from the Independent Board Committee”, the “Letter from the Independent Financial Adviser” and other information about the Group, which are set out in this Composite Document before deciding whether or not to accept the Offer.

Yours faithfully,
For and on behalf of
CCB International Capital Limited
Ms Li Jialu
Managing Director,
Head of Corporate Advisory Team

LETTER FROM THE BOARD



Manfield Chemical Holdings Limited

萬輝化工控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1561)

Executive Directors:

Mr Yuen Shu Wah (*Chairman*)
Mr Ko Jack Lum (*Chief Executive Officer*)
Mr Ng Kai On

Non-executive Directors:

Dato' Wong Peng Chong
Mr Kong Muk Yin

Independent non-executive Directors:

Dr Chui Hong Sheung, *JP*
Mr Cheung Chi Wai Vidy
Mr Yue Kwai Wa Ken

Registered office:

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

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

Block L
9th Floor, On Wah Industrial Building
41-43 Au Pui Wan Street
Fo Tan, Shatin
Hong Kong

10 December 2018

To the Offer Shareholders

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY
CCB INTERNATIONAL CAPITAL LIMITED
FOR AND ON BEHALF OF TIMENEW LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
MANFIELD CHEMICAL HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED BY OR
AGREED TO BE ACQUIRED BY TIMENEW LIMITED AND
PARTIES ACTING IN CONCERT WITH IT)**

1. INTRODUCTION

Reference is made to the Joint Announcement in relation to, among other things, the SPA and the Offer.

LETTER FROM THE BOARD

On 7 November 2018, the Vendor, the Purchaser Guarantor and the Offeror entered into the SPA, pursuant to which the Vendor conditionally agreed to sell and the Offeror conditionally agreed to acquire the Sale Shares, representing 75% of the total issued share capital of the Company as at the date of the Joint Announcement for a total consideration of HK\$900,000,000 (equivalent to HK\$2 per Sale Share). The Completion took place on 14 November 2018.

Prior to the Completion, the Offeror and parties acting in concert with it (except for the Vendor) did not hold any Shares in the share capital of the Company. Immediately following the Completion, the Offeror and parties acting in concert with it became interested in a total of 450,000,000 Shares, representing 75% of the entire issued share capital of the Company as at the Latest Practicable Date. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make an unconditional mandatory cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it).

Yu Ming Investment Management Limited has been appointed as the Company's financial adviser in respect of the Offer.

2. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee, comprising the non-executive Directors namely Dato' Wong Peng Chong and Mr Kong Muk Yin, and all independent non-executive Directors, namely, Dr Chui Hong Sheung, *JP*, Mr Cheung Chi Wai Vidy and Mr Yue Kwai Wa Ken, who have no direct or indirect interest in the Offer, has been established to make recommendations to the Offer Shareholders on whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

Guosen Securities has been appointed as the Independent Financial Adviser with the approval of the Independent Board Committee to advise the Independent Board Committee in respect of the Offer.

The purpose of this Composite Document, of which this letter forms part, is to provide you with, among others, (i) the details of the Offer (including the expected timetable and terms of the Offer); (ii) the letter from the Board; (iii) a letter of recommendation from the Independent Board Committee to the Offer Shareholders in relation to the Offer; (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Offer Shareholders in relation to the Offer; and (v) information relating to the Group and the Offeror, together with the Form of Acceptance.

3. THE OFFER

As at the Latest Practicable Date, the Company has 600,000,000 Shares in issue, of which 450,000,000 Shares (representing 75% of the issued share capital of the Company) were held by the Offeror and parties acting in concert with it. The Company has no other outstanding convertible securities, warrants, options or derivatives in issue which may confer any rights to subscribe for, convert or exchange into Shares as at the Latest Practicable Date.

LETTER FROM THE BOARD

Principal terms of the Offer

The “Letter from CCB International” set out on page 6 to 16 of this Composite Document contains the information in respect of the Offer including those set out below.

CCB International, on behalf of the Offeror and in compliance with the Takeovers Code, is making the Offer to acquire all the Offer Shares, on the terms set out in this Composite Document in compliance with the Takeovers Code on the following basis:

For each Offer Share..... HK\$2 in cash

The Offer Price is the same as the price paid by the Offeror for each Sale Share pursuant to the SPA.

The Offer is extended to all Offer Shareholders in accordance with Rule 26.1 of the Takeovers Code. The Offer Shares to be acquired under the Offer shall be fully paid and shall be acquired free from all liens, charges, and Encumbrances and together with all rights attaching or accruing thereto including, without limitation, all dividends and distributions, if any, declared, made or paid, on or after the date on which the Offer is made, being the date of despatch of this Composite Document. The Offer is unconditional in all respects and will not be conditional upon acceptance being received in respect of a minimum number of Offer Shares or other conditions.

Further details of the Offer

Further details regarding the Offer, including the terms and procedures for acceptance of the Offer are set out in the “Letter from CCB International” as set out on pages 6 to 16 of this Composite Document and “Further Terms and Procedures for Acceptance of the Offer” as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

4. INFORMATION ON THE GROUP

The Company is an investment holding company and was incorporated in the Cayman Islands with limited liability on 14 April 2014 and its Shares have been listed on the Main Board since 1 December 2015 under the stock code 1561.

The Group is principally engaged in the manufacturing and trading of liquid coatings and powder coatings.

LETTER FROM THE BOARD

Financial information

The following table is a summary of certain consolidated financial information of the Group for the two years ended 31 December 2016 and 31 December 2017 as disclosed in the published annual report of the Company and for the six months ended 30 June 2018 as disclosed in the published interim report of the Company respectively:

	Year ended 31 December 2016	Year ended 31 December 2017	Six months ended 30 June 2018
	(audited)	(audited)	(unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	396,172	374,161	199,119
Profit before tax	47,837	3,162	8,071
Profit after tax	42,007	3,191	7,426
	As at 31 December 2016	As at 31 December 2017	As at 30 June 2018
	(audited)	(audited)	(unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Net assets attributable to owners of the Company	621,234	641,229	628,072
Net assets	637,270	655,362	642,039

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

LETTER FROM THE BOARD

5. SHAREHOLDING STRUCTURE OF THE COMPANY

The table below sets out the shareholding structure of the Company (i) immediately prior to Completion; and (ii) after Completion and as at the Latest Practicable Date:

	Immediately prior to Completion		After Completion and as at the Latest Practicable Date	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
The Vendor	450,000,000	75%	—	—
The Offeror (and parties acting in concert with it (other than the Vendor))	—	—	450,000,000	75%
Public Shareholders	<u>150,000,000</u>	<u>25%</u>	<u>150,000,000</u>	<u>25%</u>
Total	<u><u>600,000,000</u></u>	<u><u>100%</u></u>	<u><u>600,000,000</u></u>	<u><u>100%</u></u>

6. INFORMATION ON THE OFFEROR

Your attention is drawn to the section headed “5. Information on the Offeror” in the “Letter from CCB International” as set out on pages 6 to 16 of this Composite Document.

7. INTENTION OF THE OFFEROR REGARDING THE GROUP

The Offeror intends to continue the existing principal businesses of the Group and maintain the employment of the operational and administrative employees of the Group (except for the proposed changes to the members of the Board as detailed in the sub-paragraph headed “Proposed change of Board composition” below).

Leveraging on the experience of Dr Li Zhong Yuan (biography of Dr Li Zhong Yuan is set out in the “Letter from CCB International” in this Composite Document) in the new economy sector, which include financial services, digital applications for retail and quasi-retail in general, and fintech in particular, the Offeror will explore possible business opportunities in the new economy industry for the Group. The Offeror will also conduct a review on the business operations and financial position of the Group for the purpose of formulating business plans and strategies for the future business development of the Group. Subject to the results of the review, the Offeror may explore other business opportunities for the Group and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Group. The Offeror has been reviewing, and in preliminary discussion and negotiations with multiple entities and different parties in the new economy sector to explore, possible collaboration opportunities. However, no agreement nor understanding (whether formal or informal, legally binding or non-legally binding) has been reached. The Offeror will continue to review the market development and

LETTER FROM THE BOARD

put forward for the Company's consideration should appropriate opportunities arise. In the event that any such opportunities materialise, further announcement(s) will be made by the Company in accordance with the Listing Rules.

Save as disclosed above, as at the Latest Practicable Date, the Offeror has no intention or plans for any acquisition or disposal of assets and/or business of the Group and no investment or business opportunity has been identified nor has the Offeror entered into any agreement, arrangements, understandings or negotiation in relation to the injection of any assets or business into the Group, and the Offeror has no intention to redeploy the fixed assets of the Group other than those in its ordinary and usual course of business.

Your attention is drawn to the section headed "6. Future intention of the Offeror in relation to the Group" in the "Letter from CCB International" as set out on pages 6 to 16 of this Composite Document. The Board is aware of the Offeror's intention in respect of the Group and is willing to co-operate with the Offeror and acts in the best interests of the Company and the Offer Shareholders as a whole.

Proposed change of Board composition

The Board is currently made up of three executive Directors, two non-executive Directors and three independent non-executive Directors. Mr Yuen Shu Wah, Mr Ko Jack Lum, Mr Ng Kai On, Dato' Wong Peng Chong, Dr Chui Hong Sheung, JP, Mr Cheung Chi Wai Vidy and Mr Yue Kwai Wa Ken have tendered resignation to take effect from a date which is no earlier than such date as permitted under Rule 7 of the Takeovers Code (i.e. after the close of the Offer).

Mr Kong Muk Yin ("**Mr Kong**") will remain as a non-executive Director. Mr Kong has been a non-executive Director and the company secretary of the Company since the listing of Shares in the Company on 1 December 2015. As a non-executive Director with professional qualifications in accounting and finance, Mr Kong primarily participates in the meetings of the Board to bring another perspective to issues of strategy, performance, accountability, resources, key appointments and standards of conduct and transactions which are material to the Group as and when required. In addition, given his role and experience as the company secretary of the Company, Mr Kong is familiar with the internal communication channels and corporate organisation of the Group. As such, the Offeror believes that the continued appointment of Mr Kong will assist in the smooth transition of business of the Company and may assist the proposed new Directors and management in managing the internal operation of the Group.

The Offeror proposes to nominate Dr Li Zhong Yuan as executive Director, Ms Zuo Yi as non-executive Director and Mr Li Gong, Mr Wang Jianping and Dr Shi Ping as independent non-executive Directors. The appointment of the new executive Director, non-executive Director and independent non-executive Directors will take effect on the posting date of this Composite Document. Meanwhile, the Offeror is considering other potential candidates for nomination as Directors. Any changes to the composition of the Board will be made in compliance with the Takeovers Code and the Listing Rules and further announcement(s), including but not limited to the details required by Rule 13.51(2) of the Listing Rules, will be made upon any resignation and appointment of the Directors becoming effective.

LETTER FROM THE BOARD

Biographies of new Directors to be nominated by the Offeror are set out in the section headed “7. Proposed change of Board composition” in the “Letter from CCB International” as set out on pages 6 to 16 of this Composite Document.

Maintaining the listing status of the Company

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that (a) a false market exists or may exist in the trading of the Shares; or (b) 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 Board noted from the “Letter from CCB International” that 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 have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

8. RECOMMENDATION

The Independent Board Committee has been established to make recommendation to the Offer Shareholders as to whether the Offer is fair and reasonable and as to the acceptance of the Offer.

Your attention is drawn to the “Letter from the Independent Board Committee” as set out on pages 25 to 26 of this Composite Document and the “Letter from the Independent Financial Adviser” as set out on pages 27 to 48 of this Composite Document, which contain, among other things, their advice in relation to the Offer and the principal factors considered by them in arriving at their recommendation.

The Offer Shareholders are urged to read those letters carefully before taking any action in respect of the Offer.

9. ADDITIONAL INFORMATION

You are recommended to read this Composite Document and the Form of Acceptance for information relating to the terms of the Offer and procedures for acceptance and settlement of the Offer.

Your attention is also drawn to the additional information set out in the appendices to this Composite Document.

