
THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Global Mastermind Capital Limited, you should at once hand this Composite Document and the accompanying Forms of Acceptance to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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

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



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)

**COMPOSITE DOCUMENT RELATING TO
MANDATORY UNCONDITIONAL CASH OFFER BY
SPRING SECURITIES LIMITED
FOR AND ON BEHALF OF
CHINA LEAD INVESTMENT HOLDINGS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
GLOBAL MASTERMIND CAPITAL LIMITED
AND
TO CANCEL ALL OUTSTANDING OPTIONS OF
GLOBAL MASTERMIND CAPITAL LIMITED
(OTHER THAN THOSE SHARES AND OPTIONS ALREADY OWNED
BY OR TO BE ACQUIRED
BY CHINA LEAD INVESTMENT HOLDINGS LIMITED AND
PARTIES ACTING IN CONCERT WITH IT)**

Joint financial advisers to the Offeror

六福金融
LUKFOOK FINANCIAL



Grand Harbour Corporate Finance Limited

Joint financial advisers to the Company



GLOBAL MASTERMIND SECURITIES LIMITED
環球大通證券有限公司

Nuada Limited

Independent Financial Adviser to the Independent Board Committee



中學資本有限公司
HOLOGRAM CAPITAL LIMITED

Capitalised terms used on this cover shall have the same meanings as those defined in this Composite Document unless the content requires otherwise.

A letter from Spring Securities containing, among other things, principal terms of the Offers, is set out on pages 9 to 18 of this Composite Document.

A letter from the Board is set out on pages 19 to 25 of this Composite Document. A letter from the Independent Board Committee containing its recommendation in respect of the Offers to the Independent Shareholders and the Optionholders is set out on pages 26 to 28 of this Composite Document. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee, the Independent Shareholders and the Optionholders in respect of the Offers is set out on pages 29 to 53 of this Composite Document.

The procedures for acceptance and settlement of the Share Offer are set out in Appendix I to this Composite Document and in the accompanying **WHITE** Form of Share Offer Acceptance. Acceptances of the Share Offer must be received by the Registrar, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:00 p.m. on Friday, 10 July 2020, (or such later time and/or date as the Offeror may determine and the Offeror and the Company may jointly announce, with the consent of the Executive, in accordance with the Takeovers Code).

The procedures for acceptance and settlement of the Option Offer are set out in Appendix I to this Composite Document and in the accompanying **PINK** Form of Option Offer Acceptance. Acceptances of the Option Offer must be received by the company secretary of the Company, Global Mastermind Capital Limited, at Unit 3107, 31/F, Shun Tak Centre, West Tower, 168-200 Connaught Road Central, Hong Kong by no later than 4:00 p.m. on Friday, 10 July 2020, (or such later time and/or date as the Offeror may determine and the Offeror and the Company may jointly announce, with the consent of the Executive, in accordance with the Takeovers Code).

Any persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Forms of Acceptance to any jurisdiction outside Hong Kong should read the section headed "IMPORTANT NOTICE" contained in this Composite Document before taking any action. It is the responsibility of the Overseas Shareholders and Overseas Optionholders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offers, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required or the compliance with other necessary formalities, or legal and regulatory requirements and the payment of any transfer or other taxes or other required payments due in respect of such jurisdictions. Overseas Shareholders and Overseas Optionholders are advised to seek professional advice on deciding whether to accept the Offers.

19 June 2020

* For identification purposes only

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EXPECTED TIMETABLE

The expected timetable set out below is indicative only and may be subject to changes. Further announcement(s) will be made in the event of any changes to the timetable as and when appropriate. Unless otherwise specified, all time and date references contained in this Composite Document refer to Hong Kong time and dates.

| Event | Time & Date |
|--|---|
| | 2020 |
| Despatch date of this Composite Document and the accompanying Forms of Acceptance and commencement date of the Offers (<i>Note 1</i>) | Friday, 19 June |
| Latest time and date for acceptance of the Offers (<i>Note 2</i>) | by 4:00 p.m. on Friday, 10 July |
| Closing Date | Friday, 10 July |
| Announcement of the results of the Offers (or their extension or revision, if any) to be posted on the website of the Stock Exchange (<i>Note 2</i>) | no later than 7:00 p.m. on Friday, 10 July |
| Latest date for posting of remittances in respect of valid acceptances received under the Offers (<i>Note 3</i>) | Tuesday, 21 July |

Notes:

1. The Offers, which are unconditional in all respects, are made on the date of posting of this Composite Document, and are capable of acceptance on and from that date until 4:00 p.m. on the Closing Date, unless the Offeror decides to revise or extend the Offers in accordance with the Takeovers Code. Acceptances of the Offers shall be irrevocable and not capable of being withdrawn, except in the circumstances set out in the paragraph headed “6. Right of Withdrawal” in Appendix I to this Composite Document.
2. In accordance with the Takeovers Code, the Offers must initially be open for acceptance for at least 21 days following the date on which this Composite Document is posted. The latest time and date for acceptance of the Offers is 4:00 p.m. on Friday, 10 July 2020 unless the Offeror revises or extends the Offers in accordance with the Takeovers Code. An announcement will be issued jointly by the Offeror and the Company through the website of the Stock Exchange by no later than 7:00 p.m. on the Closing Date stating whether the Offers have been extended, revised or expired. In the event that the Offeror decides to revise or extend the Offers, all Independent Shareholders and Optionholders, whether or not they have already accepted the Offers, will be entitled to accept the revised Offers under the revised terms. The revised Offers must be kept open for at least 14 days following the date on which the revised offer document(s) are posted and shall not close earlier than the Closing Date.

EXPECTED TIMETABLE

If there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal, or “extreme condition” caused by super typhoon in force in Hong Kong on the Closing Date and (i) not cancelled in time for trading on the Stock Exchange to resume in the afternoon, the time and date of the close of the Offers will be postponed to 4:00 p.m. on the next Business Day which does not have either of those warnings in force in Hong Kong or such other day as the Executive may approve; or (ii) cancelled in time for trading on the Stock Exchange to resume in the afternoon, the time and date of the close of the Offers will remain on the same day, i.e. 4:00 p.m. on the Closing Date.

3. Remittances in respect of the cash consideration (after deducting the seller’s ad valorem stamp duty) payable for the Offer Shares and/or the Options tendered under the Offers will be despatched to the Independent Shareholders and/or the Optionholders accepting the Offers by ordinary post at their own risk as soon as possible, but in any event within seven (7) Business Days following the date of receipt of all relevant documents required to render such acceptance complete and valid in accordance with the Takeovers Code.

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

IMPORTANT NOTICE

NOTICE TO THE OVERSEAS SHAREHOLDERS AND OVERSEAS OPTIONHOLDERS

The making of the Offers 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. Overseas Shareholders and Overseas Optionholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should inform themselves about and observe any applicable legal and regulatory requirements and, where necessary, seek legal advice in respect of the Offers.

It is the responsibility of the Overseas Shareholders and the Overseas Optionholders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction in connection with the acceptance of the Offers, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required or the compliance with other necessary formalities or legal and regulatory requirements and the payment of any transfer or other taxes or other required payments due in respect of such jurisdiction.

The Offeror and the parties acting in concert with it, the Company, Luk Fook Capital, Grand Harbour, Spring Securities, Global Mastermind Securities Limited, Nuada Limited, Hologram, the Registrar, the company secretary of the Company or any of their respective ultimate beneficial owners, directors, officers, agents, advisers and associates and any other person involved in the Offers shall be entitled to be fully indemnified and held harmless by the Overseas Shareholders and Overseas Optionholders for any taxes as such persons may be required to pay. Please see the paragraph headed “Overseas Shareholders and Overseas Optionholders” in the “Letter from Spring Securities” in this Composite Document.

