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CHINA LEAD INVESTMENT HOLDINGS LIMITED

領華投資控股有限公司

(Incorporated in the British Virgin Islands with limited liability)

GLOBAL MASTERMIND CAPITAL LIMITED

環球大通投資有限公司*

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 905)

JOINT ANNOUNCEMENT

- (1) COMPLETION OF THE SALE AND PURCHASE OF THE BVI SALE SHARE IN CHINA LEAD INVESTMENT HOLDINGS LIMITED;**
(2) MANDATORY UNCONDITIONAL CASH OFFER BY LEGO SECURITIES LIMITED FOR AND ON BEHALF OF CHINA LEAD INVESTMENT HOLDINGS LIMITED TO ACQUIRE ALL THE ISSUED SHARES OF GLOBAL MASTERMIND CAPITAL LIMITED (OTHER THAN THOSE SHARES ALREADY OWNED BY AND/OR TO BE ACQUIRED BY CHINA LEAD INVESTMENT HOLDINGS LIMITED AND PARTIES ACTING IN CONCERT WITH IT);
(3) APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER;
AND
(4) RESUMPTION OF TRADING

Financial adviser to the Offeror

六福金融
LUKFOOK FINANCIAL

Independent Financial Adviser to the Independent Board Committee

MERDEKA 領智

* For identification purposes only

COMPLETION OF THE SALE AND PURCHASE AGREEMENT

The Company was informed by the Offeror that on 27 January 2021 (after trading hours), the Purchaser, who is an executive Director and the chief executive officer of the Company, entered into the Sale and Purchase Agreement with the Vendor, pursuant to which, among other things, the Vendor agreed to sell and the Purchaser agreed to acquire, the BVI Sale Share (representing the entire issued share capital of the Offeror) at a consideration of HK\$38,635,302.75. Immediately before the Completion, the Offeror owned 351,230,025 Shares, representing approximately 50.15% of the total issued share capital of the Company. Save for holding the 351,230,025 Shares and the Term Loan for the purpose of making the Offer, the Offeror did not hold other assets and liabilities immediately before the Completion. The Completion took place on the same day. Since the Completion on 27 January 2021, the Purchaser has become the sole shareholder and the sole director of the Offeror.

As at the date of this joint announcement, together with the Shares transferred by each of Mr. K. K. Mung and TDX to the Offeror on 27 January 2021, the Offeror owns 509,784,025 Shares, representing approximately 72.79% of the issued share capital of the Company.

MANDATORY UNCONDITIONAL CASH OFFER

Immediately following the Completion, the Purchaser owns the entire issued share capital of the Offeror, which, together with the Shares transferred by each of Mr. K. K. Mung and TDX to the Offeror on 27 January 2021, in turn owns 509,784,025 Shares, representing approximately 72.79% of the issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make mandatory unconditional cash offer to acquire all of the Shares in the issued share capital of the Company (other than those Shares already owned by and/or to be acquired by the Offeror and the Offeror Concert Party(ies)).

THE OFFER

Lego Securities will, for and on behalf of the Offeror, make the Offer in compliance with the Takeovers Code on the following basis:

For each Offer Share HK\$0.11 in cash

The Offer Price is equivalent to the consideration of HK\$38,635,302.75 payable by the Purchaser to the Vendor pursuant to the Sale and Purchase Agreement divided by 351,230,025 (being the number of Shares held by the Offeror immediately before the Completion). The Offer Price of HK\$0.11 per Offer Share represents a premium of 37.50% to the closing price of HK\$0.08 per Share as quoted on the Stock Exchange on 27 January 2021, being the Last Trading Day.

The Offer will be unconditional in all respects when made.

The Offeror confirms that the Offer Price is final and will not be increased.

As at the date of this joint announcement, there are 700,333,925 Shares in issue, of which 509,784,025 Shares are held by the Offeror and the Offeror Concert Party(ies) (representing approximately 72.79% of the total issued share capital of the Company). Save as disclosed above, there are no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company in issue.

Value of the Offer

As at the date of this joint announcement, there are 700,333,925 Shares in issue. On the basis of the Offer Price of HK\$0.11 per Offer Share, all issued Shares would be valued at HK\$77,036,731.75. Assuming no change in the issued share capital of the Company, the Offer will be extended to 190,549,900 Shares, and the value of the Offer will be HK\$20,960,489.

Financial resources available to the Offeror

Based on (i) the Offer Price of HK\$0.11 per Offer Share; and (ii) 190,549,900 Offer Shares, the total maximum consideration of the Offer will be HK\$20,960,489.

The total consideration payable under the Offer shall be payable in cash. The Offeror intends to finance the consideration payable under the Offer by an interest-free shareholder's loan in the principal amount of not more than HK\$21,300,000 provided by the Purchaser to the Offeror. Luk Fook Capital, being the financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are, and will remain, available to the Offeror to satisfy the consideration for full acceptance of the Offer and/or on market purchase of the Shares by the Offeror at a price of not more than HK\$0.11 per Share.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all independent non-executive Directors, namely, Mr. Fung Wai Ching, Mr. Lei Seng Fat and Mr. Poon Wai Hoi, Percy, has been established in accordance with Rule 2.1 of the Takeovers Code to advise the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer.

Merdeka has been appointed as the independent financial adviser to advise the Independent Board Committee in connection with the Offer. The appointment of the Independent Financial Adviser has been approved by the Independent Board Committee.

DESPATCH OF COMPOSITE DOCUMENT

It is the intention of the Offeror and the Board to combine the offer document and the offeree board circular into a composite document. Accordingly, pursuant to Rule 8.2 of the Takeovers Code, the Offeror is required to despatch the Composite Document (accompanied by the form of acceptance and transfer) in connection with the Offer containing, among other things, (i) details of the Offer (including the expected timetable); (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee in respect of the Offer, will be despatched jointly by the Offeror and the Company to the Shareholders within 21 days of the date of this joint announcement. It is expected that the Composite Document will be despatched on or before 9 April 2021.

Further announcement(s) regarding the despatch of the Composite Document will be made by the Offeror and the Company as and when appropriate.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 28 January 2021 pending the publication of this joint announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 22 March 2021.

WARNING: Shareholders and/or potential investors of the Company should exercise caution when dealing in the Shares or exercising other rights in respect of any of them. Persons who are in doubt as to the action they should take should consult their licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers.

Shareholders and potential investors of the Company should also note that the Profit Warning Announcement does not meet the standard required by Rule 10 of the Takeovers Code and has not been reported on in accordance with the Takeovers Code. Shareholders and potential investors of the Company should therefore exercise caution in placing reliance on the Profit Warning Announcement in assessing the merits and demerits of the Offer and/or when dealing in the securities of the Company.