LETTER FROM THE BOARD

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

Yours faithfully,
By Order of the Board
Manfield Chemical Holdings Limited
Yuen Shu Wah
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter of recommendation from the Independent Board Committee to the Offer Shareholders in respect of the Offer prepared for the purpose of inclusion in this Composite Document.



Manfield Chemical Holdings Limited

萬輝化工控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1561)

10 December 2018

To the Offer Shareholders

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY
CCB INTERNATIONAL CAPITAL LIMITED
FOR AND ON BEHALF OF TIMENEW LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
MANFIELD CHEMICAL HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED BY OR
AGREED TO BE ACQUIRED BY TIMENEW LIMITED AND
PARTIES ACTING IN CONCERT WITH IT)**

We refer to the Composite Document dated 10 December 2018 jointly issued by the Offeror and the Company, of which this letter forms part. Unless specified otherwise, capitalised terms used herein shall have the same meanings as those defined in the Composite Document.

We have been appointed to constitute the Independent Board Committee to consider the terms of the Offer and to advise you as to whether, in our opinion, the terms of the Offer are fair and reasonable so far as the Offer Shareholders are concerned, and as to the acceptance of the Offer. Guosen Securities has been appointed as the Independent Financial Adviser to advise us in this respect. Details of its advice and the principal factors taken into consideration in arriving at its recommendation are set out in the “Letter from the Independent Financial Adviser” on pages 27 to 48 of the Composite Document.

We also wish to draw your attention to the sections headed “Letter from the Board”, “Letter from CCB International” and the additional information set out in the appendices to the Composite Document.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

RECOMMENDATION

Having considered the terms of the Offer, the information contained in the Composite Document and the principal factors and reasons considered by, and the advice of the Independent Financial Adviser, as set out in its letter of advice, we consider that the terms of the Offer are fair and reasonable so far as the Offer Shareholders are concerned. Accordingly, we recommend the Offer Shareholders to accept the Offer.

However, the Offer Shareholders who wish to realise their investments in the Company are reminded to monitor the trading price and liquidity of the Shares during the Offer Period and should, having regard to their own circumstances, consider selling their Shares in the open market instead of accepting the Offer if the net proceeds obtained from such disposal of the Shares (after deducting all transaction costs) would be higher than the net proceeds from accepting the Offer.

Notwithstanding our recommendation, the Offer Shareholders are strongly advised that the decision to realise or to hold their investments in the Company is subject to individual circumstances and investment objectives and they should consider carefully the terms of the Offer. If in doubt, the Offer Shareholders should consult their own professional advisers for professional advice. Furthermore, the Offer Shareholders who wish to accept the Offer are recommended to read carefully the procedures for accepting the Offer as detailed in the Composite Document and the Form of Acceptance.

Yours faithfully,

For and on behalf of the

Independent Board Committee of Manfield Chemical Holdings Limited

Wong Peng Chong	Kong Muk Yin	Chui Hong Sheung	Cheung Chi Wai Vidy	Yue Kwai Wa Ken
<i>Non-executive Director</i>	<i>Non-executive Director</i>	<i>Independent non-executive Director</i>	<i>Independent non-executive Director</i>	<i>Independent non-executive Director</i>

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the text of a letter received from Guosen Securities, the Independent Financial Adviser to the Independent Board Committee in respect of the Offer for the purpose of inclusion in this Composite Document.



42/F, Two International Finance Centre,
No. 8 Finance Street,
Central, Hong Kong

10 December 2018

*To: The independent board committee of
Manfield Chemical Holdings Limited*

Dear Sir/Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY
CCB INTERNATIONAL CAPITAL LIMITED
FOR AND ON BEHALF OF THE OFFEROR TO
ACQUIRE ALL THE ISSUED SHARES OF
MANFIELD CHEMICAL HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED BY OR
AGREED TO BE ACQUIRED BY THE OFFEROR AND
THE PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offer, details of which are set out in the Composite Document dated 10 December 2018 issued by the Company to the Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Composite Document unless the context requires otherwise.

According to the Joint Announcement, the Board was informed by the Vendor that the Vendor, the Purchaser and the Purchaser Guarantor entered into the SPA on 7 November 2018 (after trading hours), pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase, in aggregate, 450,000,000 Sale Shares, representing 75% of the existing issued share capital of the Company for an aggregate consideration of HK\$900,000,000 equivalent to HK\$2.00 per Sale Share.

With reference to the Joint Announcement and the Composite Document, Completion took place on 14 November 2018. Immediately following Completion, the Offeror and parties acting in concert with it owned an aggregate of 450,000,000 Shares, representing 75% of the issued shares capital of the Company and, pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make an offer for all the issued Shares not already owned or agreed to be acquired by the Offeror and parties acting in concert with it.

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An Independent Board Committee comprising the non-executive Directors namely Dato' Wong Peng Chong and Mr. Kong Muk Yin, and all independent non-executive Directors, namely, Dr. Chui Hong Sheung *JP*, Mr. Cheung Chi Wai Vidy and Mr. Yue Kwai Wa Ken has been formed to advise the Offer Shareholders on whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer. We, Guosen Securities, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee in this respect, and our opinion herein is solely for the assistance of the Independent Board Committee in connection with its consideration of the Offer pursuant to Rule 2.1 of the Takeovers Code. The appointment of Guosen Securities as the Independent Financial Adviser has been approved by the Independent Board Committee.

INDEPENDENCE

As at the Latest Practicable Date, we confirm that there is no relationship or interest between Guosen Securities and the Company, the Offeror and parties acting in concert with it or any other parties that could affect Guosen Securities' independence to act as the Independent Financial Adviser.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee, we have relied on the statements, information, opinions and representations contained or referred to in the Composite Document and the information and representations as provided to us by the Directors and the Offeror (where applicable). We have assumed that all information and representations that have been provided by the Directors and the Offeror (where applicable), for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date, and should there be any material changes to our opinion after the Latest Practicable Date, Shareholders would be notified as soon as possible. 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 Company, its advisers and/or the Directors and the Offeror (where applicable), which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there are no undisclosed private agreements/arrangements or implied understanding with anyone concerning the Offer. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 2 of the Takeovers Code.

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The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Composite Document and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Composite Document have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement in Composite Document misleading. 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 consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, the Vendor, the Offeror or their respective subsidiaries or associates (if applicable), nor have we considered the taxation implication on the Group or the Shareholders as a result of the Offer. The Company has been separately advised by its own professional advisers with respect to the Offer and the preparation of the Composite Document (other than this letter).

We have assumed that the Offer will be consummated in accordance with the terms and conditions set forth in the Composite Document without any waiver, amendment, addition or delay of any terms or conditions. We have assumed that in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents as required for the Offer, no delay, limitation, condition or restriction will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived from the Offer. In addition, our opinion is based on the financial, market, economic, industry-specific and other conditions as they existed on, and the information made available to us as at the Latest Practicable Date.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Guosen Securities to ensure that such information has been correctly and fairly extracted, reproduced or presented from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of such information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

1. Business, financial performance and prospects of the Group

A. Business of the Group

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and its Shares have been listed on the Main Board since 1 December 2015 under stock code 1561. The Group is principally engaged in the manufacturing and trading of liquid coatings, and powder coatings.

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B. Financial information of the Group

Set forth below are (i) the audited consolidated financial information of the Group for the three years ended 31 December 2015, 31 December 2016 and 31 December 2017 (“FY2015”, “FY2016” and “FY2017”, respectively) as extracted from the 2016 Annual Report and the 2017 Annual Report of the Company, respectively; and (ii) the unaudited consolidated financial information of the Group for the six months ended 30 June 2017 and 30 June 2018 (“PE2017” and “PE2018”, respectively) as extracted from the 2018 Interim Report of the Company:

Table 1: Financial information of the Group

	FY2015 <i>HK\$'000</i> (audited)	FY2016 <i>HK\$'000</i> (audited)	FY2017 <i>HK\$'000</i> (audited)	PE2017 <i>HK\$'000</i> (unaudited)	PE2018 <i>HK\$'000</i> (unaudited)
Revenue	331,572	396,172	374,161	169,673	199,119
Gross Profit	95,627	88,136	65,377	29,121	36,206
Profit/(loss) before tax	51,800	47,837	3,162	5,489	8,071
Profit/(loss) attributable to owners of the Company for the year/period	44,305	41,603	6,105	6,321	7,494
	As at 31 December 2015 <i>HK\$'000</i> (audited)	As at 31 December 2016 <i>HK\$'000</i> (audited)	As at 31 December 2017 <i>HK\$'000</i> (audited)	As at 30 June 2018 <i>HK\$'000</i> (unaudited)	
Non-current assets	334,848	315,959	311,430	313,553	
Current assets	349,361	371,066	359,004	366,479	
Current liabilities	42,381	49,755	43,989	67,047	
Net current assets	306,980	321,311	343,932	328,486	
Non-current liabilities	0	0	11,260	10,476	
Equity attributable to owners of the Company	625,113	621,234	641,229	628,072	

Source: the 2016 Annual Report, the 2017 Annual Report and the 2018 Interim Report of the Company

(i) For the year ended 31 December 2016

As described in the 2016 Annual Report, amid the intense competition due to predatory pricing practiced by competitors, demand in electrical appliances, computers, communication and consumer electronics products of the Group dropped and hence sales from customers decreased. The Group managed to record an increase in revenue to HK\$396,172,000 (2015: HK\$331,572,000).

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The increase in revenue was mainly due to the increase in sales of liquid coatings to subsidiaries of an associate, CMW Holdings Limited to HK\$127,156,000 (2015: HK\$10,090,000) commencing from second quarter of 2016. The Group's gross profit for the year ended 31 December 2016 decreased to HK\$88,136,000 (2015: HK\$95,627,000) with an overall gross margin of 22.2% (2015: 28.8%). As advised by the management of the Company, this is mainly attributable to the increase in the costs of raw materials along with the underlining price movement of crude oil while wages cost followed the trend of the continued increase of minimum wage in the PRC coupled with the general inflation in the PRC. In FY2016, the Group recorded profit attributable to owners of the Company of approximately HK\$41,603,000, representing a slight decrease of approximately 6.1% as compared to that of approximately HK\$44,305,000 in FY2015. Such decrease was mainly due to the decrease in gross profit margin as mentioned above.

As at 31 December 2016, the Group's non-current assets of HK\$315,959,000 (2015: HK\$334,848,000) consisted of property, plant and equipment of HK\$103,890,000 (2015: HK\$119,902,000), prepaid lease payments of HK\$26,961,000 (2015: HK\$29,603,000), interest in an associate of HK\$180,298,000 (2015: HK\$180,387,000), deferred tax assets of HK\$162,000 (2015: HK\$162,000), derivative financial instruments of HK\$1,702,000 (2015: HK\$1,638,000) and deposits to purchase of property, plant and equipment and prepaid lease payments of HK\$2,946,000 (2015: HK\$3,156,000). These non-current assets are principally financed by the Group's shareholders' funds. As at 31 December 2016, the Group's net current assets increased to HK\$321,311,000 (2015: HK\$306,980,000). The Group has no bank borrowing (2015: nil) for the year ended 31 December 2016.

The equity attributable to owners of the Company decreased from approximately HK\$625,113,000 as at 31 December 2015 to approximately HK\$621,234,000 as at 31 December 2016, representing a slight decrease of approximately 0.62%.

(ii) For the year ended 31 December 2017

As described in the 2017 Annual Report, for the year ended 31 December 2017, revenue of the Group decreased by approximately 5.6% to HK\$374,161,000 (2016: HK\$396,172,000) among which sales of liquid coatings to outsiders increased by approximately 3.0% to HK\$244,679,000 (2016: HK\$237,575,000), sales of powder coatings to outsiders decreased by approximately 2.8% to HK\$23,756,000 (2016: HK\$24,439,000). The Group's gross profit for the year ended 31 December 2017 substantially decreased to HK\$65,377,000 (2016: HK\$88,136,000) with an overall gross margin of 17.5% (2016: 22.2%). For the year ended 31 December 2017, costs of raw materials and labour accounted for the major part of the Group's cost of sales and services. Given the fierce competition within the coatings industry, such cost increases could not be fully passed on to the Group's customers by price

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adjustments. In FY2017, the Group recorded profit attributable to owners of the Company of approximately HK\$6,105,000, representing a substantial decrease of approximately 85.3% as compared to that of approximately HK\$41,603,000 in FY2016 and such deterioration was mainly due to the decrease in gross profit margin as a result of fierce competition in the coating industry as mentioned above.