DEFINITIONS

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

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|----------------------|--|
| “acting in concert” | has the meaning ascribed to it under the Takeovers Code |
| “associate(s)” | has the meaning ascribed to it under the Listing Rules |
| “Board” | the board of Directors |
| “Business Day” | a day on which the Stock Exchange is open for the transaction of business |
| “CCASS” | the Central Clearing and Settlement System established and operated by the Hong Kong Securities Clearing Company Limited |
| “China Healthwise” | China Healthwise Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 348) |
| “Closing Date” | Friday, 10 July 2020, the closing date of the Offers, which is no less than 21 days following the date on which this Composite Document is posted, or if the Offers are extended, any subsequent closing date as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code |
| “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) |
| “Composite Document” | this composite document jointly issued by the Offeror and the Company to the Shareholders and Optionholders in connection with the Offers in compliance with the Takeovers Code containing, among other things, details of the Offers (accompanied by the Forms of Acceptance) and the respective letters of advice from the Independent Board Committee and the Independent Financial Adviser |

DEFINITIONS

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| “Director(s)” | director(s) of the Company |
| “Excluded Shares and Options” | 158,554,000 Shares that Mr. Mung is interested in, including 53,696,000 Shares registered in his own name, and 104,858,000 Shares beneficially owned by TDX; and 581,802 Options held by Mr. Mung |
| “Executive” | the Executive Director of the Corporate Finance Division of the SFC or any of his delegates |
| “Form(s) of Acceptance” | the WHITE Form of Share Offer Acceptance and the PINK Form of Option Offer Acceptance |
| “Grand Harbour” | Grand Harbour Corporate Finance Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being one of the joint financial advisers to the Offeror in respect of the Offers |
| “Group” | the Company and its subsidiaries from time to time |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “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 and the Optionholders in relation to the Offers |
| “Independent Financial Adviser” or “Hologram” | Hologram Capital 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, the Independent Shareholders and the Optionholders in connection with the Offers |

DEFINITIONS

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| “Independent Shareholders” | the Shareholders, other than the Offeror, Mr. Mung and parties acting in concert with any of them |
| “Irrevocable Undertaking” | the irrevocable undertaking given by Mr. Mung and TDX in favour of the Offeror that they will not, <i>inter alia</i> , tender the Excluded Shares and Options for acceptance of the Offers |
| “Joint Announcement” | the announcement jointly issued by the Offeror and the Company dated 25 May 2020 in relation to, among other things, the Offers |
| “Last Trading Day” | 14 May 2020, being the last trading day of the Shares before the publication of the Joint Announcement |
| “Latest Practicable Date” | 16 June 2020, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein |
| “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 one of the joint financial advisers to the Offeror in respect of the Offers |
| “Mr. Mung” | Mr. Mung Kin Keung, an executive Director and the chairman of the Board |
| “Mr. Ng” | Mr. Ng Kwok Fai, the sole director and sole shareholder of the Offeror |
| “Offer Period” | the period commencing from 25 May 2020, being the date of the Joint Announcement, until the Closing Date, or such other time and/or date to which the Offeror may decide to extend or revise the Offers in accordance with the Takeovers Code |

DEFINITIONS

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| “Offer Share(s)” | any and all of the issued Share(s), other than those Shares already owned by or to be acquired by the Offeror and parties acting in concert with it |
| “Offeror” | China Lead Investment Holdings Limited, a company incorporated in the British Virgin Islands, which is wholly and beneficially owned by Mr. Ng |
| “Offers” | the Share Offer and the Option Offer |
| “Option(s)” | share option(s) granted by the Company pursuant to the Share Option Scheme of the Company, whether vested or not |
| “Optionholder(s)” | the holder(s) of the Options, other than Mr. Mung |
| “Option Offer” | the proposal to be made by the Offeror in compliance with Rule 13 of the Takeovers Code to cancel all outstanding Options in accordance with the terms and conditions set out in this Composite Document |
| “Overseas Optionholder(s)” | Optionholder(s) whose address(es) is/are outside Hong Kong |
| “Overseas Shareholder(s)” | Independent Shareholder(s) whose address(es), as shown on the register of members of the Company, is/are outside Hong Kong |
| “ PINK Form of Option Offer Acceptance” | the PINK form of acceptance and cancellation of all outstanding Options in respect of the Option Offer |
| “Registrar” | Tricor Secretaries Limited, the Hong Kong branch share registrar and transfer office of the Company, with its address at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong |
| “Relevant Period” | the period from 25 November 2019, being the date falling six months preceding the date of the Joint Announcement, up to and including the Latest Practicable Date |

DEFINITIONS

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| “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 par value HK\$0.01 each in the share capital of the Company |
| “Share 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 Composite Document |
| “Share Offer Price” | the price at which the Share Offer is made, being HK\$0.09 per Offer Share |
| “Share Option Scheme” | the share option scheme adopted by the Company on 12 January 2009, as amended from time to time |
| “Spring Securities” | Spring Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities) regulated activity under the SFO |
| “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 |
| “TDX” | China Tian Di Xing Logistics Holdings Limited, a company incorporated in Hong Kong in which Mr. Mung holds 99.99% equity interests and Ms. Sin Lai Ni, spouse of Mr. Mung holds 0.01% equity interest |
| “ WHITE Form of Share Offer Acceptance” | the WHITE form of acceptance and transfer of Shares in respect of the Share Offer |
| “%” | per cent. |

LETTER FROM SPRING SECURITIES



To the Independent Shareholders and the Optionholders:

19 June 2020

Dear Sir/Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
SPRING SECURITIES LIMITED
FOR AND ON BEHALF OF
CHINA LEAD INVESTMENT HOLDINGS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
GLOBAL MASTERMIND CAPITAL LIMITED
AND
TO CANCEL ALL OUTSTANDING OPTIONS OF
GLOBAL MASTERMIND CAPITAL LIMITED
(OTHER THAN THOSE SHARES AND OPTIONS ALREADY OWNED
BY OR TO BE ACQUIRED BY
CHINA LEAD INVESTMENT HOLDINGS LIMITED AND
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

Reference is made to the Joint Announcement.

This letter sets out, among other things, details of the terms of the Offers, the information of the Offeror and the intention of the Offeror in relation to the Group. Further details of the terms and the procedures of acceptance of the Offers are set out in Appendix I to this Composite Document of which this letter forms part, and in the accompanying Forms of Acceptance.

The Independent Shareholders and the Optionholders are strongly advised to consider carefully the information contained in the “Letter from the Board” on pages 19 to 25, the “Letter from the Independent Financial Adviser” on pages 29 to 53, the accompanying Forms of Acceptance and the appendices which forms parts of this Composite Document and to consult their professional advisers if in doubt before reaching a decision as to whether or not to accept the Offers.

LETTER FROM SPRING SECURITIES

THE OFFERS

The Share Offer

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

For each Offer Share HK\$ 0.09 in cash

The Share Offer Price is the same as the consideration of HK\$0.09 per Share paid by the Offeror to acquire (i) 195,500,000 Shares from China Healthwise through a block trade transaction on the Stock Exchange on 14 May 2020; (ii) 73,824,000 Shares in the open market through the Stock Exchange on 28 May 2020; and (iii) 60,784,000 Shares in the open market through the Stock Exchange on 29 May 2020. The Share Offer Price of HK\$0.09 per Offer Share represents a discount of approximately 15.09% to the closing price of HK\$0.106 per Share as quoted on the Stock Exchange on 14 May 2020, being the Last Trading Day.