BACKGROUND AND COMPLETION OF THE SALE AND PURCHASE AGREEMENT

On 14 May 2020, the Vendor, through the Offeror (which was then wholly and beneficially owned by the Vendor), acquired 195,500,000 Shares, representing approximately 27.92% of the issued share capital of the Company, from a then substantial Shareholder who was not connected with the Vendor, the Offeror and the Purchaser; and conducted the 2020 General Offer thereafter. Since Mr. K. K. Mung has been a substantial Shareholder for years (further details of which are set out in the paragraphs below), and was not willing to sell his direct and indirect interest in the Company, each of Mr. K. K. Mung and TDX (a company controlled by Mr. K. K. Mung) gave an irrevocable undertaking to the Offeror (which was then wholly and beneficially owned by the Vendor) not to accept the 2020 General Offer. Pursuant to class (1) under the definition of “acting in concert” of the Takeovers Code, both Mr. K. K. Mung and TDX were presumed acting in concert with the Offeror (which was then wholly and beneficially owned by the Vendor).

Immediately after the close of the 2020 General Offer on 10 July 2020, the Offeror (which was then wholly and beneficially owned by the Vendor) held 422,318,025 Shares and together with its concert parties (being, Mr. K. K. Mung who held 53,696,000 Shares and TDX which held 104,858,000 Shares, both of whom were presumed parties acting in concert with the Offeror (which was then wholly and beneficially owned by the Vendor) under class (1) of “acting in concert” of the Takeovers Code), held 580,872,025 Shares in total, representing approximately 82.94% of the issued share capital of the Company. The Offeror (which was then wholly and beneficially owned by the Vendor) subsequently disposed of 71,088,000 Shares in the open market, details of which is set out in the section headed “Dealing and interests in the Company’s securities”. As a result, the Offeror (which was then wholly and beneficially owned by the Vendor) held 351,230,025 Shares up to the date of entering into of the Sale and Purchase Agreement on 27 January 2021. Since the Vendor is a pure financial investor of the Company, he had not nominated any person as a Director and to join the management team of the Group to participate in the affairs of the Group.

After six months of the investment in the Company, the Vendor considered such investment was not as promising as he originally believed and proposed to sell the Shares to Mr. K. K. Mung and the Purchaser.

Mr. K. K. Mung is an executive Director and the chairman of the Board who, together with TDX, was the single largest Shareholder from November 2006 to December 2016, and thereafter a second largest Shareholder.

The Purchaser is the son of Mr. K. K. Mung. He first became an executive Director in November 2010 and held office until April 2013. He re-joined the Company as an executive Director in March 2014. Since February 2015, he has also been the chief executive officer of the Company. After more than nine years of participation in the business and operation of the Group and as a chief executive officer of the Company, the Purchaser considered the proposed sale of the Shares by the Vendor to him as a good management buy-out opportunity for him to take control of the Company and he was interested to acquire the Shares held by the Vendor through the Offeror.

Upon negotiation amongst Mr. K. K. Mung, the Purchaser and the Vendor,

- (i) based on the representation of the Vendor, the parties agreed on the commercial terms of the transaction including (a) the consideration of the BVI Sale Share; (b) the deferred payment arrangement under the Sale and Purchase Agreement; (c) the provision of the interest-free Term Loan; (d) the pledge of the Shares held by the Offeror; (e) the pledge of the BVI Sale Share; and (f) the provision of personal guarantee by the Purchaser;
- (ii) upon the Vendor's representation to the Purchaser and Mr. K. K. Mung that the Offeror was an investment holding company set up solely for the purpose of holding the Shares and would not have any liabilities immediately before the entering into of the Sale and Purchase Agreement, the Purchaser decided to acquire the BVI Sale Share, representing the entire issued share capital of the Offeror, instead of acquiring the Shares directly held by the Offeror;

- (iii) to support the Purchaser's decision of advancing his career path from an employee to a business investor of the Company, Mr. K. K. Mung as the father of the Purchaser would transfer the respective Shares owned directly by him and TDX at an aggregate consideration of HK\$2.00 to the Offeror which would be acquired by the Purchaser pursuant to the Sale and Purchase Agreement. Accordingly, the Purchaser would acquire the entire issued share capital of the Offeror from the Vendor in order to take control of the Company; and Mr. K. K. Mung and TDX would transfer the Shares held by each of them to the Offeror in order to let the Purchaser consolidate all the Shares to be acquired under the same entity, namely the Offeror; and
- (iv) the parties agreed to execute the Sale and Purchase Agreement as soon as possible before the black-out period as stipulated under Appendix 10 to the Listing Rules, which was then expected to start on or around 27 January 2021.

The Vendor accepted the above arrangements in particular point (i) above after considering that (a) the Purchaser and/or Mr. K. K. Mung would be the most possible buyer of the Shares as the Purchaser and Mr. K. K. Mung have been executive Directors and Mr. K. K. Mung has been a substantial Shareholder; and (b) the above arrangements, once implemented, would provide a solid exit opportunity for him to divest his investment in the Company with a lock-in gross investment gain of approximately HK\$7.02 million to be acceptable to him.

Subsequent to the negotiation, the Purchaser reviewed the management accounts of the Offeror and requested for a certificate of good standing after the Completion to ensure that the Offeror is free from encumbrances, and confirmed that the representation made by the Vendor was correct.

The Company was informed by the Offeror that on 27 January 2021 (after trading hours), the Purchaser entered into the Sale and Purchase Agreement with the Vendor, pursuant to which, among other things, the Vendor agreed to sell and the Purchaser agreed to acquire, the BVI Sale Share (representing the entire issued share capital of the Offeror) at a consideration of HK\$38,635,302.75. Immediately before the Completion, the Offeror owned 351,230,025 Shares, representing approximately 50.15% of the total issued share capital of the Company. On the same day, the Previous Offer Agent was engaged as the offer agent to make the Offer for and on behalf of the Offeror. Save for holding the 351,230,025 Shares and the Term Loan for the purpose of making the Offer, the Offeror did not hold other assets and liabilities immediately before the Completion. The Completion took place on 27 January 2021. On the same day after the Completion, Mr. K. K. Mung transferred 53,696,000 Shares and TDX transferred 104,858,000 Shares to the Offeror at an aggregate consideration of HK\$2.00. Since the Completion on 27 January 2021, the Purchaser has become the sole shareholder and the sole director of the Offeror.

As at the date of this joint announcement, the Offeror owns 509,784,025 Shares, representing approximately 72.79% of the issued share capital of the Company.

As the provision of the Term Loan by the Vendor and the engagement of the Previous Offer Agent, which is indirectly wholly owned by the Vendor, as the offer agent in respect of the Offer, may lead to concerns on reliance on the Vendor by the Purchaser to make the Offer, the Purchaser subsequently decided to finance the entire consideration for full acceptance of the Offer and the relevant expenses arising from the Offer himself from his personal resources as detailed in section headed “Financial resources available to the Offeror”. Accordingly, the Offeror fully repaid the entire principal of the Term Loan in amount of HK\$21,000,000 to the Vendor on 18 March 2021. Furthermore, the Offeror and the Previous Offer Agent mutually agreed to terminate the Previous Offer Agent’s engagement with effect from 12 March 2021. The service fee charged by the Previous Offer Agent had been returned to the Purchaser as at the date of this joint announcement. On 12 March 2021, Lego Securities was engaged by the Offeror as the offer agent in respect of the Offer.