As at 31 December 2017, the Group's non-current assets of HK\$311,430,000 (2016: HK\$315,959,000) consisted of property, plant and equipment of HK\$95,104,000 (2016: HK\$103,890,000), prepaid lease payments of HK\$23,631,000 (2016: HK\$26,961,000), interest in an associate of HK\$191,889,000 (2016: HK\$180,298,000), deferred tax assets of HK\$nil (2016: HK\$162,000), derivative financial instruments of HK\$nil (2016: HK\$1,702,000) and deposits to purchase of property, plant and equipment and prepaid lease payments of HK\$806,000 (2016: HK\$2,946,000). These non-current assets are principally financed by the Group's shareholders' funds. As at 31 December 2017, the Group's net current assets increased to HK\$343,932,000 (2016: HK\$321,311,000). The Group also has no bank borrowing (2016: nil) for the year ended 31 December 2017. There was an increase of non-current liabilities of HK\$11,260,000 (2016: nil) as a result of an accounting classification of trade and other payables and total liabilities associated with assets classified as held for sale (a disposal group of 40% equity interest in Manfield Changzhou as held for sale) for the year ended 31 December 2017.

The equity attributable to owners of the Company increased from approximately HK\$621,234,000 as at 31 December 2016 to approximately HK\$641,229,000 as at 31 December 2017, representing an increase of approximately 3.2%.

(iii) For the six months ended 30 June 2018

As described in the 2018 Interim Report, the Group managed to increase the sales to HK\$199,119,000 (2017: HK\$169,673,000), in particular in the toy and automobile markets. Such improvement was mainly attributable to the Group's endeavor in cost control and streamlining the production process to enhance its competitive edge. For the six months ended 30 June 2018, based on geographical locations, sales to the mainland market increased to HK\$182,502,000 (2017: HK\$141,631,000) but the sales to Hong Kong and other overseas market dropped to HK\$16,617,000 (2017: HK\$28,042,000) and based on products and services, sales of liquid coatings and protective coatings recorded respective increases to HK\$125,461,000 (2017: HK\$106,268,000) and HK\$6,924,000 (2017: HK\$4,265,000) but powder coatings recorded decrease to HK\$9,780,000 (2017: HK\$10,660,000). As benefited from the implementation of organization restructuring and the consequential lowered operational costs since the beginning of 2018, the gross profit and gross profit margin of the Group improved to HK\$36,206,000 (2017: HK\$29,121,000) and 18.2% (2017: 17.2%) respectively. As a result, in PE2018, the Group recorded profit

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attributable to owners of the Company of approximately HK\$7,494,000, representing a slight increase of approximately 18.6% as compared to that of approximately HK\$6,321,000 in PE2017.

As at 30 June 2018, the Group's non-current assets of HK\$313,553,000 (31 December 2017: HK\$311,430,000) consisted of property, plant and equipment of HK\$92,427,000 (31 December 2017: HK\$95,104,000), prepaid lease payments of HK\$23,079,000 (31 December 2017: HK\$23,631,000), interest in an associate of HK\$197,248,000 (31 December 2017: HK\$191,889,000) and deposits to purchase of property, plant and equipment and prepaid lease payments of HK\$799,000 (31 December 2017: HK\$806,000). These non-current assets are principally financed by the Group's shareholders' funds. As at 30 June 2018, the Group's net current assets amounted to HK\$328,486,000 (31 December 2017: HK\$343,932,000).

The Group has no bank borrowing (31 December 2017: Nil). As at 30 June 2018, the Group's leasehold land and buildings situated in Hong Kong amounting to HK\$1,546,000 (31 December 2017: HK\$1,585,000), were pledged to a bank for general banking facilities granted to the Group.

The equity attributable to owners of the Company decreased from approximately HK\$641,229,000 as at 31 December 2017 to approximately HK\$628,072,000 as at 30 June 2018, representing a decrease of approximately 2.1%.

(iv) Dividend

The Company maintained a dividend yield of 1.25% for the years ended 31 December 2015 to 2017 based on the Offer Price. An interim dividend in respect of the period ended 30 June 2018 of HK\$0.02 per share was paid on 10 October 2018 to the shareholders of the Company whose names appear in the Company's register of member on 19 September 2018.

C. Business prospects of the Group

As mentioned in the 2017 Annual Report and the 2018 Interim Report of the Company, the business environment remains challenging for the overall Hong Kong and overseas markets for the powder coatings market segment. The Company experienced a fall in revenue of approximately 5.6% from HK\$396,172,000 in FY2016 to HK\$374,161,000 in FY2017. In view of the deteriorating performance, the Company actively implemented various scale restructuring and streamlining program for cost reduction in the Company's Shenzhen plant, which successfully drove down the overall operating costs and expenses of the Group in PE2018. In order to support its growing operations, the Group has further expanded its existing production facilities in Guangzhou plant by commencing phase two of construction of the production facilities at Guangzhou plant. The production facilities consisting of two warehouses, a workshop and a technical development building are expected to be completed by the end of 2018.

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With reference to the statistics from the National Bureau of Statistics in China, for the first half of 2018, the aggregate production volume of big-scale factories in the coating industry in China was approximately 8,394,000 tons, representing a slight increase of approximately 0.6% as compared to the same period in 2017. Based on the financial information of the Group as discussed above, the Group is generally operating in a financially stable condition, with low financial gearing ratio. The core business of the Group has portrayed solid performance. However, the Group's net profit dropped continuously from FY2015 to FY2017 and stabilized in PE2018 as a result of various restructuring and strategic costs reductions. The costs of the Group's principal raw materials used for production are affected by the price of crude oil which is subject to numerous economic and political factors on a global basis. We understand from the Company that there has been an ongoing industry consolidation in China. As such, industry outlook is expected to remain challenging. We consider that companies with competitive edge shall continue to maintain or even enhance their market share. In this regard, the strategic restructuring plans of the Group are expected to enhance the competitiveness of the Group in the industry.

2. Principal terms of the Offer

CCB International, on behalf of the Offeror and in compliance with the Takeovers Code, is making the Offer to acquire all the Offer Shares, on the terms set out in the Composite Document in compliance with the Takeovers Code on the following basis:

The Offer Price for each Offer Share HK\$2.00 in cash

The Offer Price of HK\$2.00 for each Share under the Offer is equal to the price for each of the Sale Shares acquired by the Offeror pursuant to the SPA.

As at the Latest Practicable Date, there were 600,000,000 Shares in issue. As at the Latest Practicable Date, the Company did not have, and had not entered into any agreement to issue any securities, options, warrants or derivatives which are convertible into or which confer rights to require the issue of Shares.

Based on the Offer Price of HK\$2.00 per Offer Share, the entire issued share capital of the Company is valued at approximately HK\$1,200,000,000. Based on 150,000,000 Shares (representing the Shares not already owned and/or agreed to be acquired by the Offeror and/or parties acting in concert with it) and the Offer Price of HK\$2.00 per Offer Share, the Offer is valued at HK\$300,000,000.

The Offer Price of HK\$2.00 per Offer Share represents:

- (i) a discount of approximately 33.3% to the closing price of HK\$3.00 per Share as quoted on the Stock Exchange on 7 December 2018, being the Latest Practicable Date;

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- (ii) a discount of approximately 14.2% to the closing price of HK\$2.33 per Share as quoted on the Stock Exchange on 7 November 2018, being the Last Trading Day;
- (iii) a discount of approximately 13.0% to the average closing price of HK\$2.298 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 12.0% to the average closing price of approximately HK\$2.274 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 11.9% to the average closing price of approximately HK\$2.269 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day;
- (vi) a premium of approximately 83.2% over the audited consolidated net asset value of the Company of approximately HK\$1.092 per Share or a premium of approximately 87.1% over the audited consolidated net asset value attributable to owners of the Company of approximately HK\$1.069 (based on 600,000,000 Shares in issue as at the Latest Practicable Date) as at 31 December 2017 (being the date to which the latest audited financial results of the Group were made up); and
- (vii) a premium of approximately 86.9% over the unaudited consolidated net asset value of the Company of approximately HK\$1.070 per Share or a premium of approximately 91.0% over the audited consolidated net asset value attributable to owners of the Company of approximately HK\$1.047 (based on 600,000,000 Shares in issue as at the Latest Practicable Date) as at 30 June 2018 (being the date to which the latest unaudited consolidated interim results of the Group were made up).

As stated in the Joint Announcement, the Offeror unconditionally and irrevocably covenants and undertakes with the Vendor that, throughout the continuance of the SPA and until full and final payment of the remaining consideration (being HK\$600,000,000 which should be payable to the Vendor by the Offeror in cash within the period commencing from the close of the Offer to 12 months from the Completion Date), among others, the Offeror shall not, and the Purchaser Guarantor shall procure the Offeror shall not, without the prior written consent of the Vendor, procure or permit the Company to (i) offer, allot or issue, or agree to offer, allot, issue (conditionally or unconditionally) any Shares or securities convertible into or exchangeable for equity securities of the Company (whether or not of a class already listed) if such issue would result in the Offeror beneficially ceasing to hold more than 51% of the issued share capital of the Company; (ii) repurchase any Shares or securities of the Company; (iii) offer to or agree to do any of the foregoing or announce any intention to do so; (iv) enter into any credit facility, trust deed, debenture, facility agreement, loan agreement, factoring agreement, guarantee, indemnity or other agreement relating to borrowing (“**Borrowing Arrangement**”) (which expression shall include liabilities in respect of all acceptances and discounted

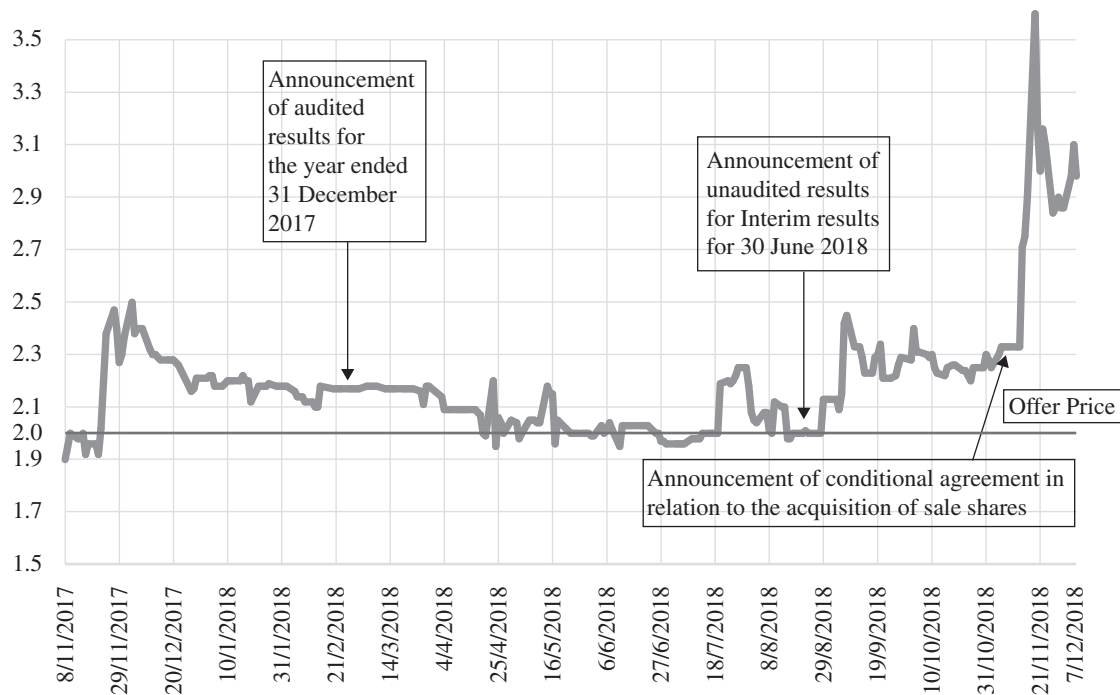
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instruments and under all debentures, mortgages, charges or other security, all unpaid rental, present or future, under all hire purchase, instalment credit, leasing and similar agreements, the purchase price for all acquisitions payment of which is deferred for three months or more, and all contingent liabilities under all debt purchase and factoring agreements in the event of non-payment of any debt), whether oral or written, or allow the Company to incur any new borrowings save and except such Borrowing Arrangements are made for the purpose of repayment of any indebtedness owed by the Company to the Vendor; or (v) save and except the guarantees and indemnity in existence as at the date of the SPA, give any further guarantee or indemnity for or otherwise secure the liabilities or obligations of any person.