The Shares to be acquired under the Share Offer shall be (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. As at the Latest Practicable Date, none of the dividends declared by the Company remain unpaid. The Company confirms that it does not intend to declare any dividends during the Offer Period.

The Share Offer is unconditional in all respects when made.

The Option Offer

Spring Securities is making the Option Offer, for and on behalf of the Offeror, to the Optionholders in accordance with Rule 13 of the Takeovers Code to cancel all outstanding Options in exchange for cash on the following basis:

In respect of Options with an exercise price of HK\$9.748:

For cancellation of each such Option HK\$0.001 in cash

The Option Offer is unconditional in all respects when made.

Following acceptance of the Option Offer, the relevant Options together with all rights attaching thereto will be entirely cancelled and renounced.

LETTER FROM SPRING SECURITIES

In accordance with the terms of the Share Option Scheme, the Optionholders are entitled to exercise the Options either to its full extent or to the extent notified by the Company at any time during the Offer Period. **Any Options granted under the Share Option Scheme that are not exercised or cancelled pursuant to the acceptance of the Option Offer will lapse automatically on the Closing Date pursuant to the terms of the Share Option Scheme.**

As at the Latest Practicable Date, there are (i) 700,333,925 Shares in issue, of which 488,662,000 Shares are held by the Offeror and parties acting in concert with it (representing approximately 69.78% of the issued share capital of the Company); and (ii) 900,408 outstanding Options granted under the Share Option Scheme, of which 581,802 Options are owned by Mr. Mung, a party acting in concert with the Offeror.

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.

Further details of the terms of the Offers and the procedures for acceptance of the Offers are set out in Appendix I to this Composite Document and the accompanying Form(s) of Acceptance.

The Share Offer Price

The Share Offer Price of HK\$0.09 per Offer Share represents:

- (i) a discount of approximately 15.09% to the closing price of HK\$0.106 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 1.10% 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\$0.091 per Share;
- (iii) a premium of approximately 7.14% 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\$0.084 per Share;
- (iv) a premium of approximately 20.00% 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\$0.075 per Share;
- (v) a discount of approximately 78.77% to the audited consolidated net asset value per Share as at 31 December 2019 of approximately HK\$0.424 (which was 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 Latest Practicable Date);

LETTER FROM SPRING SECURITIES

- (vi) a discount of approximately 75.34% to the unaudited consolidated net asset value per Share as at 31 May 2020 of approximately HK\$0.365 which was announced by the Company on 12 June 2020; and
- (vii) a premium of approximately 1.12% over the closing price of HK\$0.089 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Share Offer Price has been determined on a commercial basis after taking into account (i) the closing prices of the Shares traded on the Stock Exchange; and (ii) with reference to other general offers in Hong Kong in recent years.

Highest and lowest Share prices

The highest closing price per Share as quoted on the Stock Exchange during the Relevant Period was HK\$0.114 on 26 February 2020.

The lowest closing price per Share as quoted on the Stock Exchange during the Relevant Period was HK\$0.062 on 23 March 2020 and 24 March 2020.

Irrevocable Undertaking

As at the Latest Practicable Date, Mr. Mung (i) is interested in 158,554,000 Shares, including 53,696,000 Shares registered in his own name, and 104,858,000 Shares beneficially owned by TDX, representing in aggregate approximately 22.64% of the issued share capital of the Company; and (ii) holds 581,802 Options. Mr. Mung and TDX have given the Irrevocable Undertaking in favour of the Offeror, pursuant to which Mr. Mung and TDX have irrevocably undertaken that they (i) shall not accept the Offers in respect of these 158,554,000 Shares and 581,802 Options (i.e. the Excluded Shares and Options); and (ii) shall not sell, transfer or otherwise dispose of, or charge, pledge or otherwise encumber, or grant any option or other right over these Shares and Options and/or otherwise make these Shares and Options available for acceptance for the Offers. The undertaking given under the Irrevocable Undertaking will cease to be binding upon the close of the Offers. Save for the above, there are no other circumstances under which the Irrevocable Undertaking may cease to be binding.

Value of the Offers

As at the Latest Practicable Date, there are 700,333,925 Shares in issue and 900,408 outstanding Options under the Share Option Scheme. On the basis of the Share Offer Price of HK\$0.09 per Offer Share and the price of HK\$0.001 for cancellation of each outstanding Option, all issued Shares and outstanding Options would be valued at approximately HK\$63,030,954.

LETTER FROM SPRING SECURITIES

Excluding 330,108,000 Shares already owned or agreed to be acquired by the Offeror and assuming no change in the issued share capital of the Company and no outstanding Options are exercised (as all Options are currently out-of-money and the Share Offer Price is lower than the exercise price of all outstanding Options), the Offers will be extended to 370,225,925 Shares and 900,408 Options (before excluding the Excluded Shares and Options which will be subject to the Irrevocable Undertaking), and the value of the Offers will be approximately HK\$33,321,234.

Financial resources available to the Offeror

Based on (i) the Share Offer Price of HK\$0.09 per Offer Share and the price of HK\$0.001 for cancellation of each outstanding Option; and (ii) 211,671,925 Offer Shares and 318,606 Options (being 370,225,925 Offer Shares and 900,408 Options subject to the Offers minus those Excluded Shares and Options (being 158,554,000 Shares and 581,802 Options which will be subject to the Irrevocable Undertaking)), the total maximum consideration of the Offers will be approximately HK\$19,050,792.

The total consideration payable under the Offers shall be payable in cash. The Offeror intends to finance the consideration payable under the Offers by a shareholder's loan provided by Mr. Ng. Luk Fook Capital and Grand Harbour, being the joint financial advisers to the Offeror in respect of the Offers, are satisfied that sufficient financial resources are, and will remain, available to the Offeror to satisfy the consideration for full acceptance of the Offers.

The Offeror does not expect that the payment of interest on, 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 Offers

By accepting the Share 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. As at the Latest Practicable Date, none of the dividends declared by the Company remained unpaid. The Company confirms that it does not intend to declare any dividend during the Offer Period.

By accepting the Option Offer, the Optionholders will agree to the cancellation of their tendered Options and all rights attached thereto with effect from the date on which the Option Offer is made, being the date of the despatch of this Composite Document.

LETTER FROM SPRING SECURITIES

The Offers are unconditional in all respects when made. Acceptances of the Offers shall be irrevocable and not capable of being withdrawn, except as otherwise permitted under the Takeovers Code, details of which are set out in the paragraph headed “6. Right of Withdrawal” in Appendix I to this Composite Document.

Taxation advice

Independent Shareholders and Optionholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offers. None of the Offeror, parties acting in concert with it, the Company, Luk Fook Capital, Grand Harbour, Spring Securities, Global Mastermind Securities Limited, Nuada Limited, Hologram (as the case may be) and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offers accept any responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

Hong Kong 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 Share Offer, whichever is higher, will be deducted from the amount payable to the relevant Shareholder on acceptance of the Share Offer (where the stamp duty calculated includes a fraction of HK\$1.00, the stamp duty would be rounded-up to the nearest HK\$1.00). The Offeror will arrange for payment of the sellers’ 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).