The principal terms of the Sale and Purchase Agreement are summarised below:

Date	27 January 2021
Parties	(1) Vendor: Mr. Ng Kwok Fai
	(2) Purchaser: Mr. Mung Bun Man Alan

BVI Sale Share

Pursuant to the Sale and Purchase Agreement, the Vendor sold the full legal and beneficial title and interest in, and the Purchaser acquired, the BVI Sale Share (representing the entire issued share capital of the Offeror) free from any and all Encumbrances and together with all dividends, benefits and rights attached or accruing thereto as from the date of the Completion.

Consideration

The consideration for the transfer of the BVI Sale Share is HK\$38,635,302.75, which is equivalent to the value of 351,230,025 Shares held by the Offeror immediately before the Completion at a price of HK\$0.11 per Share. The consideration was determined on commercial basis after taking into account (i) the closing prices of the Shares traded on the Stock Exchange prior to the Last Trading Day; (ii) the cost of the investment of the Vendor; (iii) the deferred payment of the consideration on an interest-free basis; and (iv) the provision of the Term Loan by the Vendor to make the Offer. The consideration will be settled in full in cash on or before 26 January 2022 (i.e. within one year after the date of the Sale and Purchase Agreement). No interest shall accrue on the payment of consideration. The settlement method of the consideration by way of deferred payment (including the fact that no interest shall accrue on the payment of consideration) was arrived at after commercial discussions between the Vendor and the Purchaser, and balancing the financial interests of both parties. As at the date of this joint announcement, HK\$5,000,000, representing approximately 12.94% of the consideration for the transfer of the BVI Sale Share, has been paid to the Vendor by the Purchaser to settle part of the consideration for the transfer of the BVI Sale Share.

Even though the price per Share of HK\$0.11 through the sale of the BVI Sale Share represents a deep discount to the net asset value per Share (which represents a discount of approximately 70.74% to the unaudited consolidated net asset value per Share as at 31 December 2020 of approximately HK\$0.376 which was announced by the Company on 15 January 2021), the Vendor considered the consideration for the transfer of the BVI Sale Share to be favourable, having considered (i) the price per Share of HK\$0.09 he paid for his investment in the Company (which also represented a deep discount of approximately 75.94% to the unaudited consolidated net asset value per Share as at 30 April 2020 of approximately HK\$0.374 which was announced by the Company on 14 May 2020) via the Offeror in mid-2020; (ii) the price per Share of HK\$0.11 to be received by him through the sale of the BVI Sale Share under the Sale and Purchase Agreement (calculated by dividing the consideration of HK\$38,635,302.75 payable by the Purchaser to the Vendor by 351,230,025 (being the number of Shares held by the Offeror immediately before the Completion)), representing a lock-in gross investment gain of HK\$0.02 per Share (i.e. the difference between the consideration of HK\$0.11 per Share and the price paid by the Vendor of HK\$0.09 per Share for his investment in the Company in 2020, or a rate of return of approximately 22.22%) in a maximum period of one year from the date of entering into of the Sale and Purchase Agreement to the day of receipt of consideration in full on a deferred basis; and (iii) the sale of the BVI Sale Share would provide him with a certain exit opportunity to divest his investment in the Company.

The Vendor accepted deferred payment of consideration and provided the interest-free Term Loan to the Purchaser as he considered the consideration favourable and the risk he would have to bear to be acceptable given that (a) the Offeror has executed a share charge in favour of him over the 509,784,025 Shares owned by the Offeror and the Shares to be acquired by the Offeror under the Offer and on market (if any); (b) the Purchaser has executed a share charge in favour of him over the entire issued share capital of the Offeror; (c) the above-mentioned share charges (which form part of the Finance Documents) could only be released upon the payment of consideration of the BVI Sale Share and the repayment by the Offeror to him of the interest-free Term Loan made by him to the Offeror under the Finance Documents to finance the Offer and related expenses arising from the Offer; and (d) the provision of personal guarantee by the Purchaser to him under the Finance Documents. In addition, the additional Shares transferred by Mr. K. K. Mung and TDX to the Offeror on 27 January 2021 as a security for the deferred payment showed a good indication to the Vendor that the Purchaser would be able to honour his payment obligations and the charging of such additional Shares would lower the “loan to security” ratio. Accordingly, the Vendor accepted the above mentioned arrangements and did not require the Purchaser to provide additional securities and/or properties to charge to the Vendor.

The Vendor confirmed that the lock-in gross investment gain of HK\$0.02 per Share, representing a lock-in gross investment gain of approximately HK\$7.02 million or a rate of return of approximately 22.22%, was acceptable after taking into consideration (i) the capital gain on his investment in the Company; (ii) the interest that would otherwise be earned by the Vendor from the deferred payment arrangement and the provision of the Term Loan; and (iii) a certain exit opportunity for him to divest his investment in the Company, as a whole. Luk Fook Capital concurred that the Vendor’s bases of consideration are justifiable.

The Vendor did assess the financial credibility of the Purchaser to accept the deferred payment arrangement. In addition, the Vendor had also taken into account that in case the Purchaser is not able to fulfil his repayment obligation, according to the share charges which form part of the Finance Documents, the Vendor could execute such charges to take control of the Offeror which would own 509,784,025 Shares (representing approximately 72.79% of the total issued share capital of the Company) and the Shares to be acquired by the Offeror under the Offer and on market (if any), thereby enabling the Vendor to take control over the Company. Such taking over of the Company by the Vendor in case the Purchaser is not able to fulfil his repayment obligation will trigger the obligation of the Vendor to make another general offer pursuant to the Takeovers Code.

The Vendor also understood that if he were to dispose of the Shares held by him via the Offeror through open market sales, it might take a considerable amount of time and the selling price per Share might not be satisfactory to him. For the reasons stated above, and upon considering the financial strength of the Purchaser which had been assessed by the Vendor, and the sufficiency of the Vendor's financial resources to accept deferred payment and provide the Term Loan, the Vendor accepted the terms of the sale and purchase of the BVI Sale Share, and considered that the arrangements including the deferred payment of the consideration of the sale of the BVI Sale Share and the provision of the Term Loan are favourable and profitable.

The Purchaser, who is an executive Director and the chief executive officer of the Company, is optimistic about the future prospects of the Company. He considered the proposed sale of the Shares by the Vendor to him as a management buy-out opportunity to acquire the controlling stake of the Company and a significant advancement of his career path from an employee to a business investor of the Company. He was well aware of the historical performance and liquidity of the Shares whilst the stock markets in Hong Kong, Mainland China and the United States of America have been booming in 2020. In view of the booming securities market at the time of negotiation, the Purchaser desired to retain his cash resources to catch up the investment opportunities and requested (i) a one year, interest-free deferred payment with no initial cash outlay to acquire the Shares indirectly held by the Vendor; and (ii) the provision of an interest-free Term Loan to the Purchaser to conduct the Offer. While making such requests, he was willing to: (a) pay a higher price (as compared to the then market price ranging from HK\$0.075 to HK\$0.098 during the negotiation period with the Vendor) to acquire the Shares indirectly held by the Vendor; (b) charge to the Vendor the Shares held by the Offeror that would be acquired by him from the Vendor and the Shares that would be transferred to the Offeror (which was wholly and beneficially owned by the Purchaser after the Completion) from his father, Mr. K. K. Mung, and TDX on 27 January 2021 and the Shares to be acquired by the Offeror under the Offer and on market (if any); (c) charge to the Vendor the entire issued share capital of the Offeror upon the Completion; and (d) provide his personal guarantee to the Vendor.