A. Historical price performance of the Shares

Set out below is the chart showing the daily closing price of the Shares as quoted on the Stock Exchange during the period commencing from 8 November 2017, being the twelve-month period prior to the Last Trading Day, up to and including the Latest Practicable Date (the “**Review Period**”):

Chart 1: Share price performance during the Review Period



Source: Bloomberg

As illustrated in the chart above, during the Review Period (before the Joint Announcement), the closing price of the Shares ranged from the lowest closing price of HK\$1.90 per Share as recorded on 8 November 2017 to the highest closing price of HK\$2.50 per Share as recorded on 4 December 2017, with an average price of approximately HK\$2.14 per Share. The Offer Price represents a discount of approximately 25.0% of the highest closing price of the Shares, and it also

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represents a discount of approximately 6.5% and a premium of approximately 5.3% over the average closing price and the lowest closing price of the Shares during the Review Period (before the Joint Announcement), respectively.

After resumption of trading of Share upon release of the Joint Announcement on 14 November 2018, the lowest closing price and highest closing price of the Shares for the period from 14 November 2018 and up to the Latest Practicable Date are HK\$2.71 on 14 November 2018 and HK\$3.60 on 19 November 2018 respectively. The Offer Price represents a discount of approximately 26.2% and a discount of approximately 44.4% to the lowest and the highest closing price of the Shares respectively during such period.

B. Historical trading volume of the Shares

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

Table 1: Trading volume of the Shares during the Review Period

Month/period	Total Trading Volume <i>(No. of Shares)</i>	No. of trading days	Average daily trading volume <i>(No. of Shares)</i>	Percentage of the average daily trading volume to the total number of Shares in issue <i>(Note 2)</i>	Percentage of the average daily trading volume to the total number of Shares held by public Shareholders <i>(Note 3)</i>
November 2017 (from 8 November)	36,620,000	17	2,154,118	0.359%	1.436%
December 2017	6,116,000	19	322,105	0.054%	0.215%
January 2018	927,500	22	42,159	0.007%	0.028%
February 2018	84,000	18	4,667	0.001%	0.003%
March 2018	72,000	21	3,429	0.001%	0.002%
April 2018	4,212,000	19	221,579	0.037%	0.148%
May 2018	18,151,500	21	864,286	0.144%	0.576%
June 2018	8,316,000	20	416,000	0.069%	0.277%
July 2018	2,484,000	21	118,095	0.020%	0.079%
August 2018	8,636,000	23	375,652	0.063%	0.250%
September 2018	10,020,000	19	527,368	0.088%	0.352%
October 2018	3,104,000	21	147,619	0.025%	0.098%
November 2018 (up to 7 November 2018)	700,000	4	175,000	0.029%	0.117%
After publication of the Joint Announcement					
November 2018 (from 14 November to the Latest Practicable Date)	27,675,402	18	1,537,522	0.256%	1.025%

Source: Bloomberg

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Notes:

1. Trading in the Shares was suspended from 8 November 2018 to 13 November 2018 (both days inclusive) pending the publication of the Announcement.
2. The calculation is based on the average daily trading volume of the Shares divided by the total issued share capital of the Company as at the Latest Practicable Date (i.e. 600,000,000 Shares).
3. The calculation is based on the average daily trading volume of the Shares divided by the number of Shares held by public Shareholders as at the Latest Practicable Date (i.e. 150,000,000 Shares).

As illustrated in the Table 1 above, the average daily trading volume for the respective month/period during the Review Period ranged from approximately 72,000 Shares (March 2018) to approximately 36,620,000 Shares (November 2017), representing approximately 0.001% to approximately 0.359% of the total number of the Shares in issue as at the Latest Practicable Date, or approximately 0.002% to approximately 1.436% of the total number of Shares held by public Shareholders as at the Latest Practicable Date.

The average daily trading volume of the Shares remained relatively thin during the Review Period until the publication of the Joint Announcement. On 14 November 2018 (being the first trading day after the publication of the Joint Announcement), the trading volume of the Shares increased to approximately 6,854,000 million and the average daily trading volumes increased from approximately 442,154 Shares to approximately 1,537,522 Shares before and after the publication of the Joint Announcement during the Review Period.

We believe that the increase in trading volume of the Shares after publication of the Joint Announcement was likely due to the market reaction to the announcement of the Offer. Although the trading volume of the Shares tended to be active during the Offer Period, the sustainability of the recent growth of the trading volume of the Shares after the Offer Period is uncertain.

The trading volume of the Shares has been more active since 14 November 2018 (being the first trading day after the publication of the Joint Announcement), however, it is still uncertain as to whether there would be sufficient liquidity in the Shares for the Offer Shareholders to dispose of a significant number of the Shares in the open market without depressing the Share price. Therefore, we are of the view that the Offer represents an opportunity for the Offer Shareholders, particularly for those who hold a large volume of the Shares, to dispose of part or all of their Shares at the Offer Price if they so wish to.

C. Valuation comparison with listed comparable companies

In assessing the fairness and reasonableness of the Offer Price, we attempted to compare the Offer Price against the market valuation of listed comparable companies (“**Comparable Companies**”) using the price-to-earnings ratio (“**PE ratio**”) and the price-to-book ratio (“**PB ratio**”), which are commonly used valuation methods for companies engaged in manufacture and sale businesses which we consider to be appropriate under the circumstance. The revenue of the Group was primarily derived from the sale of liquid coatings and powder coatings which are industrial chemicals products with raw materials derived from crude oil or petroleum. We have initially set the initial criteria (the “**Initial Criteria**”) for selecting the Comparable Companies as (i) the shares of which are listed on the Main Board of the Stock Exchange; and (ii) companies with revenue deriving partly from the manufacture and sale of coatings. Based on the Initial Criteria, only two companies were identified namely, CPM Group Limited and Yip’s Chemical Holdings Limited. Given the limited number of Comparable Companies identified, with a view to including a larger selection of Comparable Companies, we have amended the Initial Criteria to the following: (i) the shares of which are listed on the Main Board of the Stock Exchange; (ii) principal activities of the companies include manufacturing and sale of industrial chemicals products with the use of raw materials of petroleum, natural gas, coal, metals or minerals as set out in their respective latest published annual/ results announcements; and (iii) a market capitalization not more than HK\$3,000 million as at the Latest Practicable Date (the “**Revised Criteria**”). We have adopted the search criteria of the principal activities as stated above because the industry attributes of such companies are most similar to that of the coatings industry, in particular, that they are both in the business of manufacturing and the principal raw materials of which are subject to the price of crude oil. We have set a market capitalization of not more than HK\$3,000 million in the selection criteria with reference to the market capitalization of the Company in the region of HK\$1,800 million as at the Latest Practicable Date and such that a reasonable number of companies which are not big market capitalization companies can be included for comparison. Based on the Revised Criteria, we have identified an additional six other Comparable Companies (as set out below) which, we believe shall provide a reasonable reference for this valuation analysis.

As each of the Comparable Companies has its own unique nature and characteristic in terms of, inter alia, business operation and environment, size, profitability and financial position, the comparison of the PE ratio and PB ratio between the Comparable Companies and the Group may not represent an identical comparison.

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The Offer Shareholders should also note that the business operation and environment, size, profitability and financial position of the Comparable Companies are not equivalent to the Company and we have not conducted any in-depth investigation into the abovementioned business and affairs of the Comparable Companies. Nevertheless, we consider such comparison could be treated as an indication as to the reasonableness and fairness of the Offer Price from the perspective of fundamental analysis, details of which are set out in the table below:

Table 2: Details of the Comparable Companies (Coatings sector)

Company name (Stock code)	Principal activities (Note 1)	Market capitalization as at the Latest Practicable Date (HK\$'million)	PE Ratio (times) (Note 2)	PB Ratio (times) (Note 2)
CPM Group Ltd (1932 HK)	Manufacture and distribute paint products, including, principally, building and industrial paints and coating products	470	23.60	0.54
Yip's Chemical Holdings Ltd (408 HK)	Manufacture and trade high molecular chemical products and mixed solvents, paints, raw solvents, lubricants, and inks	1,365	6.70	0.46
		Maximum:	23.60	0.54
		Minimum:	6.70	0.46
		Average:	15.15	0.50
The Company	As at Latest Practicable Date	1,800 (Note 3)	247.12	2.87
	Based on Offer Price	1,200	200.00	1.91

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Table 3: Details of the Comparable Companies (Industrial chemicals sector)

Company name (Stock code)	Principal activities (Note 1)	Market capitalization as at the Latest Practicable Date (HK\$'million)	PE Ratio (times) (Note 2)	PB Ratio (times) (Note 2)
CPM Group Ltd (1932 HK)	Manufacture and distribute paint products, including, principally, building and industrial paints and coating products	470	23.60	0.54
Yip's Chemical Holdings Ltd (408 HK)	Manufacture and trade high molecular chemical products and mixed solvents, paints, raw solvents, lubricants, and inks.	1,365	6.70	0.46
China Longevity Group Co Ltd (1863 HK)	Design and manufacture polymer-processed high-strength polyester fabric composite materials	1,168.1	34.40	4.04
Ngai Hing Hong Company Ltd (1047 HK)	Manufacture and sell colorants and compounded plastic resins, markets and promotes engineering plastic products, and trades plastic materials and pigments	228.9	5.00	0.45
EcoGreen International Group (2341 HK)	Produce and sell fine chemical products of functional ingredients and intermediates for application in pharmaceutical industry, healthcare industry, and personal care industry	1,201.3	5.00	0.53
Infinity Development Holdings Company Limited (640 HK)	Produce adhesives, primers, hardeners, and other products	418.4	N/A	1.10

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Company name (Stock code)	Principal activities (Note 1)	Market capitalization as at the Latest Practicable Date (HK\$'million)	PE Ratio (times) (Note 2)	PB Ratio (times) (Note 2)
Dongguang Chemical Limited (1702 HK)	Manufacture agricultural chemical products.	1,724.9	28.10	1.67
China First Chemical Holdings Ltd. (2121 HK)	Manufacture specialty chemicals. The Company produces bleaching and disinfectants, ADC agent and other products	633.7	4.20	0.24
		Maximum:	34.40	4.04
		Minimum:	4.20	0.24
		Average:	15.29	1.13
		Median:	6.70	0.54
The Company	As at Latest Practicable Date	1,800 (Note 3)	247.12	2.87
	Based on Offer Price	1,200	200.00	1.91

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

Notes:

- Based on the figures of the respective Comparable Companies as published in the latest published annual/interim reports or annual/interim results announcements.
- The PE ratios are based on the market capitalization of the respective Comparable Companies as at the Latest Practicable Date and their respective net profit attributable to shareholders for the year ended 30 September 2017, 31 December 2017 or 30 June 2018, as appropriate. The PB ratios are based on the market capitalization of the respective Comparable Companies as at the Latest Practicable Date and their respective consolidated net assets value as at 30 September 2017, 31 December 2017 or 30 June 2018, as appropriate.
- The market capitalization of the Company is calculated based on the Offer Price and the number of issued Shares (i.e. 600,000,000 Shares) as at the Latest Practicable Date.

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As set out in the Table 2 above, the PE ratios of the Comparable Companies in the coatings sector range from approximately 6.70 times to approximately 23.60 times with an average of approximately 15.15 times. As set out in the Table 3 above, the PE ratios of the Comparable Companies in the industrial chemicals sector range from approximately 4.20 times to approximately 34.40 times with an average of approximately 15.29 times and a median of approximately 6.70 times. The PE ratio implied by the Offer Price of approximately 200 times is well above the range and is much higher than the average and the median of the PE ratios of the Comparable Companies in both sectors.