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

Payment

Payment in cash in respect of acceptances of the Offers 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 Offers 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.

LETTER FROM SPRING SECURITIES

Dealing and interests in the Company's Securities

Save for (i) 195,500,000 Shares acquired by the Offeror from China Healthwise through a block trade transaction on the Stock Exchange at a consideration of HK\$0.09 per Share on 14 May 2020; (ii) 73,824,000 Shares acquired by the Offeror in the open market through the Stock Exchange at a consideration of HK\$0.09 per Share on 28 May 2020; and (iii) 60,784,000 Shares acquired by the Offeror in the open market through the Stock Exchange at a consideration of HK\$0.09 per Share on 29 May 2020, representing in aggregate approximately 47.14% of the issued share capital of the Company, as at the Latest Practicable Date, none of the Offeror and parties acting in concert with it had dealt for value in any Shares, Options, convertible securities, warrants or options of the Company or any derivatives in respect of such securities during the Relevant Period.

Overseas Shareholders and Overseas Optionholders

The Offeror intends to make the Share Offer and Option Offer available to the Overseas Shareholders and Overseas Optionholders, respectively, including those who are not resident in Hong Kong. The availability of the Share Offer and Option 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 Offers 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 Shareholders and Overseas Optionholders 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 Overseas Shareholders and Overseas Optionholders who wish to accept the Share Offer and Option 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 Share Offer and/or Option 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).

INFORMATION OF THE GROUP

Information on the Group is set out in the "Letter from the Board" as contained in this Composite Document. Financial Information on the Group is set out in Appendix II to this Composite Document.

LETTER FROM SPRING SECURITIES

INFORMATION OF 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 Mr. Ng, who is also the sole director of the Offeror. Mr. Ng is an experienced investor with more than 20 years of experience in investing in both listed and unlisted companies in Hong Kong. He is the sole beneficial owner of each of Grand Harbour and Spring Securities. He was admitted as a member of the American Institute of Certified Public Accountants in September 2004, a member of the Hong Kong Institute of Certified Public Accountants in February 2005, a member of The Hong Kong Institute of Chartered Secretaries in October 2006, and a member of the Institute of Chartered Secretaries and Administrators in October 2006.

According to the press release of the SFC, on 21 May 2020, SFC has presented a petition to the Court of First Instance to wind up Combest Holdings Limited (“**Combest**”) and to disqualify, amongst others, Mr. Ng, a suspected shadow director, under the Securities and Futures Ordinance to protect the interest of Combest’s shareholders, creditors and the investing public. As advised by Mr. Ng, the first hearing of the petition against him (the “**Petition**”) will be held on 12 August 2020.

Luk Fook Capital and Grand Harbour, being the joint financial advisers to the Offeror in respect of the Offers, are satisfied that the Petition will have no impact on the Offers and the financial resources available to the Offeror to satisfy the consideration for full acceptance of the Offers.

Intention of the Offeror in relation to the Group

The Offeror intends to continue the existing businesses of the Group, which is investing in listed and unlisted companies mainly in Hong Kong, Singapore, the United States, and Canada. As at the Latest Practicable Date, the Offeror has no plans to inject any assets or businesses into the Group or to procure the Group to acquire or dispose of any assets. As at the Latest Practicable Date, the Offeror has not entered into any agreements, arrangements, understandings, intentions or negotiations in relation to any disposal/termination/scaling-down of the Group’s existing business, and any disposal/restructuring/re-deployment of the Group’s assets. The sole director of the Offeror has no intention to hold any position in the Company and/or participate in the Company’s operation.

Immediately after the close of the Offers, the Offeror will conduct a review of the financial position and operations of the Group in order to formulate a long-term strategy for the Group and explore other business/investment opportunities for enhancing its future development and strengthening its revenue bases. As at the Latest Practicable Date, the Offeror has not identified such investments or business opportunities.

LETTER FROM SPRING SECURITIES

Subject to the result of the Offeror's review of the Group, the Offeror has 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 Offers. However, the Offeror reserves the right to make any changes that it deems necessary or appropriate to the Group's businesses and operations to optimize the value of the Group.

The Offeror has not yet determined 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 Stock Exchange has stated that if, at the close of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

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

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

The Offeror intends the Company to remain listed on the Stock Exchange. The sole director of the Offeror and the Directors have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

ACCEPTANCE AND SETTLEMENT

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

COMPULSORY ACQUISITION

The Offeror does not intend to avail themselves of any powers of compulsory acquisition of any Shares and Options outstanding after the close of the Offers.

GENERAL

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

LETTER FROM SPRING SECURITIES

To ensure equality of treatment of all Independent Shareholders and Optionholders, those Independent Shareholders and/or Optionholders who hold Shares and/or Options as nominee on behalf of more than one beneficial owner should, as far as practicable, treat the holding of such beneficial owner separately. It is essential for the beneficial owners of the Shares and/or Options whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offers.

Attention of the Overseas Shareholders and Overseas Optionholders is drawn to paragraph headed “8. Overseas Shareholders and Overseas Optionholders” of Appendix I to this Composite Document. All documents and remittances to be delivered by or sent to or from the Independent Shareholders and/or Optionholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk. The Offeror, parties acting in concert with it, the Company, Luk Fook Capital, Grand Harbour, Spring Securities, Global Mastermind Capital Limited, Nuada Limited, Hologram, the Registrar or their respective ultimate beneficial owners, directors, officers, agents and associates or any other person involved in the Offers will not be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof or in connection therewith.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Composite Document 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 and the accompanying Forms of Acceptance before deciding whether or not to accept the Offers.

Yours faithfully
For and On behalf of
Spring Securities Limited
Cheung Chui Man
Director

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Mung Kin Keung
Mr. Mung Bun Man, Alan

Independent non-executive Directors:

Mr. Fung Wai Ching
Mr. Lei Seng Fat
Mr. Poon Wai Hoi, Percy

Registered office in Bermuda:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal place of business

in Hong Kong:
Unit 3107, 31/F
Shun Tak Centre
West Tower
168–200 Connaught Road Central
Hong Kong

19 June 2020

To the Shareholders and Optionholders:

Dear Sir/Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
SPRING SECURITIES LIMITED
FOR AND ON BEHALF OF
CHINA LEAD INVESTMENT HOLDINGS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
GLOBAL MASTERMIND CAPITAL LIMITED
AND
TO CANCEL ALL OUTSTANDING OPTIONS OF
GLOBAL MASTERMIND CAPITAL LIMITED
(OTHER THAN THOSE SHARES AND OPTIONS ALREADY OWNED
BY OR TO BE ACQUIRED BY
CHINA LEAD INVESTMENT HOLDINGS LIMITED AND
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

Reference is made to the Joint Announcement whereby the Offeror and the Company jointly announced on 25 May 2020 that the Offers would be made by Spring Securities for and on behalf of the Offeror (i) to acquire all of the Shares in the issued share capital of the Company; and (ii) to cancel all the outstanding Options (other than those Shares and Options already owned by or to be acquired by the Offeror and parties acting in concert with it).

LETTER FROM THE BOARD

As at the Latest Practicable Date, there were (i) 700,333,925 Shares in issue, of which 488,662,000 Shares were held by the Offeror and parties acting in concert with it (representing approximately 69.78% of the issued share capital of the Company); and (ii) 900,408 outstanding Options under the Share Option Scheme, of which 581,802 Options were owned by Mr. Mung, a party acting in concert with the Offeror.

Save as disclosed above, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in issue.