By virtue of allowing the Purchaser to defer payment for the consideration under the Sale and Purchase Agreement and providing the Term Loan to the Purchaser to conduct the Offer, the Vendor will be a member of the Purchaser's concert party group in addition to Mr. K. K. Mung, TDX and Ms. Sin Lai Ni (the spouse of Mr. K. K. Mung), who has also been presumed to be parties acting in concert with the Offeror under class (1) of the definition of "Acting in concert" of the Takeovers Code since the 2020 General Offer.

Each of the Vendor and the Purchaser confirmed that there is no business and financial relationship between the Vendor and his concert parties on one hand and the Purchaser and his concert parties on the other hand, save for (i) the entering into of the Sale and Purchase Agreement and the Finance Documents; (ii) the engagement of the Previous Offer Agent to make the Offer on behalf of the Offeror, which was terminated on 12 March 2021; and (iii) the giving of irrevocable undertaking by Mr. K. K. Mung and TDX to the Offeror not to accept the offer under the 2020 General Offer.

MANDATORY UNCONDITIONAL CASH OFFER

Immediately following the Completion, the Purchaser owns the entire issued share capital of the Offeror, which, together with the Shares transferred by each of Mr. K. K. Mung and TDX to the Offeror on 27 January 2021, in turn owns 509,784,025 Shares, representing approximately 72.79% of the issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make mandatory unconditional cash offer to acquire all of the Shares in the issued share capital of the Company (other than those Shares already owned by and/or to be acquired by the Offeror and the Offeror Concert Party(ies)).

The Offer will be open for acceptance for at least twenty-one (21) days after the date of posting of the Composite Document as required under the Takeovers Code.

THE OFFER

Lego Securities will, for and on behalf of the Offeror, make the Offer in compliance with the Takeovers Code on the following basis:

For each Offer Share HK\$0.11 in cash

The Offer Price is equivalent to the consideration of HK\$38,635,302.75 payable by the Purchaser to the Vendor pursuant to the Sale and Purchase Agreement divided by 351,230,025 (being the number of Shares held by the Offeror immediately before the Completion). The Offer Price of HK\$0.11 per Offer Share represents a premium of 37.50% to the closing price of HK\$0.08 per Share as quoted on the Stock Exchange on 27 January 2021, being the Last Trading Day.

The Offer will be unconditional in all respects when made.

The Offeror confirms that the Offer Price is final and will not be increased.

As at the date of this joint announcement, there are 700,333,925 Shares in issue, of which 509,784,025 Shares are held by the Offeror and the Offeror Concert Party(ies) (representing approximately 72.79% of the total issued share capital of the Company). Save as disclosed above, there are no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company in issue. The Offer Price is the same as the highest price per Share paid by the Offeror, to acquire the Shares during the six-month period immediately prior to and including the date of this joint announcement.

The Offer will be extended to all Independent Shareholders in accordance with the Takeovers Code. The Shares to be acquired under the Offer shall be (a) fully paid; (b) free from all liens, equities, mortgages, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature; and (c) together with all rights, benefits and entitlements attaching to them as at the Closing Date or subsequently becoming attached to them, including the right to receive and retain in full all dividends and other distributions, if any, the record date of which is on or after the Closing Date.

As at the date of this joint announcement, the Company has not declared any dividend or made any distribution and does not have any intention to make, declare or pay any future dividend or make other distribution prior to close of the Offer.

The Offer Price

The Offer Price of HK\$0.11 per Offer Share represents:

- (i) a premium of 37.50% to the closing price of HK\$0.08 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of 37.50% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.08 per Share;
- (iii) a premium of approximately 26.44% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.087 per Share;

- (iv) a premium of approximately 34.15% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.082 per Share;
- (v) a discount of approximately 74.06% to the audited consolidated net asset value per Share as at 31 December 2019 of approximately HK\$0.424 (which is calculated by dividing the sum of the audited consolidated net asset value of the Group as at 31 December 2019 (being the date to which the latest financial statements of the Company were made up) of approximately HK\$297,031,000) by 700,333,925 Shares in issue as at the date of this joint announcement);
- (vi) a discount of approximately 69.19% to the unaudited consolidated net asset value per Share as at 30 June 2020 of approximately HK\$0.357 (which is calculated by dividing the sum of the unaudited consolidated net asset value of the Group as at 30 June 2020 of approximately HK\$250,119,000 by 700,333,925 Shares in issue as at the date of this joint announcement);
- (vii) a discount of approximately 70.11% to the unaudited consolidated net asset value per Share as at 31 July 2020 of approximately HK\$0.368 which was announced by the Company on 13 August 2020;
- (viii) a discount of approximately 71.43% to the unaudited consolidated net asset value per Share as at 31 August 2020 of approximately HK\$0.385 which was announced by the Company on 14 September 2020;
- (ix) a discount of approximately 70.59% to the unaudited consolidated net asset value per Share as at 30 September 2020 of approximately HK\$0.374 which was announced by the Company on 15 October 2020;
- (x) a discount of approximately 69.86% to the unaudited consolidated net asset value per Share as at 31 October 2020 of approximately HK\$0.365 which was announced by the Company on 13 November 2020;

- (xi) a discount of approximately 71.43% to the unaudited consolidated net asset value per Share as at 30 November 2020 of approximately HK\$0.385 which was announced by the Company on 14 December 2020;
- (xii) a discount of approximately 70.74% to the unaudited consolidated net asset value per Share as at 31 December 2020 of approximately HK\$0.376 which was announced by the Company on 15 January 2021;
- (xiii) a discount of approximately 71.20% to the unaudited consolidated net asset value per Share as at 31 January 2021 of approximately HK\$0.382 which was announced by the Company on 10 February 2021; and
- (xiv) a discount of approximately 75.56% to the unaudited consolidated net asset value per Share as at 28 February 2021 of approximately HK\$0.450 which was announced by the Company on 12 March 2021.

Highest and lowest Share prices

During the six-month period immediately prior to and including the Last Trading Day, the highest closing price per Share as quoted on the Stock Exchange was HK\$0.100 on 26 November 2020, and the lowest closing price per Share as quoted on the Stock Exchange was HK\$0.072 on 19 November 2020.

Value of the Offer

As at the date of this joint announcement, there are 700,333,925 Shares in issue. On the basis of the Offer Price of HK\$0.11 per Offer Share, all issued Shares would be valued at HK\$77,036,731.75. Assuming no change in the issued share capital of the Company, the Offer will be extended to 190,549,900 Shares, and the value of the Offer will be HK\$20,960,489.