In addition, the PB ratios of the Comparable Companies in the coatings sector range from approximately 0.46 times to approximately 0.54 times with an average of approximately 0.50 times. The PB ratios of the Comparable Companies in the industrial chemicals sector range from approximately 0.24 times to approximately 4.04 times with an average of approximately 1.13 times and a median of approximately 0.54 times. The PB ratio implied by the Offer Price of approximately 1.91 times is higher than the average and the median of the PB ratios of the Comparable Companies in both sectors.

3. Information on the Offeror and the intention of the Offeror in relation to the Group

A. Information on the Offeror

As stated in the “Letter from CCB International” contained in the Composite Document, the Offeror is a company incorporated in the BVI with limited liability on 6 January 2005. It is an investment holding company. Its assets are solely cash. As at the date of this joint announcement, its ordinary share capital is legally owned as to 51% and 49% by the Purchaser Guarantor and Dr. Li Zhong Yuan respectively and the economic interest is beneficially owned as to 80.9524% and 19.0476% by the Purchaser Guarantor and Dr. Li Zhong Yuan respectively. Dr. Li Zhong Yuan and the Purchaser Guarantor planned to purchase the Sale Shares through the Offeror as an investment vehicle and they therefore acquired the shares in the Offeror at nominal consideration on various occasions. Dr. Li Zhong Yuan and the Purchaser Guarantor became the shareholders of the Offeror, and are interested in 49% and 51% of the issued share capital of the Offeror respectively. Dr. Li Zhong Yuan and the Purchaser Guarantor subsequently agreed on the funding contribution among themselves which determines their beneficial interest in the Offeror. However, they did not further adjust the number of shares they hold in the Offeror so as to match their respective beneficial interest because the voting rights of the shareholders in the Offeror are based on the number of shares each of them hold in the Offeror and the Purchaser Guarantor already has a majority interest and voting rights in the Offeror in respect of management and decision making process as a matter of statutory control over the Offeror. The return of the Offeror (including dividends and distributions) will be distributed between the shareholders with reference to their respective beneficial interest.

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B. Intention of the Offeror Regarding the Group

As stated in the paragraph headed “Future Intentions of the Offeror in relation to the Group” in the “Letter from CCB International” contained in the Composite Document, as at the Latest Practicable Date, the Offeror intended to continue the existing principal businesses of the Group and maintain the employment of the operational and administrative employees of the Group (except for the proposed changes to the members of the Board as detailed in the sub-paragraph headed “Proposed Change of Board Composition” below).

Leveraging on the experience of Dr. Li Zhong Yuan in the new economy sector which include financial services, digital applications for retail and quasi-retail in general, and fintech in particular, the Offeror will explore possible business opportunities in the new economy industry for the Group. The Offeror will also conduct a review on the business operations and financial position of the Group for the purpose of formulating business plans and strategies for the future business development of the Group. Subject to the results of the review, the Offeror may explore other business opportunities for the Group and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Group. The Offeror has been reviewing, and in preliminary discussion and negotiations with multiple entities and different parties in the new economy sector to explore possible collaboration opportunities. However, no agreement or understanding (whether formal or informal, legally binding or non-legally binding) has been reached. The Offeror will continue to review the market development and put forward for the Company’s consideration should appropriate opportunities arise. In the event that any such opportunities shall materialise, further announcement(s) will be made by the Company in accordance with the Listing Rules.

Save as disclosed above, as at the Latest Practicable Date, the Offeror has no intention or plans for any acquisition or disposal of assets and/or business of the Group and no investment or business opportunity has been identified nor has the Offeror entered into any agreement, arrangements, understandings or negotiation in relation to the injection of any assets or business into the Group, and the Offeror has no intention to redeploy the fixed assets of the Group other than those in its ordinary and usual course of business.

C. Proposed change to the Board composition of the Company

The Board is currently made up of three executive Directors, two non-executive Directors and three independent non-executive Directors.

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As mentioned in the “Letter from the CCB International” in the Composite Document, Mr. Yuen Shu Wah, Mr. Ko Jack Lum, Mr. Ng Kai On, Dato’ Wong Peng Chong, Dr. Chui Hong Sheung, *JP*, Mr. Cheung Chi Wai Vidy and Mr. Yue Kwai Wa Ken have tendered resignation to take effect from a date which is no earlier than such date as permitted under Rule 7 of the Takeovers Code (i.e. after the close of the Offer).

Mr. Kong Muk Yin (“**Mr. Kong**”) will remain as a non-executive Director. Mr. Kong has been a non-executive Director and the company secretary of the Company since the listing of Shares in the Company on 1 December 2015. As a non-executive Director with professional qualifications in accounting and finance, Mr. Kong primarily participates in the meetings of the Board to bring another perspective to issues of strategy, performance, accountability, resources, key appointments and standards of conduct and transactions which are material to the Group as and when required. In addition, given his role and experience as the company secretary of the Company, Mr. Kong is familiar with the internal communication channels and corporate organisation of the Group. As such, the Offeror believes that the continued appointment of Mr. Kong will assist in the smooth transition of business of the Company and may assist the proposed new Directors and management in managing the internal operation of the Group.

As at the Latest Practicable Date, the Offeror proposes to nominate Dr. Li Zhong Yuan as executive Director, Ms. Zuo Yi as non-executive Director and Mr. Li Gong, Mr. Wang Jianping and Dr. Shi Ping as independent non-executive Directors. The appointment of the new executive Director, non-executive Director and independent non-executive Directors will take effect on the posting date of this Composite Document. Meanwhile, the Offeror is considering other potential candidates for nomination as Directors. For details of the biography of the proposed directors, please refer to the “Letter from CCB International” contained in the Composite Document. The Company advised that any changes to the composition of the Board will be made in compliance with the Takeovers Code and the Listing Rules and further announcement(s), including but not limited to the details required by Rule 13.51(2) of the Listing Rules, will be made upon any resignation and appointment of the Directors becoming effective.

D. Maintaining the listing status of the Company

As mentioned in the “Letter from CCB International” contained in the Composite Document, it is the intention of the Offeror to maintain the listing of the Shares on the Stock Exchange after the close of the Offer. The Offeror and the Company will undertake to the Stock Exchange to take appropriate steps as soon as possible following the close of the Offer to ensure that not less than 25% of the Shares will be held by the public.

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

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

the Stock Exchange 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 Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

E. Placing and underwriting agreement

As mentioned in the “Letter from CCB International” contained in the Composite Document, the Offeror held 75% of the entire issued capital of the Company at the Latest Practicable Date. In order to satisfy the public float requirement under the Listing Rules, on 7 November 2018, the Offeror and the Purchaser Guarantor have entered into the Underwriting Agreement with SHK Investment, pursuant to which the Offeror has appointed SHK Investment as its placing agent and SHK Investment agrees, during the placing period (i.e. the period commencing upon the commencement date of the Offer and terminating on the seventh Business Day from the Closing Date) on a fully underwritten basis to procure purchasers or places to purchase the Underwritten Shares at HK\$2.00, failing which SHK Investment shall purchase such remaining Underwritten Shares as principal at HK\$2.00. In consideration of the services to be provided by SHK Investment, the Offeror shall pay to SHK Investment a commission of three percent (3%) of the amount equal to the placing price multiplied by the total number of the Offer Shares (i.e. HK\$9 million).

We also note that the Underwriting Agreement further provides that SHK Investment shall not place any of the Offer Shares to (i) any connected person (as defined under the Listing Rules) of the Company; (ii) person who is not an independent person; or (iii) person who, after the placing of such Underwritten Shares by SHK Investment, may no longer be considered as a member of the “public” (as defined under the Listing Rules).

We understand that the Underwriting Agreement is entered into by the Offeror in order to satisfy the public float requirement under the Listing Rules with the placing price of HK\$2.00 (same as the Offer Price) for those Underwritten Shares which are common market practice by the Offeror to handle the situation where the Company’s public float are to be restored under the Listing Rules as a result of the

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Offer. We would also like to remind the Offer Shareholders that there may be possible short suspension of trading of Shares if placing down of Shares is conducted after the Offer Period.

OPINION AND RECOMMENDATION

Taking into consideration the above-mentioned principal factors and reasons, in particular, the following:

- (i) the Offer Price represents an implied PE ratio of approximately 200 times, which is well above the industry range from 6.70 times–23.6 times and 4.2 times–34.4 times for coatings sector and industrial chemicals sector respectively; and it also represents an implied PB ratio of approximately 1.91 times, which is higher than the average and the median of all PB ratios of the Comparable Companies in both sectors;
- (ii) the Offer Price represents a premium of approximately 86.9% over the unaudited consolidated net asset value of the Company per Share of approximately HK\$1.07 as at 30 June 2018;
- (iii) despite that the Offer Price represents a discount of approximately 14.2% to the closing price of the Last Trading Day of HK\$2.33 per Share and a discount of approximately 33.3% to the closing price of HK\$3.00 per Share as at the Latest Practicable Date, taking into account that (a) the closing prices of the Shares being at a low level for several months until the release of the Joint Announcement in relation to the Offer; and (b) there is no assurance that the trading price will continue to maintain at a level higher than the Offer Price after the Offer Period;
- (iv) save for the relatively high average daily trading volume of the Shares after the publication of the Joint Announcement and in the month of November 2017, the trading volume of Shares was low during the Review Period, it is uncertain as to whether there would be sufficient liquidity in the Shares for the Offer Shareholders to dispose of a significant number of the Shares in the open market without depressing the Share price;
- (v) the Group's historical financial performance as discussed in the paragraph headed "B. Financial Information of the Group" under the section headed "1. Business, financial performance and prospects of the Group" above; and
- (vi) there are likely uncertainties in the future performance of the Group as discussed in the paragraph headed "C. Business prospects of the Group" under the section headed "1. Business, financial performance and prospects of the Group" above.

we consider that the terms of the Offer are fair and reasonable so far as the Offer Shareholders are concerned. On such basis, we recommend the Independent Board Committee to advise the Offer Shareholders to accept the Offer. However, we also note that the Share price has traded above HK\$2.00 per Share (the Offer Price) during most of the times of the Review Period before the Joint Announcement (with relatively thin average daily trading volume of the Shares of approximately 0.001% to approximately 0.359% of the total number of Shares in issue as at

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the Latest Practicable Date) and the Share price went up even higher since the date of the Joint Announcement, **those Offer Shareholders who intend to accept the Share Offer are strongly reminded to closely monitor the market price and the liquidity of the Shares during the Offer Period and should consider selling their Shares in the open market, instead of accepting the Offer, if the net proceeds from the sale of such Shares in the open market would exceed the net proceeds receivable under the Offer should there be sufficient liquidity of Shares.**

For those Offer Shareholders who are attracted by and confident in the future prospects of the Group, given the background and future intention of the Offeror as detailed in the “Letter from CCB International” contained in the Composite Document and notwithstanding that no detailed business plan has been laid down by the Offeror, they may consider to retain their Shares in full or in part.

We would like to remind the Offer Shareholders that if they consider retaining their Shares or tendering less than all their Shares under the Offer, they should carefully consider the potential difficulties they may encounter in disposing of their investments in the Shares after the close of the Offer in view of the historical low liquidity of the Shares and there is no guarantee that the prevailing level of the share price will sustain during and after the Offer Period.

The Offer Shareholders are strongly advised that the decision to realise or to continue to hold their investments in the Shares is subject to individual circumstances and investment objectives and they are reminded to carefully (i) monitor the stock market, and the trading price and liquidity of the Shares; (ii) consider the intention of the Offeror; and (iii) evaluate the future prospects of the Group.

Yours faithfully,
For and on behalf of
Guosen Securities (Hong Kong) Capital Co., Limited
Kelvin Lau
Managing Director
Head of Investment Banking

Mr. Kelvin Lau is a licensed person registered with Securities and Futures Commission and a responsible officer of Guosen Securities to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO. He has over 25 years of experience in the investment banking industry.