The purpose of this Composite Document (of which this letter forms part) is to provide you with, among other things, (i) further information relating to the Group, the Offeror and the Offers; (ii) the letter from Spring Securities containing details of the Offers; (iii) the letter from the Independent Board Committee containing its recommendations to the Independent Shareholders and the Optionholders in relation to the Offers; and (iv) the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee, the Independent Shareholders and the Optionholders on whether the terms of the Offers are fair and reasonable so far as the Independent Shareholders and the Optionholders are concerned and on acceptance in respect of the Offers.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Under Rule 2.1 of the Takeovers Code, a board which receives an offer or 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 for the purpose of making recommendations to the Independent Shareholders as to whether the terms of the Share Offer are fair and reasonable and as to acceptance of the Share Offer and the Optionholders as to whether the terms of the Option Offer are fair and reasonable and as to acceptance of the Option Offer.

As disclosed in the Joint Announcement, Hologram has been appointed as the Independent Financial Adviser to the Independent Board Committee in respect of the Offers. Such appointment has been approved by the Independent Board Committee.

LETTER FROM THE BOARD

The full texts of the letter from the Independent Board Committee addressed to the Independent Shareholders and the Optionholders and the letter from the Independent Financial Adviser addressed to the Independent Board Committee, the Independent Shareholders and the Optionholders are set out in this Composite Document. **You are advised to read both letters and the additional information contained in the appendices to this Composite Document carefully before taking any action in respect of the Offers.**

THE OFFERS

The following information about the Offers is extracted from the “Letter from Spring Securities” contained in this Composite Document.

The Share Offer

Spring Securities is making the Share Offer, on behalf of the Offeror, in compliance with the Takeovers Code on terms set out below:

For each Offer Share HK\$0.09 in cash

The Share Offer Price is the same as the consideration of HK\$0.09 per Share paid by the Offeror to acquire (i) 195,500,000 Shares from China Healthwise through a block trade transaction on the Stock Exchange on 14 May 2020; (ii) 73,824,000 Shares in the open market through the Stock Exchange on 28 May 2020; and (iii) 60,784,000 Shares in the open market through the Stock Exchange on 29 May 2020. The Share Offer Price of HK\$0.09 per Offer Share represents a discount of approximately 15.09% to the closing price of HK\$0.106 per Share as quoted on the Stock Exchange on 14 May 2020, being the Last Trading Day.

The Shares to be acquired under the Share Offer shall be (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. As at the Latest Practicable Date, none of the dividends declared by the Company remain unpaid. The Company confirms that it does not intend to declare any dividends during the Offer Period.

The Share Offer is unconditional in all respects when made.

LETTER FROM THE BOARD

The Option Offer

Spring Securities is making the Option Offer, for and on behalf of the Offeror, to the Optionholders in accordance with Rule 13 of the Takeovers Code to cancel all outstanding Options in exchange for cash on the following basis:

In respect of the Options with an exercise price of HK\$9.748:

For cancellation of each such Option HK\$0.001 in cash

The Option Offer is unconditional in all respects when made.

Following acceptance of the Option Offer, the relevant Options together with all rights attaching thereto will be entirely cancelled and renounced.

In accordance with the terms of the Share Option Scheme, the Optionholders are entitled to exercise the Options either to its full extent or to the extent notified by the Company at any time during the Offer Period. **Any Options granted under the Share Option Scheme that are not exercised or cancelled pursuant to the acceptance of the Option Offer will lapse automatically on the Closing Date pursuant to the terms of the Share Option Scheme.**

Further details of the Offers

Further details of the Offers, including, among other things, its extension to the Overseas Shareholders and Overseas Optionholders, information on taxation, the terms and conditions and the procedures for acceptance and settlement and acceptance period can be found in the “Letter from Spring Securities” and Appendix I to this Composite Document and the accompanying Forms of Acceptance.

IRREVOCABLE UNDERTAKING

As at the Latest Practicable Date, Mr. Mung (i) was interested in 158,554,000 Shares, including 53,696,000 Shares registered in his own name, and 104,858,000 Shares beneficially owned by TDX, representing in aggregate approximately 22.64% of the issued share capital of the Company; and (ii) held 581,802 Options. Mr. Mung and TDX have given the Irrevocable Undertaking in favour of the Offeror, pursuant to which Mr. Mung and TDX have irrevocably undertaken that they (i) shall not accept the Offers in respect of these 158,554,000 Shares and 581,802 Options (i.e. the Excluded Shares and Options); and (ii) shall not sell, transfer or otherwise dispose of, or charge, pledge or otherwise encumber, or grant any option or other right over these Shares and Options and/or otherwise make these Shares and Options available for acceptance for the Offers.

LETTER FROM THE BOARD

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, and Canada.

Financial and general information in relation to the Group are set out in Appendices II and III to this Composite Document.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below are the shareholding structure of the Company as at the Latest Practicable Date:

| | Number of Shares | Approximate % of the issued share capital |
|---|-----------------------------|--|
| The Offeror <i>(Note 1)</i> | 330,108,000 | 47.14 |
| Parties acting in concert with the Offeror | | |
| – Mr. Mung <i>(Note 2)</i> | <u>158,554,000</u> | <u>22.64</u> |
| Sub-total of the Offeror and parties acting in concert with it | <u>488,662,000</u> | <u>69.78</u> |
| Other public Shareholders | <u>211,671,925</u> | <u>30.22</u> |
| Total | <u><u>700,333,925</u></u> | <u><u>100.00</u></u> |

Notes:

1. The Shares directly held by the Offeror as at the Latest Practicable Date comprise acquisitions of (i) 195,500,000 Shares from China Healthwise through a block trade transaction on the Stock Exchange on 14 May 2020; and (ii) 73,824,000 Shares and 60,784,000 Shares, in the open market through the Stock Exchange on 28 May 2020 and 29 May 2020, respectively.
2. Mr. Mung is an executive Director and the chairman of the Board. As at the Latest Practicable Date, 53,696,000 Shares were registered in the name of Mr. Mung, and 104,858,000 shares were registered in the name of and were beneficially owned by TDX, a company in which Mr. Mung holds 99.99% equity interests and Ms. Sin Lai Ni, spouse of Mr. Mung holds 0.01% equity interest. Therefore, Mr. Mung is deemed to have an interest in the Shares in which TDX is interested. In addition, Mr. Mung holds Options under the Share Option Scheme exercisable into a total of 581,802 Shares.

LETTER FROM THE BOARD

INTENTION OF THE OFFEROR IN RELATION TO THE GROUP

Your attention is drawn to the paragraph headed “Intention of the Offeror in relation to the Group” in the “Letter from Spring Securities” in this Composite Document. The Board is aware of the intention of the Offeror in respect of the Group and is pleased to learn that the Offeror intends to continue the existing businesses of the Group, which is investing in listed and unlisted companies mainly in Hong Kong, Singapore, the United States, and Canada. The Board is aware that, as at the Latest Practicable Date, the Offeror had no plans to inject any assets or businesses into the Group or to procure the Group to acquire or dispose of any assets. The Board is also aware that, as at the Latest Practicable Date, the Offeror has not entered into any agreements, arrangements, understandings, intentions or negotiations in relation to any disposal/termination/scaling-down of the Group’s existing business, and any disposal/restructuring/re-deployment of the Group’s assets. The Board is aware that, the sole director of the Offeror has no intention to hold any position in the Company and/or participate in the Company’s operation.