Financial resources available to the Offeror

Based on (i) the Offer Price of HK\$0.11 per Offer Share; and (ii) 190,549,900 Offer Shares, the total maximum consideration of the Offer will be HK\$20,960,489.

The total consideration payable under the Offer shall be payable in cash. The Offeror intends to finance the consideration payable under the Offer by an interest-free shareholder's loan in the principal amount of not more than HK\$21,300,000 provided by the Purchaser to the Offeror. Luk Fook Capital, being the financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are, and will remain, available to the Offeror to satisfy the consideration for full acceptance of the Offer and/or on market purchase of the Shares by the Offeror at a price of not more than HK\$0.11 per Share.

The Offeror does not expect that the repayment of principal of or security for any liability (contingent or otherwise) in relation to the shareholder's loan will be dependent on the business of the Group.

Effect of accepting the Offer

By accepting the Offer, the Independent Shareholders will sell their Shares to the Offeror that are (a) fully paid; (b) free from all liens, equities, mortgages, charges, encumbrances, rights of pre-emption and any other third party rights of any nature; and (c) together with all rights, benefits and entitlements attached thereto as at the Closing Date or subsequently becoming attached to them, including the right to receive and retain in full all dividends and other distributions, if any, the record date of which is on or after the Closing Date.

The Offer will be unconditional in all respects when made. Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except as otherwise permitted under the Takeovers Code.

The Offer will be made in compliance with the Takeovers Code which is administered by the Executive.

The Shareholders are reminded to read the letter from the Independent Board Committee containing its recommendations to the Independent Shareholders in respect of the Offer and the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee in respect of the Offer which will be included in the Composite Document.

Taxation advice

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

Overseas Independent Shareholders

The Offeror intends to make the Offer available to all Independent Shareholders, including those who are not resident in Hong Kong. The availability of the Offer to persons who are not resident in Hong Kong may be affected by the laws of the relevant overseas jurisdictions. The making of the Offer to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or affected by the laws or regulations of the relevant jurisdictions. Such Independent Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe relevant applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the responsibility of the individual Independent 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 regulatory or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions).

In the event that the receipt of the Composite Document by overseas Shareholders is prohibited by any applicable laws and regulations or may only be effected upon compliance with conditions or requirements in such overseas jurisdictions that would be unduly burdensome, the Composite Document, subject to the Executive's consent, will not be despatched to such overseas Shareholders. The Offeror will apply for any waivers as may be required by the Executive pursuant to Note 3 to Rule 8 of the Takeovers Code at such time.

Any acceptance by any Independent Shareholder who is not resident in Hong Kong will be deemed to constitute a representation and warranty from such Shareholder to the Offeror that the local laws and requirements have been complied with. All such Independent Shareholders should consult their professional advisers if in doubt.

Stamp duty

Seller's ad valorem stamp duty 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 amount payable to the relevant Shareholder on acceptance of the Offer (where the stamp duty calculated includes a fraction of HK\$1.00, the stamp duty would be rounded-up to the nearest HK\$1.00). The Offeror will arrange for payment of the sellers' ad valorem stamp duty on behalf of accepting Shareholders and pay the buyer's ad valorem stamp duty in connection with such Offer Shares and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Payment

Payment in cash in respect of acceptances of the Offer will be made as soon as possible but in any event within seven (7) Business Days (as defined under the Takeovers Code) of the date on which the duly completed acceptances of the Offer and the relevant documents of title in respect of such acceptance are received by the Offeror (or its agent) to render each such acceptance complete and valid.

DEALING AND INTERESTS IN THE COMPANY'S SECURITIES

Save for (i) the acquisition of the BVI Sale Share by the Purchaser under the Sale and Purchase Agreement for the purpose of acquiring 351,230,025 Shares; (ii) the transfer of 53,696,000 Shares from Mr. K. K. Mung and the transfer of 104,858,000 Shares from TDX to the Offeror (which was wholly and beneficially owned by the Purchaser after the Completion) on 27 January 2021; (iii) the disposals of Shares by the Offeror (which was then wholly and beneficially owned by the Vendor) during the period from 17 August 2020 to 2 September 2020 at the price of HK\$0.09 per Share as set out below; (iv) the provision of an interest in all of the Shares owned by the Offeror (which was then wholly and beneficially owned by the Vendor) from time to time as security as disclosed by the Vendor in the disclosure of interests form filed on 29 July 2020 which was released on 25 January 2021 as disclosed by the Vendor in the disclosure of interests form filed on 25 January 2021; and (v) the share charge dated 27 January 2021 executed by the Offeror (which was wholly and beneficially owned by the Purchaser after the Completion) in favour of the Vendor over the 509,784,025 Shares owned by the Offeror and the Shares to be acquired by the Offeror under the Offer and on market (if any), none of the Offeror and the Offeror Concert Party(ies) had dealt for value in any Shares, options, convertible securities, warrants or options of the Company or any derivatives in respect of such securities in the six months prior to the date of this joint announcement.

Date of disposal on the open market through the Stock Exchange	Number of Shares disposed of by the Offeror (which was then wholly and beneficially owned by the Vendor)	Transacted price of the Shares (HK\$)
17 August 2020	5,472,000	0.09
18 August 2020	6,400,000	0.09
19 August 2020	4,592,000	0.09
20 August 2020	5,744,000	0.09
21 August 2020	8,000,000	0.09
24 August 2020	9,600,000	0.09
25 August 2020	9,600,000	0.09
26 August 2020	4,800,000	0.09
27 August 2020	4,800,000	0.09
28 August 2020	6,272,000	0.09
31 August 2020	4,416,000	0.09
1 September 2020	592,000	0.09
2 September 2020	800,000	0.09

OTHER INFORMATION

As at the date of this joint announcement:

- (a) save for a total of 509,784,025 Shares that the Offeror is interested in, none of the Offeror and the Offeror Concert Party(ies) owns or has control or direction over any voting rights or rights over the Shares, options, derivatives, warrants or other securities convertible into Shares;
- (b) none of the Offeror and the Offeror Concert Party(ies) has received any irrevocable commitment to accept or reject the Offer or any irrevocable undertaking from any Shareholders not to sell or transfer (or cause the same to be done) or otherwise dispose of (or permit any such action to occur in respect of) any interest in any Shares held by he/she/it/them;