1. PROCEDURES FOR ACCEPTANCE OF THE OFFER

- (a) To accept the Offer, you should complete and sign the Form of Acceptance in accordance with the instructions printed thereon, which form part of the terms of the Offer.
- (b) 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 Shares is/are in your name, and you wish to accept the Offer in respect of your Offer Shares (whether in full or in part), you must send the Form of Acceptance duly completed and signed 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) to the Registrar, Tricor Investors Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, by post or by hand, marked "Manfield Chemical Holdings Limited Offer" on the envelope, in any event not later than 4:00 p.m., on the Closing Date.
- (c) 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 Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer in respect of your Shares (whether in full or in part), you must either:
 - (i) 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 Offer on your behalf and requesting it to deliver in an envelope marked "Manfield Chemical Holdings Limited Offer" the duly completed and signed Form of 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
 - (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver in an envelope marked "Manfield Chemical Holdings Limited Offer" the duly completed and signed Form of 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
 - (iii) 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 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 the

processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or

- (iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.
- (d) If the share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost and you wish to accept the Offer in respect of your Shares, the Form of Acceptance should nevertheless be duly completed and signed and delivered in an envelope marked "Manfield Chemical Holdings Limited Offer" to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipts 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, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s), 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.
- (e) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete and sign the Form of Acceptance and deliver it in an envelope marked "Manfield Chemical Holdings Limited Offer" to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable instruction and authority to each of CCB International and/or the Offeror and/or any of their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such certificate(s) to the Registrar and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Offer, as if it was/they were delivered to the Registrar with the Form of Acceptance.
- (f) Acceptance of the Offer will be treated as valid only if the duly completed and signed Form of Acceptance is received by the Registrar by no later than 4:00 p.m. on the Closing Date and the Registrar has recorded that the Form of Acceptance and any relevant documents have been so received, and is:
 - (i) accompanied by the relevant share certificate(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if those share certificate(s) is/are not in your name, such other

documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in your favour executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or

- (ii) inserted in the Form of Acceptance, the total number of Shares equal to that represented by the certificates for Shares tendered for acceptance of the Offer. If no number is inserted or a number inserted is greater or smaller than that represented by the certificates for Shares tendered for acceptance of the Offer, the Form of Acceptance will be returned to you for correction and resubmission. Any corrected Form of Acceptance must be resubmitted and received by the Registrar on or before the latest time of acceptance of the Offer; or
 - (iii) from a registered Shareholder or his personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under the other subparagraph of this paragraph (f)); or
 - (iv) certified by the Registrar or the Stock Exchange. If the Form of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (such as grant of probate or certified copy of power of attorney) to the satisfaction of the Registrar must be produced.
- (g) In Hong Kong, seller's ad valorem stamp duty arising in connection with acceptances of the Offer will be payable by relevant Offer 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 Offer, whichever is higher, will be deducted from the cash amount payable by the Offeror to the relevant Offer Shareholder accepting the Offer (where the amount of stamp duty is a fraction of a dollar, the stamp duty will be rounded up to the nearest dollar). The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of relevant Offer Shareholders accepting the Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Shares.
- (h) No acknowledgement of receipt of any Form of 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) will be given.
- (i) The address of the Registrar is Level 22 Hopewell Centre, 183 Queen's Road East, Hong Kong.

2. SETTLEMENT OF THE OFFER

- (a) Provided that a valid Form of Acceptance and the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title and/or transfer receipt(s) (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Offer Shares as required by Note 1 to Rule 30.2 of the Takeovers Code are complete and in good order in all respects and have been received by the Registrar no later than the latest time for acceptance, a cheque for the amount due to each accepting Offer Shareholder, less the seller's ad valorem stamp duty payable by him, will be despatched to such Offer Shareholder by ordinary post at his own risk as soon as possible but in any event within seven Business Days following the date on which all the relevant documents are received by the Registrar to render such acceptance complete and valid.
- (b) Settlement of the consideration to which any Offer Shareholders are entitled under the Offer will be implemented in full in accordance with the terms of the Offer (save with respect of the payment of seller's ad valorem stamp duty), without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Offer Shareholders.
- (c) No fractions of a cent will be payable and the amount of cash consideration payable to an Offer Shareholder who accepts the Offer will be rounded up to the nearest cent.

3. ACCEPTANCE PERIOD AND REVISIONS

- (a) Unless the Offer has previously been revised or extended with the consent of the Executive, all acceptances of the Offer must be received by the Registrar by 4:00 p.m. on Monday, 31 December 2018, being the Closing Date. The Offer is unconditional.
- (b) If the Offer is extended or revised, the announcement of such extension or revision shall state the next Closing Date or that the Offer will remain open until further notice. For the latter case, at least 14 days' notice in writing will be given to the Offer Shareholders who have not accepted the Offer before the Offer is closed, and an announcement in respect thereof shall be released. If the Offeror revises the terms of the Offer, all Offer Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms.
- (c) If the Closing Date is extended, any reference in this Composite Document and in the Form of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the Closing Date so extended.

4. NOMINEE REGISTRATION

To ensure equality of treatment of all Offer Shareholders, those registered Offer 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 owner of the Shares whose investments are registered in the names of a nominee to provide instructions to their nominee of their intentions with regards to the Offer.

5. ANNOUNCEMENTS

- (a) By 6:00 p.m. on 31 December 2018 (or such later time and/or date as the Executive may in exceptional circumstances permit) which is the Closing Date, the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the expiry, revision or extension of the Offer. The Offeror must post an announcement on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating the results of the Offer and whether the Offer has been revised or extended.

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

- (i) for which acceptances of the Offer has been received;
 - (ii) held, controlled or directed by the Offeror or persons acting in concert with it before the Offer Period;
 - (iii) acquired or agreed to be acquired during the Offer Period by the Offeror or persons acting in concert with it.
- (b) 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 any person acting in concert with it has borrowed or lent (save for any borrowed Shares which have been either on-lent or sold) and specify the percentages of the issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers.
- (c) In computing the total number of Shares represented by acceptances, only valid acceptances that have been received by the Registrar no later than 4:00 p.m. on the Closing Date shall be included.
- (d) As required under the Takeovers Code, all announcements in respect of the Offer must be made in accordance with the requirements of the Takeovers Code and the Listing Rules, where applicable.

6. RIGHT OF WITHDRAWAL

- (a) Acceptance of the Offer tendered by any Offer Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out below.
- (b) If the Offeror is unable to comply with the requirements set out in the paragraph headed “5. Announcements” above, as set out in Rule 19.2 of the Takeovers Code, the Executive may require that the Offer Shareholders who have tendered acceptances to the Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that rule are met.
- (c) In such case, if the Offer Shareholders withdraw their acceptances, the Offeror and Registrar shall, as soon as possible but in any event within ten days thereof, 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 Shares lodged with the Form of Acceptance to the relevant Offer Shareholders.

7. STAMP DUTY

The seller’s Hong Kong ad valorem stamp duty arising in connection with the acceptance of the Offer amounting to 0.1% of the amount payable in respect of the relevant acceptance or if higher, the market value of the Shares, will be deducted from the amount payable to the Offer Shareholders who accept the Offer. The Offeror will arrange for payment of the seller’s ad valorem stamp duty on behalf of the relevant Offer Shareholders accepting the Offer and will pay its respective portion of the buyer’s ad valorem stamp duty, being 0.1% of the amount payable in respect of the relevant acceptance or if higher, the market value of the Shares, in connection with the acceptance of the Offer and the transfer of the Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

8. TAXATION ADVICE

The Offer Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the tax implications that may arise from accepting or rejecting the Offer. It is emphasised that none of the Offeror, its beneficial owners and parties acting in concert with any of them, the Company, CCB International, the Independent Financial Advisor, the Registrar or the company secretary of the Company or any of their respective directors or professional advisers or any other parties involved in the Offer or any of their respective agents accepts any responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

9. GENERAL

- (a) All communications, notices, Form of Acceptance, share certificate(s), transfer receipts(s), other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Offer Shareholders

will be delivered by or sent to or from them, or their designated agents by post at their own risk, and the Offeror, its beneficial owners, the Company, CCB International, the Independent Financial Adviser, the Registrar or the company secretary of the Company, any of their respective directors and professional advisers and any other parties involved in the Offer and any of their respective agents do not accept any liability for any loss or delay in postage or any other liabilities that may arise as a result thereof.

- (b) The provisions set out in the Form of Acceptance form part of the terms and conditions of the Offer.
- (c) The accidental omission to despatch this Composite Document and/or Form of Acceptance or any of them to any person to whom the Offer is made will not invalidate either the Offer in any way.
- (d) The Offer is, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.
- (e) Due execution of the Form of Acceptance will constitute an irrevocable authority to the Offeror, CCB International, or such person or persons as the Offeror may direct to complete, amend and execute any document on behalf of the person or persons accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as it may direct, the Offer Shares in respect of which such person or persons has/have accepted the Offer.
- (f) Acceptance of the Offer by any Offer Shareholders will be deemed to constitute a warranty by such person or persons to the Offeror and the Company that their Offer Shares under the Offer are free from all third party rights and Encumbrances whatsoever and together with all rights accruing or attaching thereto including the right to receive in full all dividends and distributions recommended, declared, made or paid on or after the date of this Composite Document.
- (g) References to the Offer in this Composite Document and the Form of Acceptance shall include any revision and/or extension thereof.
- (h) The making of the Offer to the Overseas Shareholders may be prohibited or affected by the laws of the relevant jurisdictions. The Overseas Shareholders should inform themselves about and observe any applicable legal or regulatory requirements. It is the responsibility of each Overseas Shareholder who wishes to accept the Offer to satisfy himself/herself/itself as to the full observance of the laws and regulations of all relevant jurisdictions in connection therewith, including, but not limited to the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with all necessary formalities, regulatory and/or legal requirements. Such Overseas Shareholders shall be fully responsible for the payment of any transfer or cancellation or other taxes

and duties due by such Overseas Shareholders in respect of the relevant jurisdictions. The Overseas Shareholders are recommended to seek professional advice on deciding whether or not to accept the Offer.

- (i) Acceptances of the Offer by any nominee will be deemed to constitute a warranty by such nominee to the Company that the number of the Shares in respect of which as indicated in the Form of Acceptance is the aggregate number of Shares held by such nominee for such beneficial owner who is accepting the Offer.
- (j) Subject to the Takeovers Code, the Offeror reserves the right to notify any matter (including the making of the Offer) to all or any Offer Shareholders and with registered address(es) outside Hong Kong or whom the Offeror, CCB International knows to be nominees, trustees or custodians for such persons by announcement in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any such Offer Shareholders to receive or see such notice, and all references in this Composite Document to notice in writing shall be construed accordingly. As at the Latest Practicable Date, there is no Offer Shareholder with registered address(es) outside Hong Kong.
- (k) In making their decision, the Offer Shareholders must rely on their own examination of the Offeror, the Group and the terms of the Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Form of Acceptance shall not be construed as any legal or business advice on the part of the Offeror, its beneficial owners, the Company, CCB International or the Independent Financial Adviser or their respective professional advisers. The Offer Shareholders should consult their own professional advisers for professional advice.
- (l) All acceptances, instructions, authorities and undertakings given by the Offer Shareholders in the Form(s) of Acceptance shall be irrevocable except as permitted under the Takeovers Code.
- (m) The English texts of this Composite Document and the Form of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation in case of inconsistency.

I. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The following is a summary of certain consolidated financial information of the Group for the years ended 31 December 2015, 2016 and 2017 as extracted from the 2015, 2016 and 2017 annual reports of the Company and for the six months ended 30 June 2018 as extracted from the 2018 interim report of the Company.