The Board is aware that, immediately after the close of the Offers, the Offeror will conduct a review of the financial position and operations of the Group in order to formulate a long-term strategy for the Group and explore other business/investment opportunities for enhancing its future development and strengthening its revenue bases. As at the Latest Practicable Date, the Offeror had not identified such investments or business opportunities.

The Board is aware that subject to the result of the Offeror’s review of the Group, the Offeror has 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 Offers. However, the Offeror reserves the right to make any changes that it deems necessary or appropriate to the Group’s businesses and operations to optimize the value of the Group.

PROPOSED CHANGE OF BOARD COMPOSITION OF THE COMPANY

The Board is aware that the Offeror has not yet determined 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 Stock Exchange has stated that if, at the close of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of the Shares; or

LETTER FROM THE BOARD

(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.

As stated in the “Letter from Spring Securities” in this Composite Document, the Offeror intends the Company to remain listed on the Stock Exchange. The sole director of the Offeror and the Directors have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

GENERAL

None of the members of the Independent Board Committee is interested in or involved in the Offers.

Your attention is drawn to (i) the letter from the Independent Board Committee as set out on pages 26 to 28 of this Composite Document, which contains its advice and recommendations to the Independent Shareholders and the Optionholders in respect of the Offers; and (ii) the letter from the Independent Financial Adviser set out on pages 29 to 53 of this Composite Document, which contains its advice to the Independent Board Committee, the Independent Shareholders and the Optionholders in relation to the Offers and the principal factors considered by it before arriving at its recommendations.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this Composite Document. You are also recommended to read carefully Appendix I to this Composite Document and the accompanying Forms of Acceptance for further details in respect of the procedures for acceptance of the Offers.

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

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

19 June 2020

To the Independent Shareholders and the Optionholders:

Dear Sir/Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
SPRING SECURITIES LIMITED
FOR AND ON BEHALF OF
CHINA LEAD INVESTMENT HOLDINGS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
GLOBAL MASTERMIND CAPITAL LIMITED
AND
TO CANCEL ALL OUTSTANDING OPTIONS OF
GLOBAL MASTERMIND CAPITAL LIMITED
(OTHER THAN THOSE SHARES AND OPTIONS ALREADY OWNED
BY OR TO BE ACQUIRED BY
CHINA LEAD INVESTMENT HOLDINGS LIMITED AND
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to the composite document (the “**Composite Document**”) dated 19 June 2020 jointly issued by the Company and the Offeror, of which this letter forms part. Terms used herein shall have the same meanings as defined in the Composite Document unless the context requires otherwise.

We have been appointed to form the Independent Board Committee to consider the terms of the Offers and to advise you as to whether or not, in our opinion, the terms of the Offers are fair and reasonable so far as the Independent Shareholders and the Optionholders are concerned and as to acceptance of the Offers.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Hologram has been appointed as the Independent Financial Adviser with our approval to advise us in this respect of the terms of the Offers and as to acceptance thereof. 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 29 to 53 of the Composite Document.

We also wish to draw your attention to the sections headed “Letter from Spring Securities”, “Letter from the Board” and the additional information set out in the Composite Document, including the appendices to the Composite Document and the accompanying Forms of Acceptance in respect of the terms of the Offers and the acceptance and settlement procedures for the Offers.

RECOMMENDATION

Having taken into account the terms of the Offers, together with the advice and recommendation from the Independent Financial Adviser, we are of the opinion that the terms of the Offers are fair and reasonable so far as the Independent Shareholders and the Optionholders are concerned and therefore we recommend the Independent Shareholders and the Optionholders to accept the Offers.

Independent Shareholders are reminded to closely monitor the market price and liquidity of the Shares during the Offer Period and consider selling their Shares in the open market during the Offer Period, where possible, rather than accepting the Offers, if the net proceeds from the sale of such Shares in the open market would exceed the net amount receivable under the Offers. In addition, Independent Shareholders who wish to realise their investment in the Company in the open market should also consider and monitor the trading volume of the Shares during the Offer Period as having taken into account the thin historical trading volume of the Shares on the Stock Exchange as they may experience difficulty in disposing of their Shares in the open market without creating downward pressure on the price of the Shares.

Notwithstanding our recommendations, the Independent Shareholders and the Optionholders are strongly advised that the decision to realise or to hold their investment is subject to individual circumstances and investment objectives. If in doubt, the Independent Shareholders and the Optionholders should consult their own professional advisers for professional advice.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Furthermore, the Independent Shareholders and the Optionholders who wish to accept the Offers are recommended to read carefully the procedures for accepting the Offers as detailed in the Composite Document and the Forms of Acceptance.

Yours faithfully,

Independent Board Committee
Global Mastermind Capital Limited

Fung Wai Ching
*Independent non-executive
Director*

Lei Seng Fat
*Independent non-executive
Director*

Poon Wai Hoi, Percy
*Independent non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from the Independent Financial Adviser in connection with the Offers which has been prepared for inclusion in this Composite Document.



中孚資本有限公司
HOLOGRAM CAPITAL LIMITED

HOLOGRAM CAPITAL LIMITED
Room 1901, 19/F, OfficePlus @Wan Chai,
No. 303 Hennessy Road, Wanchai, Hong Kong

中孚資本有限公司
香港灣仔軒尼詩道303號
協成行灣仔中心19樓1901室

19 June 2020

To the Independent Board Committee, the Independent Shareholders and the Optionholders of Global Mastermind Capital Limited

Dear Sirs and Madams,

**MANDATORY UNCONDITIONAL CASH OFFER BY
SPRING SECURITIES LIMITED
FOR AND ON BEHALF OF
CHINA LEAD INVESTMENT HOLDINGS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
GLOBAL MASTERMIND CAPITAL LIMITED
AND
TO CANCEL ALL OUTSTANDING OPTIONS OF
GLOBAL MASTERMIND CAPITAL LIMITED
(OTHER THAN THOSE SHARES AND OPTIONS ALREADY OWNED
BY OR TO BE ACQUIRED
BY CHINA LEAD INVESTMENT HOLDINGS LIMITED AND
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee, the Independent Shareholders and the Optionholders in respect of the Offers, details of which are set out in the Composite Document dated 19 June 2020, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings ascribed to them in the Composite Document unless the context otherwise requires.

The Company was informed by the Offeror that on 14 May 2020, the Offeror acquired 195,500,000 Shares from China Healthwise through a block trade transaction on the Stock Exchange at a consideration of HK\$0.09 per Share, representing approximately 27.92% of the issued share capital of the Company as at the Latest Practicable Date. Immediately following the above acquisition, given Mr. Mung is presumed to be a party acting in concert (as defined under the Takeovers Code) with the Offeror and thus, the Offeror and the parties acting in concert with

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

it are interested in aggregate 354,054,000 Shares, representing approximately 50.56% of the issued share capital of the Company as at the Latest Practicable Date. Further, the Offeror acquired 73,824,000 Shares and 60,784,000 Shares in the open market through the Stock Exchange on 28 May 2020 and 29 May 2020, respectively. As at the Latest Practicable Date, there were (i) 700,333,925 Shares in issue, of which 488,662,000 Shares were held by the Offeror and parties acting in concert with it (representing approximately 69.78% of the issued share capital of the Company); and (ii) 900,408 outstanding Options granted under the Share Option Scheme, of which 581,802 Options were owned by Mr. Mung, a party acting in concert with the Offeror.