- (c) save for the Finance Documents, there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Company and which might be material to the Offer;
- (d) there is no agreement or arrangement to which the Purchaser, the Vendor and/or the Offeror is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;
- (e) none of the Offeror and the Offeror Concert Party(ies) has entered into any arrangements or contracts in relation to any outstanding derivative in respect of the securities in the Company;
- (f) other than (i) the consideration for the transfer of the BVI Sale Share; (ii) the engagement of the Previous Offer Agent to make the Offer on behalf of the Offeror for a normal commercial fee, which was terminated on 12 March 2021 and the fee was returned to the Purchaser on 18 March 2021; and (iii) the consideration for the transfer of Shares from each of Mr. K. K. Mung and TDX to the Offeror on 27 January 2021, there is no other consideration, compensation or benefits in whatever form paid or to be paid by the Purchaser, the Offeror and the Offeror Concert Party(ies) (excluding the Vendor, TDX, Mr. K. K. Mung and Ms. Sin Lai Ni, the spouse of Mr. K. K. Mung) to the Vendor or any party acting in concert with it (excluding the Purchaser and the Offeror) in connection with the transactions under or relating to the Sale and Purchase Agreement;
- (g) save for (i) the Sale and Purchase Agreement; and (ii) the Finance Documents; and (iii) the engagement of the Previous Offer Agent to make the Offer on behalf of the Offeror, which was terminated on 12 March 2021, there is no understanding, arrangement or special deal (as defined under Rule 25 of the Takeovers Code) between the Vendor and any parties acting in concert with it on one hand, and the Offeror and the Purchaser or any parties acting in concert with any one of them on the other hand;
- (h) save for (i) the Sale and Purchase Agreement; (ii) the Finance Documents; (iii) the transfer of Shares from each of Mr. K. K. Mung and TDX to the Offeror on 27 January 2021; and (iv) the engagement of the Previous Offer Agent to make the Offer on behalf of the Offeror, which was terminated on 12 March 2021, there is no agreement, understanding, arrangement or special deal (as defined in Rule 25 of the Takeovers Code) between (1) any Shareholder; and (2)(a) the Offeror and the Offeror Concert Party(ies), or (2)(b) the Company, its subsidiaries or associated companies;

- (i) save for the Finance Documents, there is no agreement, arrangement or understanding that any securities acquired in pursuance of the Offer would be transferred, charged or pledged to any other persons;
- (j) save for (i) the Sale and Purchase Agreement; (ii) the Finance Documents; and (iii) the transfer of Shares from each of Mr. K. K. Mung and TDX to the Offeror on 27 January 2021, there is no agreement, arrangement or understanding (including any compensation arrangement) between the Purchaser and the Offeror or any person acting in concert with any one of them and any of the Directors, recent directors of the Company, Shareholders or recent shareholders of the Company having any connection with or dependence upon the Offer;
- (k) none of the Offeror and the Offeror Concert Party(ies) has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (l) no benefit (other than statutory compensation) has been or would be given to any Director as compensation for loss of office or otherwise in connection with the Offer; and
- (m) Luk Fook Capital, as a financial adviser of the Offeror and other parts of an adviser's group as referred to under class (5) of the definition of "acting in concert" under the Takeovers Code, does not have any holding in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

INFORMATION ON THE GROUP

The Company is an investment holding company. The Group is principally engaged in investing in listed and unlisted companies mainly in Hong Kong, Singapore, the United States of America, and Canada.

INFORMATION ON THE OFFEROR

The Offeror is an investment holding company incorporated in the British Virgin Islands with limited liability and is wholly and beneficially owned by the Purchaser, who is also the appointed director of the Offeror upon the Completion.

The Purchaser first became an executive Director in November 2010 and held office until April 2013. He re-joined the Company as an executive Director in March 2014. Since February 2015, he has also been the chief executive officer of the Company. He is responsible for overseeing the daily operation of the Group and formulating investment strategies for the Group. He holds a Bachelor of Arts Degree in Business Economics from University of California-Santa Barbara and a Master's Degree in Finance from Peking University. He has extensive working experience in investment and asset management.

The Purchaser was appointed as an executive director of Global Mastermind Holdings Limited, a company listed on GEM of the Stock Exchange (stock code: 8063), on 24 March 2014. Excellent Mind Investments Limited, which is owned as to 60% to Mr. K. K. Mung and 40% as to the Purchaser, both of them are executive Directors, is a substantial shareholder holding approximately 12.48% of the issued share capital of the Global Mastermind Holdings Limited.

The Purchaser was an executive director of CWT International Limited, a company listed on the Main Board of the Stock Exchange (stock code: 521), during the period from 24 October 2013 to 6 February 2015, and was re-appointed as a non-executive director on 5 September 2017. He then resigned with effect from 25 November 2019.

Save as disclosed above, the Purchaser did not hold any directorship in other listed public companies in the last three years and does not hold any other position with the Company or other members of the Group.

The Purchaser is a son of Mr. K. K. Mung, an executive Director and a substantial shareholder of the Company immediately before the Completion. Save as disclosed, the Purchaser does not have any relationship with any Directors, senior management or substantial or controlling shareholder of the Company.

INTENTIONS OF THE OFFEROR IN RELATION TO THE GROUP

The Purchaser considers the acquisition of the BVI Sale Share as a management buy-out of the Company after years of participating in the business and operation of the Group. Since the Company is an investment company under Chapter 21 of the Listing Rules and the Group has always been principally engaged in investing in listed and unlisted companies, the Purchaser and the Offeror intend to continue the existing businesses of the Group for long-term purposes. As at the date of this joint announcement, the Offeror has no plans in discussion and/or contemplation to inject any assets or businesses into the Group or to procure the Group to acquire or dispose of any assets.

The Purchaser and the Offeror have no intention to terminate the employment of any employees of the Group or to make significant changes to any employment or to dispose of or re-allocate the Group's fixed assets which are not in the ordinary and usual course of business of the Group as a result of completion of the Offer. However, the Offeror reserves the right to make any changes that it deems necessary or appropriate to the Group's businesses and operations to optimise the value of the Group.

The Purchaser and the Offeror also have no intention to change the composition of the Board. Any changes to the Board will be made in compliance with the Takeovers Code and the Listing Rules and further announcement will be made as and when appropriate.

Maintaining the listing status of the Company

The Offeror intends the Company to remain listed on the Stock Exchange. According to Rule 8.08(1) of the Listing Rules, there should be at least 25% of the issued Shares being held by the public. If the Stock Exchange believes that:

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

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

However, the Company is an investment company under Chapter 21 of the Listing Rules. Pursuant to Rule 21.04, the Company is not required to comply with Rule 8.08(1) of the Listing Rules which states that there should be at least 25% of the Shares as held in the hands of the public. The Company will disclose the percentage shareholding of the public Shareholders after the close of the Offer.