	For the six months ended 30 June 2018	For the year ended 31 December		
	2018	2017	2016	2015
	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (audited)	<i>HK\$'000</i> (audited)	<i>HK\$'000</i> (audited)
Revenue	<u>199,119</u>	<u>374,161</u>	<u>396,172</u>	<u>331,572</u>
Profit before taxation	8,071	3,162	47,837	51,800
Taxation	<u>(645)</u>	<u>29</u>	<u>(5,830)</u>	<u>(7,855)</u>
Profit for the year	<u>7,426</u>	<u>3,191</u>	<u>42,007</u>	<u>43,945</u>
Profit (loss) for the year attributable to:				
Owners of the Company	7,494	6,105	41,603	44,305
Non-controlling interests	<u>(68)</u>	<u>(2,914)</u>	<u>404</u>	<u>(360)</u>
	<u>7,426</u>	<u>3,191</u>	<u>42,007</u>	<u>43,945</u>
Dividend	12,000	15,000	15,000	15,000
	<i>HK cent</i>	<i>HK cent</i>	<i>HK cent</i>	<i>HK cent</i>
Earnings per share (<i>HK cent</i>)	<u>1.25</u>	<u>1.0</u>	<u>6.9</u>	<u>9.6</u>
Dividend per share (<i>HK cent</i>)	<u>2</u>	<u>2.5</u>	<u>2.5</u>	<u>2.5</u>

The Group's financial statements as at and for each of the three years ended 31 December 2015, 2016 and 2017 have been audited by the Company's independent auditor, Deloitte Touche Tohmatsu, with unqualified and unmodified opinions issued. The Group had no items which were exceptional because of size, nature or incidence for the respective financial years and financial period.

II. 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 (i) the audited consolidated financial statements of the Group for the year ended 31 December 2017 (the “**2017 Financial Statements**”) and (ii) the unaudited condensed consolidated interim financial statements of the Company for the six months ended 30 June 2018 (the “**2018 Interim 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 2017 Financial Statements are set out from page 38 to page 82 in the annual report of the Company for the year ended 31 December 2017 (the “**Annual Report 2017**”), which was published on 18 April 2018. The Annual Report 2017 was posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.irasia.com/listco/hk/manfield/>), and is accessible via the following hyperlinks:

<http://www3.hkexnews.hk/listedco/listconews/SEHK/2018/0418/LTN20180418860.pdf>

<http://doc.irasia.com/listco/hk/manfield/annual/2017/ar2017.pdf>

The 2018 Interim Financial Statements are set out from page 1 to page 29 in the interim report of the Company for the six months ended 30 June 2018 (the “**Interim Report 2018**”), which was published on 13 September 2018. The Interim Report 2018 was posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.irasia.com/listco/hk/manfield/>), and is accessible via the following hyperlinks:

<http://www3.hkexnews.hk/listedco/listconews/SEHK/2018/0913/LTN20180913691.pdf>

<http://doc.irasia.com/listco/hk/manfield/interim/2018/intrep.pdf>

The 2017 Financial Statements and the 2018 Interim Financial Statements (but not any other part of the Annual Report 2017 and Interim Report 2018 in which they respectively appear) are incorporated by reference into this Composite Document and form part of this Composite Document.

III. INDEBTEDNESS STATEMENT

At the close of business on 31 October 2018, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, the Group had no outstanding bank borrowings.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables in the normal course of business, at the close of business on 31 October 2018, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

IV. MATERIAL CHANGE

The Directors confirm that save as disclosed below, there has been no material change in the financial or trading position or outlook of the Group since 31 December 2017, being the date to which the latest audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date:

- (i) as disclosed in the unaudited interim report of the Group for the six months ended 30 June 2018, in particular,
 - (a) the Group managed to increase the sales to HK\$199,119,000, in particular in the toy and automobile markets as well as in the sales of manufactured products to CMW Holding Limited as compared to HK\$169,673,000 for the same period last year. Also, the Group recorded a net profit attributable to the owners of the Company of approximately HK\$7,494,000 for the six months ended 30 June 2018 as compared to that of approximately HK\$6,321,000 for the same period of last year. The slight improvement was mainly due to the Group's endeavor in cost control and streamlining the production process to enhance its competitive edge;
 - (b) the Group expects that raw material cost, salary and wages, and other production costs will remain high in the second half of the year. With strict implementation of national measure imposed on the coating industry and its upstream suppliers and the resulting high compliance costs, the managing of the overall operating costs of the Group will continue to be challenging. As such, the Group, as in the past few years, remains conservative and prudent on its view of the market outlook;
 - (c) the interim dividend in respect of the six months ended 30 June 2018 of HK\$12,000,000 or HK\$0.02 per Share declared by the Directors on 29 August 2018 and paid on 10 October 2018 to Shareholders whose names appeared in the Company's register of members on 19 September 2018;
- (ii) as disclosed in the announcement of the Company dated 29 September 2018, the Group had been in discussion with the purchaser regarding the exercise of its right to dispose 40% equity interest (the "**Potential Disposal**") in Manfield Teknos (Changzhou) Company Limited* (萬輝泰克諾斯(常州)化工有限公司, an indirect 60%-owned subsidiary of the Company) ("**MT**"). It is expected that the Company will record an estimated book gain of approximately HK\$18,850,000 as a result of the possible disposal, which represents the difference between the agreed price and the attributable audited net asset values of MT as at 31 December 2017. However, the purchaser failed to proceed with the said potential disposal;
- (iii) in relation to the Potential Disposal the Group submitted an arbitration application to Shanghai International Economic and Trade Arbitration Commission on 29 September 2018. The arbitration process is in its preliminary stage and the Group is actively following up the arbitration and evaluating the potential impact. Currently,

the operation conditions of the Group's businesses remain normal, and the aforesaid arbitration has no material impact on the Group's operation, financial position and solvency; and

- (iv) as at the date of the announcement of the Company dated 30 October 2018, the negotiation of a possible acquisition in relation to certain shares in an associated company by the Group is ongoing and may or may not materialize. No legally binding agreement has been concluded and the terms and conditions of the possible acquisition are yet to be determined and finalized.

1. RESPONSIBILITY STATEMENT

The information contained in this Composite Document relating to the Offeror and its intention has been supplied by the Offeror.

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

2. MARKET PRICES

The table below shows the closing price of the Shares quoted on the Stock Exchange on (i) the last trading day in each of the calendar months during the Relevant Period; (ii) the immediate business day before the date of commencement of the Offer Period; (iii) the Last Trading Day; and (iv) the Latest Practicable Date.

Date	Closing price per Share (HK\$)
31 May 2018	1.99
29 June 2018	1.96
31 July 2018	2.18
31 August 2018	2.13
28 September 2018	2.29
31 October 2018	2.30
7 November 2018 (being the Last Trading Day)	2.33
7 November 2018 (the immediate business day before start of the Offer Period)	2.33
30 November 2018	2.86
7 December 2018 (being the Latest Practicable Date)	3.00

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$3.6 per Share on 19 November 2018 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$1.95 per Share on 11 June 2018.

3. INTERESTS IN THE COMPANY AND THE OFFEROR AND ARRANGEMENTS IN CONNECTION WITH THE OFFER

As at the Latest Practicable Date,

- (a) save for the Sale Shares owned by the Offeror, none of the Offeror, its parties acting in concert and directors had any interest in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;
- (b) there was no outstanding derivative in respect of securities in the Company which has been entered into by the Offeror and/or any person acting in concert with it;
- (c) none of the Offeror, its parties acting in concert and directors has received any irrevocable commitment to accept or reject the Offer;
- (d) none of the Offeror or its party acting in concert has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code including shares, warrants, options, derivatives or convertible securities) in the Company;
- (e) save for the Underwriting Agreement, there was no agreement, arrangement, or understanding which may result in the Shares or securities of the Company to be acquired under the Offer being transferred, charged or pledged to any other persons;
- (f) there was no benefit given or to be given to any Director as compensation for loss of office or otherwise in connection with the Offer;
- (g) save as disclosed under the paragraph headed “7. Proposed Change of Board Composition” in the Letter from CCB International, there was no agreement, arrangement or understanding (including any compensation arrangement) exists between the Offeror or any person acting in concert with it and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Offer;
- (h) there was no agreement or arrangement to which the Offeror was a party which relates to the circumstances in which the Offeror may or may not invoke or seek to invoke a condition to the Offer;
- (i) save as contemplated under the SPA, there was no arrangement of the kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers code which exists between the Offeror, or any person acting in concert with the Offeror, and any other person; and
- (j) save as contemplated under the SPA, there is no agreement or arrangement between the Vendor and the Offeror and parties acting in concert with it; and the Vendor and its concert parties have not and will not receive any other consideration or benefits in whatever form from the Offeror or parties acting in concert with it.

4. DEALINGS IN SECURITIES AND ARRANGEMENTS IN RELATION TO DEALINGS

Upon Completion, the Offeror has executed a Share Mortgage in favour of the Vendor as a security for payment of HK\$600,000,000 (being the remaining consideration for the Sale Shares payable by the Offeror under the SPA) which shall be payable by the Offeror to the Vendor or as the Vendor may direct in writing within the period commencing from the close of Offer to 12 months from the Completion Date.

Save for the above and the SPA, during the Relevant Period:

- (a) none of the Offeror nor parties acting in concert with it (including the Vendor) had dealt for value in any Shares, derivatives, warrants or convertible or exchangeable securities carrying rights to subscribe for, convert or exchange into the Shares;
- (b) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Offeror or any person acting in concert with it;
- (c) no person had irrevocably committed themselves to accept or reject the Offer;
- (d) none of the Offeror or its concert parties had borrowed or lent the relevant securities (as defined pursuant to Note 4 to Rule 22 of the Takeovers Code) of the Company; and

as at the Latest Practicable Date

- (e) save as contemplated under the SPA, there was no arrangement of the kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code between the Offeror, or any person acting in concert with the Offeror, and any other person.

5. CONSENTS AND QUALIFICATIONS OF PROFESSIONAL ADVISER

In addition to the Company's expert listed in paragraph headed "10 Consent and Qualification" of Appendix IV to this Composite Document, the following party is the professional adviser whose letter, opinions or advice are contained or referred to in this Composite Document:

Name	Qualifications
CCB International	a corporation licensed to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO

CCB International has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion herein of its letter, opinions or advice and references to its names in the form and context in which it appears.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (i) on the website of the SFC (www.sfc.hk) or the website of the Company (<http://www.irasia.com/listco/hk/manfield/>) during the period from the date of this Composite Document up to and including the Closing Date; and (ii) at the principal office of the Company at Block L, 9th Floor, On Wah Industrial Building, 41–43 Au Pui Wan Street, Fo Tan, Shatin, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m. (other than Saturdays, Sundays and public holidays) from the date of this Composite Document up to and including the Closing Date:

- (a) the memorandum and articles of association of the Offeror;
- (b) the letter from CCB International, the text of which is set out on pages 6 to 16 of this Composite Document;
- (c) the Underwriting Agreement; and
- (d) the written consent referred to under the paragraph headed “5. Consents and Qualifications of Professional Adviser” in this appendix.

7. GENERAL

As at the Latest Practicable Date:

- (a) The registered office of the Offeror is situated at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.
- (b) The registered office of CCB International is situated at 12/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong.
- (c) In the event of inconsistency, the English text of this Composite Document and the Form of Acceptance shall prevail over the Chinese text.

1. RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this Composite Document (other than those 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 those expressed by the Offeror and parties acting in concert with it) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. SHARE CAPITAL

As at the Latest Practicable Date, the authorised and the issued share capital of the Company were as follows:

<i>Authorised share capital</i>	<i>HK\$</i>
<u>10,000,000,000</u> Shares	<u>100,000,000</u>
<i>Issued share capital</i>	<i>HK\$</i>
<u>600,000,000</u> Shares	<u>6,000,000</u>

Save for the Shares, the Company had no outstanding securities, options, derivatives, warrants and other convertible securities or rights affecting the Shares and the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the Latest Practicable Date.

All Shares in issue rank pari passu in all respects with each other including rights to dividends, voting and return of capital. The Company has not issued any Shares since 31 December 2017, the date to which the latest audited financial statements of the Company were made up. Neither the Company nor any of its subsidiaries has made any repurchase of the Shares since the last financial year ended 31 December 2017.

The Shares are listed and traded on the Main Board. None of the Shares is listed, or dealt in, on other stock exchange, nor is any listing of or permission to deal in Shares being, or proposed to be, sought on any other stock exchange.

3. INTERESTS IN AND DEALINGS IN SECURITIES OF THE OFFEROR

As at the Latest Practicable Date, neither the Company nor any of its Directors had any interest in the equity share capital of the Offeror or convertible securities, warrants, options or derivatives in respect of the equity share capital of the Offeror.