Pursuant to Rules 26.1 and 13.1 of the Takeovers Code, the Offeror is required to make mandatory unconditional cash offers (i) to acquire all of the Shares in the issued share capital of the Company; and (ii) to cancel all outstanding Options (other than those Shares and Options already owned by or to be acquired by the Offeror and parties acting in concert with it). Set out below is the principal terms of the Offers:

The Share Offer

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

For each Offer Share HK\$0.09 in cash

The Share Offer Price is the same as the consideration of HK\$0.09 per Share paid by the Offeror to acquire (i) 195,500,000 Shares from China Healthwise through a block trade transaction on the Stock Exchange on 14 May 2020; (ii) 73,824,000 Shares in the open market through the Stock Exchange on 28 May 2020; and (iii) 60,784,000 Shares in the open market through the Stock Exchange on 29 May 2020. The Share Offer Price of HK\$0.09 per Offer Share represents a discount of approximately 15.09% to the closing price of HK\$0.106 per Share as quoted on the Stock Exchange on 14 May 2020, being the Last Trading Day.

The Shares to be acquired under the Share Offer shall be (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. As at the Latest Practicable Date, none of the dividends declared by the Company remain unpaid. The Company confirms that it does not intend to declare any dividends during the Offer Period.

The Share Offer is unconditional in all respects when made.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Option Offer

Spring Securities is making the Option Offer, for and on behalf of the Offeror, to the Optionholders in accordance with Rule 13 of the Takeovers Code to cancel all outstanding Options in exchange for cash on the following basis:

In respect of Options with an exercise price of HK\$9.748:

For cancellation of each such Option HK\$0.001 in cash

The Option Offer is unconditional in all respects when made. Following acceptance of the Option Offer, the relevant Options together with all rights attaching thereto will be entirely cancelled and renounced. In accordance with the terms of the Share Option Scheme, the Optionholders are entitled to exercise the Options either to its full extent or to the extent notified by the Company at any time during the Offer Period. Any Options granted under the Share Option Scheme that are not exercised or cancelled pursuant to the acceptance of the Option Offer will lapse automatically on the Closing Date pursuant to the terms of the Share Option Scheme.

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 Share Offer are fair and reasonable and as to acceptance of the Share Offer and the Optionholders as to whether the terms of the Option Offer are fair and reasonable and as to acceptance of the Option Offer.

We, Hologram, have been appointed by the Company with the approval from the Independent Board Committee as the Independent Financial Adviser to advise the Independent Board Committee, the Independent Shareholders and the Optionholders in respect of the Offers.

We are not associated or connected with the Company or the Offeror, their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them and, accordingly, are considered eligible to give independent advice on the Offers. In the last two years, no engagement has been performed between the Group, the Offeror, or the parties acting in concert with it and us. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, there are no arrangements which we will receive any fees or benefits from the Company or the Offeror, their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have reviewed, among others, (i) the Joint Announcement; (ii) the annual reports of the Company for the years ended 31 December 2017, 2018 and 2019 (the “**2017 Annual Report**”, “**2018 Annual Report**” and “**2019 Annual Report**”, respectively); (iii) the announcements issued by the Company during the two years up to the Latest Practicable Date; and (iv) the information contained in the Composite Document. We have also enquired with and reviewed the information provided by the management of the Company regarding the business and outlook of the Group.

We have relied on the above information and representations supplied, and the opinions expressed by the Directors and management of the Company, and have assumed that such information and statements, and representations made to us or referred to in the Composite Document are true, accurate and complete in all material respects as at the Latest Practicable Date. We have also relied on our discussions with the Directors regarding the Group and the Offers, including the information and representations contained in the Composite Document. We have also assumed that all statements of belief, opinions and intentions made by the Directors and the Offeror respectively in the Composite Document were reasonably made after due enquiry. We have no reason to suspect that any material facts have been omitted or withheld from the information contained or opinions expressed in the Composite Document or to doubt the truth, accuracy and completeness of the information and representations provided by the Directors and the Offeror. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Composite Document and that all information or representations provided to us by the Directors and the management of the Group are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the Latest Practicable Date. Should there be any subsequent material change in such information during the Offer Period, the Company should inform the Shareholders as soon as practicable in accordance with Rule 9.1 of the Takeovers Code. The Independent Shareholders and the Optionholders will also be notified of any material change to such information provided in the Composite Document and our opinion as soon as possible after the Latest Practicable Date and throughout the Offer Period.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Composite Document so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Company or any of their respective subsidiaries and associates.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Because of the variations in individual circumstances of Independent Shareholders and the Optionholders, we have not taken the tax and regulatory implications on Independent Shareholders and the Optionholders into account in formulating our opinion in respect of the Offers. We are not responsible for any tax effect on or liability of any person resulting from his or her acceptance or non-acceptance of the Offers. In particular, Independent Shareholders and the Optionholders who are resident overseas or subject to overseas taxation or Hong Kong taxation on securities dealings should consider their own tax position and, if in any doubt, should consult their own professional advisers.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion regarding the Offers, we have considered the following principal factors and reasons:

1. Information and financial performance of the Group

The Company is an investment holding company, and its Shares are listed on the Main Board of the Stock Exchange. It is defined as investment company (investing in securities, listed or unlisted, including warrants, money market instruments, bank deposits, currency investments, commodities, options, futures contracts and precious metals and investment companies investing in other collective investment schemes) pursuant to Chapter 21 of the Listing Rules. The Group is principally engaged in investing in listed and unlisted companies with the investment portfolio mainly comprising equity and debt securities mainly in Hong Kong, Singapore, Canada and the United States of America (the “U.S.”). According to the 2019 Annual Report, as at 31 December 2019, the major investments of the Group included (i) a portfolio of listed financial instruments of approximately HK\$251,922,000; (ii) direct investment in unlisted financial instruments of approximately HK\$41,338,000; and (iii) direct investment in unlisted investment funds of approximately HK\$23,159,000.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below are extracts of consolidated income statement and consolidated statement of financial position of the Group for the three years ended 31 December 2019 (“FY2017”, “FY2018” and “FY2019”, respectively) as extracted from the 2017 Annual Report, the 2018 Annual Report and the 2019 Annual Report:

Table 1: Extracts of consolidated income statement of the Group

| | For the year ended 31 December | | |
|---|---------------------------------------|-----------------|-----------------|
| | 2017 | 2018 | 2019 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (audited) | (audited) | (audited) |
| Revenue | 3,409 | 3,461 | 6,028 |
| (Loss)/gain arising in change in fair value of financial assets at fair value through profit or loss | 78,357 | (122,160) | (77,633) |
| Impairment loss recognised in respect of available-for-sale financial assets ^(note) | (2,764) | – | – |
| Impairment loss recognised in respect of available-for-sale financial assets reclassified from equity to profit or loss ^(note) | (28,133) | – | – |
| Cumulative loss reclassified from equity to profit or loss upon derecognition of available-for sale financial assets ^(note) | (450) | – | – |
| (Loss)/profit for the year attributable to owners of the Company | 26,468 | (141,223) | (91,295) |

Note: According to the 2018 Annual Report, upon application of Hong Kong Financial Reporting Standard (“HKFRS”) 9 on 1 January 2018, the Group has reclassified all available-for-sale (“AFS”) financial assets to financial assets at fair value through profit or loss (“FVTPL”). For further details of the application of new and revised HKFRS 9, please refer to the note 2 to the financial statements in the 2018 Annual Report.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Table 2: Extracts of consolidated statement of financial position of the Group

| | As at 31 December | | |
|---|--------------------------|-----------------|-----------------|
| | 2017 | 2018 | 2019 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (audited) | (audited) | (audited) |
| Total assets | 545,474 | 419,730 | 339,538 |
| – Available-for-sale financial assets ^(note) | 137,693 | – | – |
| – Financial assets at fair value through profit or loss ^(note) | 339,954 | 361,790 | 316,419 |
| Total liabilities | 26,256 | 31,405 | 42,507 |
| Equity attributable to owners of the Company | 519,218 | 388,325 | 297,031 |

Note: According to the 2018 Annual Report, upon application of HKFRS 9 on 1 January 2018, the Group has reclassified all AFS financial assets to financial assets at FVTPL. For further details of the application of new and revised HKFRS 9, please refer to the note 2 to the financial statements in the 2018 Annual Report.