Compulsory Acquisition

The Offeror does not intend to avail itself of any powers of compulsory acquisition of any Shares outstanding after the close of the Offer.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) immediately before the Completion and transfer of Shares by each of Mr. K.K. Mung and TDX to the Offeror; (ii) immediately after the Completion but before transfer of Shares by each of Mr. K.K. Mung and TDX to the Offeror; and (iii) as at the date of this joint announcement:

	Immediately before the Completion and transfer of Shares by each of Mr. K.K. Mung and TDX to the Offeror		Immediately after the Completion but before transfer of Shares by each of Mr. K.K. Mung and TDX to the Offeror		As at the date of this joint announcement	
	<i>Approximate % of the</i>		<i>Approximate % of the</i>		<i>Approximate % of the</i>	
	<i>Number of Shares</i>	<i>issued share capital</i>	<i>Number of Shares</i>	<i>issued share capital</i>	<i>Number of Shares</i>	<i>issued share capital</i>
The Offeror and the Offeror Concert						
Party(ies)						
The Offeror (wholly and beneficially owned by the Vendor immediately before the Completion)	351,230,025 <i>(Note 1)</i>	50.15	–	–	–	–
The Offeror (wholly and beneficially owned by the Purchaser immediately after the Completion)	–	–	351,230,025 <i>(Note 2)</i>	50.15	509,784,025 <i>(Note 2)</i>	72.79
Mr. K.K. Mung <i>(Note 2)</i>	53,696,000	7.67	53,696,000	7.67	–	–
TDX <i>(Note 2)</i>	104,858,000	14.97	104,858,000	14.97	–	–
Sub total	509,784,025	72.79	509,784,025	72.79	509,784,025	72.79
Other Shareholders	190,549,900	27.21	190,549,900	27.21	190,549,900	27.21
Total	700,333,925	100.00	700,333,925	100.00	700,333,925	100.00

Notes:

1. Immediately before the Completion, 351,230,025 Shares (representing approximately 50.15% of the total issued share capital of the Company) was owned by the Offeror, which was then wholly and beneficially owned by the Vendor.
2. On 27 January 2021, (i) the Completion took place, after which the Offeror became wholly and beneficially owned by the Purchaser; (ii) Mr. K. K. Mung, an executive Director and the chairman of the board of Directors transferred his 53,696,000 Shares (representing approximately 7.67% of the total issued share capital of the Company) to the Offeror at a consideration of HK\$1; and (iii) TDX, a company in which Mr. K. K. Mung holds 99.99% equity interests and Ms. Sin Lai Ni, spouse of Mr. K. K. Mung holds 0.01% equity interest, transferred its 104,858,000 Shares (representing approximately 14.97% of the total issued share capital of the Company) to the Offeror at a consideration of HK\$1. Mr. K. K. Mung is the father of the Purchaser (who holds the entire issued share capital of the Offeror upon the Completion).

Save for the holding of 509,784,025 Shares (representing approximately 72.79% of the issued share capital of the Company) through the Offeror by the Purchaser, who is a Director, as at the date of this joint announcement, none of the Directors owned any Shares.

PROFIT WARNING ANNOUNCEMENT

Reference is made to the Profit Warning Announcement. Shareholders and potential investors of the Company should be aware that the Profit Warning Announcement constitutes a profit forecast under Rule 10 of the Takeovers Code, and accordingly, must be reported on in accordance with Rule 10 of the Takeovers Code unless the annual results announcement of the Company for the year ended 31 December 2020 has been published prior to the next document to be sent to the Shareholders in relation to the Offer.

The profit forecast as set out in the Profit Warning Announcement will be reported on in accordance with Rule 10 of the Takeovers Code as soon as practicable and the relevant reports will be set out in the next document to be sent to the Shareholders in relation to the Offer, unless the annual results announcement of the Company for the year ended 31 December 2020 has been published prior to the next document to be sent to the Shareholders in relation to the Offer.

Shareholders and potential investors of the Company should note that the Profit Warning Announcement does not meet the standard required by Rule 10 of the Takeovers Code and has not been reported on in accordance with the Takeovers Code. Shareholders and potential investors of the Company should therefore exercise caution in placing reliance on the Profit Warning Announcement in assessing the merits and demerits of the Offer and/or when dealing in the securities of the Company.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Under Rule 2.1 of the Takeovers Code, a board which receives an offer or which is approached with a view to an offer being made, must, in the interests of shareholders, establish an independent committee of the Board to make a recommendation: (i) as to whether the offer is, or is not, fair and reasonable; and (ii) as to acceptance.

The Independent Board Committee, comprising all independent non-executive Directors, namely, Mr. Fung Wai Ching, Mr. Lei Seng Fat and Mr. Poon Wai Hoi, Percy, has been established in accordance with Rule 2.1 of the Takeovers Code to advise the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer.

Merdeka has been appointed as the independent financial adviser to advise the Independent Board Committee in connection with the Offer. The appointment of the Independent Financial Adviser has been approved by the Independent Board Committee.

REASONS FOR THE OFFER AND EXPECTED BENEFITS

The Purchaser has been an executive Director of the Company since 2014 and the chief executive officer of the Company since 2015. With over 6 years of experience in the investment industry, the Purchaser has confidence in the industry and the prospects of the Company. Accordingly, the Purchaser entered into the Sale and Purchase Agreement to become the controlling shareholder (as defined under the Listing Rules) of the Company so as to participate in the future growth of the Company. The Purchaser and the Offeror take the view that the trading price of the Shares have long been below the net asset value per Share. During the six-month period immediately prior to and including the Last Trading Day, the highest closing price per Share as quoted on the Stock Exchange was HK\$0.100 on 26 November 2020 and the lowest closing price per Share as quoted on the Stock Exchange was HK\$0.072 on 19 November 2020. According to the public disclosure of the Company, (i) the audited consolidated net asset value per Share as at 31 December 2019 was approximately HK\$0.424 (which is calculated by dividing the sum of the audited consolidated net asset value of the Group as at 31 December 2019 (being the date to which the latest financial statements of the Company were made up) of approximately HK\$297,031,000) by 700,333,925 Shares in issue as at the date of this joint announcement); and (ii) the unaudited consolidated net asset value per Share as at 31 December 2020 was approximately HK\$0.376 which was announced by the Company on 15 January 2021. Accordingly, the Offeror is of the view that the Offer Price is below the net asset value per Share and hence wants to increase its direct investment in the Company.

DESPATCH OF COMPOSITE DOCUMENT

It is the intention of the Offeror and the Board to combine the offer document and the offeree board circular into a composite document. Accordingly, pursuant to Rule 8.2 of the Takeovers Code, the Offeror is required to despatch the Composite Document (accompanied by the form of acceptance and transfer) containing, among other things, (i) details of the Offer (including the expected timetable); (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee in respect of the Offer, will be despatched jointly by the Offeror and the Company to the Shareholders within 21 days of the date of this joint announcement. It is expected that the Composite Document will be despatched on or before 9 April 2021.

Further announcement(s) regarding the despatch of the Composite Document will be made by the Offeror and the Company as and when appropriate.

GENERAL

Disclosure of dealings

In accordance with Rule 3.8 of the Takeovers Code, the associates (including any person holding 5% or more of a class of relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code)) of the Company and the Offeror are hereby reminded to disclose their dealings in the securities of the Company and/or the Offeror pursuant to the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, the text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules of the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

The Offeror, its nominees or brokers or associates may from time to time make certain purchases of, or arrangements to purchase Shares, other than pursuant to the Offer, before or during the period in which the Offer remains open for acceptance in compliance with the Takeovers Code. These purchases may occur in the open market at prevailing prices. Any information about such purchases will be reported to the SFC and will be available on the website of the SFC at <http://www.sfc.hk/>.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 28 January 2021 pending the publication of this joint announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 22 March 2021.