During the Relevant Period, neither the Company nor any of its Directors had dealt for value in the equity share capital of the Offeror or convertible securities, warrants, options or derivatives in respect of the equity share capital of the Offeror.

4. DISCLOSURE OF INTERESTS

(a) Directors and the chief executives' interests and short positions in Shares, underlying Shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and 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) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of the SFO (including interest or short positions which they had taken or deemed to have under such provisions of the SFO), or as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) contained in Appendix 10 to the Listing Rules were as follows:

Interests in associated corporation

Name of Director	Name of associated corporation	Capacity/ Nature	Number of shares held/interested	Percentage of interest
Mr Yuen Shu Wah	Manfield Coatings Company Limited	Beneficial owner	9,168,000 non-voting class A shares	28.65
Mr Ko Jack Lum	Manfield Coatings Company Limited	Beneficial owner	4,960,000 non-voting class A shares	15.50

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executives of the Company including their respective associates had any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under the provisions of the SFO); (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code to be notified to the Company and the Stock Exchange.

(b) Substantial shareholders' 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 was known to the Directors, the persons or entities who had an interest or a short position in the shares or the 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 were, directly or indirectly, interested in 5% or more of the issued voting shares of any other member of the Group, or in any options in respect of such share capital were as follows:

Name	Type of interest	Capacity/Nature	Number of Shares held/ interested	Percentage of interest
The Offeror (Note 1)	Long position	Beneficial owner	450,000,000	75.00
	Short position	Beneficial owner	150,000,000	25.00
Mr Li Xiao Ru (Note 1)	Long position	Interest of a controlled corporation	450,000,000	75.00
	Short position	Interest of a controlled corporation	150,000,000	25.00
Dr Li Zhong Yuan (Note 1)	Long position	Interest of a controlled corporation	450,000,000	75.00
	Short position	Interest of a controlled corporation	150,000,000	25.00
The Vendor (Note 2)	Long position	Person having a security interest in shares	450,000,000	75.00
Mezzo (Note 2)	Long position	Interest of a controlled corporation	450,000,000	75.00
Mr Lee Seng Hui (Note 2)	Long position	Interest of a controlled corporation	450,000,000	75.00
SHK Investment (Note 3)	Long position	Beneficial owner	87,500,000	14.58
Everbright Sun Hung Kai Company Limited (Note 3)	Long position	Interest of a controlled corporation	87,500,000	14.58
Sun Hung Kai Financial Group Limited (Note 3)	Long position	Interest of a controlled corporation	87,500,000	14.58
Everbright Securities Financial Holdings Limited (Note 3)	Long position	Interest of a controlled corporation	87,500,000	14.58

Name	Type of interest	Capacity/Nature	Number of Shares held/ interested	Percentage of interest
Everbright Securities Company Limited (Note 3)	Long position	Interest of a controlled corporation	87,500,000	14.58

Notes:

- (1) The Offeror is legally owned as to 51% and 49% by Mr Li Xiao Ru and Dr Li Zhong Yuan respectively. Each of Mr Li Xiao Ru and Dr Li Zhong Yuan is therefore deemed to be interested in the 450,000,000 Shares held by the Offeror under the SFO which are subject to the Share Mortgage.
- (2) The Vendor is owned as to 51% by Mezzo which is wholly owned by Mr Lee Seng Hui. Mr Lee Seng Hui is therefore deemed to be interested in the 450,000,000 Shares in which the Vendor is interested through the Share Mortgage under the SFO.
- (3) SHK Investment is wholly owned by Everbright Sun Hung Kai Company Limited which in turn is wholly owned by Sun Hung Kai Financial Group Limited. Sun Hung Kai Financial Group Limited is owned as to 70% by Everbright Securities Financial Holdings Limited which in turn is wholly owned by Everbright Securities Company Limited. Each of Everbright Sun Hung Kai Company Limited, Sun Hung Kai Financial Group Limited, Everbright Securities Financial Holdings Limited and Everbright Securities Company Limited is therefore deemed to be interested in 87,500,000 Shares in which SHK Investment is interested under the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and chief executive of the Company) who had, or was deemed or taken to have, an interest or short position in the Shares and underlying Shares of the Company which are required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

5. DEALINGS IN SECURITIES OF THE COMPANY

During the Relevant Period,

- (a) save for the disposal of the Sale Shares by the Vendor (a company which Mr Yuen Shu Wah (an executive Director and the chairman of the Company) and Mr Ko Jack Lum (an executive Director) have direct interests as to 28.65% and 15.50% respectively) to the Offeror at the consideration of HK\$900,000,000 (equivalent to HK\$2 per Sale Share) pursuant to the SPA where Completion of which took place on 14 November 2018, the Directors did not have any dealings for value in any Shares, warrants, options, derivatives or other securities convertible into the Shares;

- (b) none of the subsidiaries of the Company, pension funds of any member of the Group or any advisers to the Company who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” or classified as an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code have dealt in any Shares, warrants, options, derivatives or other securities convertible into the Shares;
- (c) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” 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
- (d) no fund managers connected with the Company had any dealings in any Shares, warrants, options, derivatives or other securities convertible into the Shares.

6. OTHER DISCLOSURE OF INTERESTS

As at the Latest Practicable Date:

- (a) save as disclosed in the section headed “4. Disclosure of Interests” above, none of the Directors had any interests in any Shares, warrants, options, derivatives or other securities convertible into the Shares;
- (b) no Shares, warrants, options, derivatives or other securities convertible into the Shares was owned or controlled by a subsidiary of the Company or by a pension fund (if any) of any member of the Group or by an adviser to the Company who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” or classified as an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code or by the Independent Financial Adviser;
- (c) no Shares, warrants, options, derivatives or other securities convertible into the Shares was owned or controlled by a person who has an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code existed between the Company, or any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) 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 any other person;
- (d) no Shares, warrants, options, derivatives or other securities convertible into the Shares was managed on a discretionary basis by fund managers (other than exempted fund managers) (if any) connected with the Company;
- (e) none of the Directors had any beneficial shareholdings in the Company;

- (f) none of the Company nor any of its Directors had borrowed or lent any Shares, warrants, options, derivatives or other securities convertible into the Shares;
- (g) no benefit was or would be given to any Director as compensation for loss of office or otherwise in connection with the Offer;
- (h) there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer; and
- (i) no material contracts had been entered into by the Offeror in which any Director had a material personal interest.

7. MATERIAL LITIGATION

Reference is made to the announcement of the Company dated 29 September 2018.

On 9 April 2018, it was agreed by the representatives of the Group and Teknos Group Oy (the “**Purchaser**”) that the Purchaser will proceed to purchase the 40% equity interest in Manfield Teknos (Changzhou) Chemical Company Limited* (萬輝泰克諾斯(常州)化工有限公司) which is legally and beneficially owned by Manfield Chemical Limited (the “**Seller**”), an indirect wholly-owned subsidiary of the Company, and that the parties will enter into relevant equity transfer documents on 5 May 2018. However, the Purchaser failed to proceed with the said purchase. On 29 September 2018, the Seller submitted an arbitration application to Shanghai International Economic and Trade Arbitration Commission, requesting that:

- (i) the Purchaser shall pay to the Seller the sum of HK\$32,830,324 being the agreed price;
- (ii) the Purchaser shall compensate the Seller for its legal and consulting service expenses for the arbitration in the sum of HK\$1,080,000; and
- (iii) the Purchaser shall bear all the fees incurred for the arbitration.

As at the Latest Practicable Date, the abovementioned arbitration proceedings was still pending.

Save as disclosed above, as at the Latest Practicable Date, none of the Company and its subsidiaries was engaged in any litigation or arbitration or claim of material importance and no litigation or claim of material importance was pending or threatened by or against the Company or any other member of the Group.

* for identification purpose only

8. MATERIAL CONTRACTS

As at the Latest Practicable Date, the following contracts (not being contracts entered into in the ordinary course of business) were entered into by the Company or any member of the Group within two years before the commencement of the Offer Period and is or may be material:

- (a) an agreement dated 4 May 2017 entered into between 萬輝泰克諾斯(常州)化工有限公司 (Manfield Teknos (Changzhou) Chemical Company Limited*) (an indirect non-wholly owned subsidiary of the Company) (“Manfield Teknos”) and 泰克諾斯塗料(上海)有限公司 (Teknos Coatings (Shanghai) Co., Ltd*) (“Teknos Coatings”) in relation to the sale of liquid coatings to Teknos Coatings and purchase of raw materials from Teknos Coatings and its immediate holding company (namely Teknos Group Oy) by Manfield Teknos;
- (b) a supplemental agreement dated 12 December 2017 entered into between 增城市福和園農莊有限公司 (Zengcheng Fuheyuan Nongzhuang Limited*) (“Zengcheng Ltd.”) and 廣州源輝化工有限公司 (Springfield Chemical (Guangzhou) Company Limited*) (an indirect wholly-owned subsidiary of the Company) (“Springfield”) to amend certain terms and conditions of the agreement dated 10 September 2012 entered into between Zengcheng Ltd. and Springfield in relation to the transfer of the user rights to two land parcels situated at Sanjing Village, Zhongxing Town, Zengcheng District, Guangzhou City, Guangdong Province, the PRC (中國廣東省廣州市增城區中新鎮三徑村) at the consideration of approximately RMB3.4 million (the “Transfer Agreement”); and
- (c) a supplemental agreement dated 5 December 2018 entered into between Zengcheng Ltd. and Springfield to further amend certain terms and conditions of the Transfer Agreement.

9. DIRECTORS’ SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing service contracts with any member of the Group or any associated company of the Group:

- (a) which (including both continuous and fixed term contracts) have been entered into or amended within 6 months prior to commencement of the Offer Period;
- (b) which are continuous contracts with a notice period of 12 months or more; or
- (c) which are fixed term contracts with more than 12 months to run irrespective of the notice period.

10. CONSENT AND QUALIFICATION

The following is the name and qualification of the expert who has given opinion or advice which is contained in this Composite Document:

Name	Qualification
Guosen Securities	a corporation licensed to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

Guosen Securities has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its advice, letter and recommendation and the references to its name and logo in the form and context in which they respectively appear.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection on the websites of the SFC (www.sfc.hk) and the Company (<http://www.irasia.com/listco/hk/manfield/>) during the period from the date of despatch of this Composite Document up to and including the Closing Date:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for the three financial years ended 31 December 2015, 2016 and 2017;
- (c) the interim report of the Company for the six months ended 30 June 2018;
- (d) the letter from the Board, the text of which is set out on pages 17 to 24 of this Composite Document;
- (e) the letter from the Independent Board Committee, the text of which is set out on pages 25 to 26 of this Composite Document;
- (f) the letter from Independent Financial Adviser, the text of which is set out on pages 27 to 48 of this Composite Document;
- (g) the material contracts referred to in the section headed “7. Material Contracts” in this appendix;
- (h) the written consent from Guosen Securities referred to in the section headed “10. Consent and Qualification” in this appendix; and
- (i) this Composite Document and the accompanying Form of Acceptance.

12. MISCELLANEOUS

- (a) The registered office of the Company is situated at Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its head office and principal place of business in Hong Kong is Block L, 9th Floor, On Wah Industrial Building, 41–43 Au Pui Wan Street, Fo Tan, Shatin, Hong Kong.
- (b) The company secretary of the Company is Mr Kong Muk Yin, who is a fellow member of The Association of Chartered Certified Accountants, a member of the Hong Kong Institute of Certified Public Accountants and a Chartered Financial Analyst.
- (c) The principal share registrar of the Company in the Cayman Islands is Conyers Trust Company (Cayman) Limited, whose office is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (d) The Registrar of the Company in Hong Kong is Tricor Investor Services Limited, whose office is situated at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (e) The registered office of Guosen Securities, the Independent Financial Adviser, is situated at 42/F, Two International Finance Centre, No 8 Finance Street, Central, Hong Kong.
- (f) In the event of inconsistency, the English texts of this Composite Document and the Form of Acceptance shall prevail over their respective Chinese texts.