WARNING:

Shareholders and/or potential investors of the Company should exercise caution when dealing in the Shares or exercising other rights in respect of any of them. Persons who are in doubt as to the action they should take should consult their licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers.

DEFINITIONS

Unless the context requires otherwise, the following terms have the following meanings in this joint announcement:

“2020 General Offer”	the mandatory unconditional cash offer made by Spring Securities Limited for and on behalf of the Offeror (which was then wholly and beneficially owned by the Vendor) in mid-2020
“acting in concert”	has the meaning as ascribed thereto under the Takeovers Code
“associates”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of the Directors
“Business Day(s)”	a day on the Stock Exchange is open for the transaction or business
“BVI Sale Share”	one share with a par value of US\$1.00 in the Offeror, representing the entire issued share capital of the Offeror

“Closing Date”	the date to be stated in the Composite Document as the first closing date of the Offer or any subsequent closing date as may be announced by the Offeror and approved by the Executive
“Company”	Global Mastermind Capital Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 905)
“Completion”	completion of the sale and purchase of the BVI Sale Share in accordance with the terms and conditions of the Sale and Purchase Agreement
“Composite Document”	the composite document to be issued jointly by the Offeror and the Company in relation to the Offer in accordance with the Takeovers Code and the Listing Rules
“Director(s)”	the director(s) of the Company
“Encumbrances”	any lien, pledge, encumbrance, charge (fixed or floating), mortgage, third party claim, debenture, option, right of preemption, right to acquire, assignment by way of security, trust arrangement for the purpose of providing security or other security interests of any kind, including retention arrangements or other encumbrances and any agreement to create any of the foregoing
“Executive”	the Executive Director of the Corporate Finance Division of the SFC and any delegate of the Executive Director

“Finance Documents”	the loan agreement dated 27 January 2021 entered into among the Vendor as lender, the Offeror as borrower, and the Purchaser as the guarantor, in relation to an interest-free Term Loan in the principal amount of not more than HK\$21,000,000 repayable within one year after the date of the Finance Documents to finance, among other things, the Offer, together with (i) the share charge dated 27 January 2021 executed by the Offeror in favour of the Vendor over the 509,784,025 Shares owned by the Offeror and the Shares to be acquired by the Offeror under the Offer and on market (if any); and (ii) the share charge dated 27 January 2021 executed by the Purchaser in favour of the Vendor over the entire issued share capital of the Offeror. As at the date of this joint announcement, the Term Loan has been fully repaid by the Offeror
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company, comprising all independent non-executive Directors, namely Mr. Fung Wai Ching, Mr. Lei Seng Fat and Mr. Poon Wai Hoi, Percy, established for the purpose of making a recommendation to the Independent Shareholders in relation to the Offer
“Independent Financial Adviser” or “Merdeka”	Merdeka Corporate Finance Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to advise the Independent Board Committee in connection with the Offer
“Independent Shareholders”	the Shareholders, other than the Offeror and the Offeror Concert Party(ies)

“Last Trading Day”	27 January 2021, being the last trading day immediately prior to the release of this joint announcement
“Lego Securities”	Lego Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities) regulated activity under the SFO
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Luk Fook Capital”	Luk Fook Capital (HK) Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the financial adviser to the Offeror in respect of the Offer
“Mr. K. K. Mung”	Mr. Mung Kin Keung, an executive Director and the chairman of the Board. Mr. Mung Kin Keung is the father of the Purchaser
“Offer”	the mandatory unconditional cash offer by the Offeror to acquire all of the outstanding Shares in accordance with the terms and conditions set out in this joint announcement
“Offeror Concert Party(ies)”	the Vendor, the Purchaser, Mr. K. K. Mung and TDX, party(ies) acting in concert and presumed to be acting in concert with any one of them, being the concert party(ies) of the Offeror, as determined in accordance with the Takeovers Code
“Offer Price”	the price at which the Offer will be made, being HK\$0.11 per Offer Share
“Offer Share(s)”	any and all of the issued Share(s), other than those Shares already owned by and/or to be acquired by the Offeror and the Offeror Concert Party(ies)

“Offeror”	China Lead Investment Holdings Limited, a company incorporated in the British Virgin Islands, which is wholly and beneficially owned by the Purchaser upon the Completion
“Profit Warning Announcement”	the announcement of Company dated 15 March 2021 issued pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the SFO
“PRC”	the People’s Republic of China, which for the purpose of this joint announcement, excludes Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Previous Offer Agent”	a licensed corporation to carry out Type 1 (dealing in securities) regulated activity under the SFO, which is indirectly wholly owned by the Vendor. It was initially engaged to make the Offer on behalf of the Offeror but such engagement was terminated on 12 March 2021
“Purchaser”	Mr. Mung Bun Man Alan, being the purchaser of the Sale and Purchase Agreement, is an executive Director and the chief executive officer of the Company. He is a son of Mr. K. K. Mung. Since the Completion on 27 January 2021, Mr. Mung Bun Man Alan has become the sole shareholder and the sole director of the Offeror
“Sale and Purchase Agreement”	the sale and purchase agreement dated 27 January 2021 entered into between the Purchaser and the Vendor in relation to the sale and purchase of the BVI Sale Share at a consideration of HK\$38,635,302.75. As at the date of this joint announcement, HK\$5,000,000, representing approximately 12.94% of the consideration for the transfer of the BVI Sale Share, has been paid to the Vendor by the Purchaser to settle part of the consideration for the transfer of the BVI Sale Share

“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Term Loan”	an interest-free term loan in the principal amount of not more than HK\$21,000,000 provided by the Vendor to the Offeror to make the Offer under the Finance Documents. As at the date of this joint announcement, the Term Loan has been fully repaid by the Offeror
“TDX”	China Tian Di Xing Logistics Holdings Limited, a company incorporated in Hong Kong in which Mr. K. K. Mung holds 99.99% equity interests and Ms. Sin Lai Ni, spouse of Mr. K. K. Mung holds 0.01% equity interest
“US\$”	United States dollar(s), the lawful currency of the United States of America
“Vendor”	Mr. Ng Kwok Fai, being the vendor of the Sale and Purchase Agreement, who ceased to be the sole shareholder and the sole director of the Offeror upon the Completion on 27 January 2021

“%”

per cent

By order of the board
China Lead Investment Holdings Limited
Mr. Mung Bun Man, Alan
Sole Director

By order of the board
Global Mastermind Capital Limited
Mung Kin Keung
Chairman

Hong Kong, 19 March 2021

As at the date of this joint announcement, the Board comprises Mr. Mung Kin Keung, and Mr. Mung Bun Man, Alan as executive Directors; and Mr. Fung Wai Ching, Mr. Lei Seng Fat and Mr. Poon Wai Hoi, Percy as independent non-executive Directors.

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

As at the date of this joint announcement, Mr. Mung Bun Man, Alan is the sole director of the Offeror.

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the Group), and confirms, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed in this joint announcement (other than opinions expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any statement in this joint announcement misleading.