(i) Revenue

The Group derived the revenue from the interest and dividend income. As depicted in Table 1, the Group recorded the revenue of approximately HK\$3.4 million, HK\$3.5 million and HK\$6.0 million for FY2017, FY2018 and FY2019, respectively, representing a year-on-year increase of approximately 1.5% for FY2018 and 74.2% for FY2019, respectively. The increase in the revenue of the Group for FY2019 was mainly driven by the increase in the interest income.

(ii) Gain/loss arising from financial assets recognised in the profit or loss

For FY2017, a gain arising in change in fair value of financial assets at FVTPL of approximately HK\$78.4 million was recorded, which was attributable to the (i) the realised gain on disposal of financial assets at FVTPL of approximately HK\$27.0 million; and (ii) the unrealised gain on financial assets at FVTPL of approximately HK\$51.4 million. However, for FY2017, the Group recorded (i) impairment loss recognised in respect of AFS financial assets reclassified from equity to profit or loss of approximately HK\$28.1 million (as the Group's AFS financial assets listed in Hong Kong and outside Hong Kong were determined to be impaired on the basis of material decline in their fair value below its cost as at 31 December 2017); (ii) impairment loss recognised in respect of AFS financial assets of approximately HK\$2.8 million (all of which were associated with the unlisted equity securities); and (iii) cumulative loss reclassified from equity to profit or loss upon derecognition of AFS financial assets of approximately HK\$0.5 million.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We noted from the 2018 Annual Report that, upon application of HKFRS 9 on 1 January 2018, the Group has reclassified all AFS financial assets to financial assets at FVTPL. For FY2018 and FY2019, the Group recorded the loss arising in change in fair value of financial assets at FVTPL of approximately HK\$122.2 million and HK\$77.6 million, respectively, representing a year-on-year decrease in loss of approximately 36.4% for FY2019. Such decrease in loss was attributable to the decrease in the unrealised loss on financial assets at FVTPL (from approximately HK\$132.4 million for FY2018 to approximately HK\$82.0 million for FY2019), being partially offset by the decrease in the realised gain on disposal of financial assets at FVTPL (from approximately HK\$10.3 million for FY2018 to approximately HK\$4.4 million for FY2019).

(iii) (Loss)/profit for the year

As illustrated in Table 1, the Group recorded a profit for the year attributable to owners of the Company of approximately HK\$26.5 million for FY2017, as a result of the net gain arising from financial assets recognised in the profit or loss. However, the financial result of the Group had an adverse turnaround from the profit to loss of approximately HK\$141.2 million for FY2018, which was owing to the loss arising in change in fair value of financial assets at FVTPL of approximately HK\$122.2 million. For FY2019, the Group recorded a loss for the year attributable to owners of the Company of approximately HK\$91.3 million, representing a decrease in loss of approximately 35.4%, as compared to the corresponding figure for FY2018.

(iv) Equity attributable to owners of the Company

As depicted in Table 2, the Group recorded the total assets of approximately HK\$545.5 million, HK\$419.7 million and HK\$339.5 million as at 31 December 2017, 2018 and 2019, respectively, representing a year-on-year decrease of approximately 21.1% for FY2018 and 19.1% for FY2019, respectively. The net asset value also decreased from approximately HK\$519.2 million as at 31 December 2017 to approximately HK\$388.3 million as at 31 December 2018, representing a year-on-year decrease of approximately 25.2%, and further decreased to approximately HK\$297.0 million as at 31 December 2019, representing a year-on-year decrease of approximately 23.5%. Such decreases were mainly attributable to the loss arising in change in fair value of financial assets at FVTPL.

Further, we are aware that the consolidated net asset value per Share had decreased from HK\$0.424 as at 31 December 2019 (which was calculated from the audited consolidated net assets value and 700,333,925 issued Shares as at 31 December 2019) to HK\$0.365 as at 31 May 2020 (based on the announcement of the Company dated 12 June 2020 regarding the update in the net asset value of the Group).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(v) *Prospect and outlook of the Group*

We are of the view that the performance of the Group was mainly driven by the performance of its investment portfolio (which may be changed from time to time subject to the Company's investment strategy and policies), which is largely affected by various factors such as the overall global economic and market condition, investment sentiment and future prospect of the investee company that the Group invested. Recently, both the local and global economies are facing uncertainties due to (i) the widespread outbreak of coronavirus (COVID-19); and (ii) the uncertainties of the regional and global political and economic condition.

Widespread outbreak of coronavirus (COVID-19) and the post COVID-19 economic recovery

As stated in the chairman's statement in the 2019 Annual Report, due to the coronavirus, stock markets worldwide are experiencing brutal sell-off, it also leads to huge uncertainty in the world. We observed that:

- (a) the Hang Seng Index, being a benchmark of the Hong Kong financial securities market, declined notably from as high as over 29,000 points in mid January 2020 to around 21,700 points in late March 2020; and
- (b) the Dow Jones Industrial Average and Standard & Poor's 500 Index, being the benchmarks of the U.S. financial securities market, declined from over 29,000 points in mid February 2020 to around 18,500 points in late March 2020 and from over 3,300 points in mid February 2020 to around 2,200 points in late March 2020, respectively.

Despite that, subsequent to the plunge, the above indices bounced back from the bottom recorded in late March 2020, we remain prudent as to the momentum of the post COVID-19 economic recovery as we noted from the "World Economic Outlook, April 2020: The Greatest Lockdown" published by International Monetary Fund in April 2020 that there is extreme uncertainty around the global growth forecast. The economic fallout depends on factors that interact in ways that are hard to predict, including the pathway of the pandemic, the intensity and efficacy of containment efforts, the extent of supply disruptions, the repercussions of the dramatic tightening in global financial market conditions, shifts in spending patterns, behavioral changes, confidence effects, and volatile commodity prices.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Uncertainties of the regional and global political and economic condition

On 28 May 2020, the People's Republic of China National People's Congress (NPC) approved the enactment of the national security legislation for applying in Hong Kong. In response to such decision, on 29 May 2020 (the U.S. time), Donald J. Trump, the President of the U.S., delivered a remark on actions against China, among others, action to revoke Hong Kong's preferential treatment as a separate customs and travel territory from the rest of China. The process of eliminating policy exemptions that give Hong Kong different and special treatment would begin, which would affect the full range of agreements between the U.S. and Hong Kong (such as extradition treaty and export controls on dual-use technologies). In addition, according to the remarks by the President, the U.S. would also take necessary steps to sanction China and Hong Kong officials directly or indirectly involved in eroding Hong Kong's autonomy.

As at the Latest Practicable Date, there has no timetable and the specific details as to (i) the enactment of the national security legislation; and (ii) the actions to be taken by the U.S. against China. However, the unprecedented action to be taken by the U.S. against China will intensify the tensions of the relationship between the U.S. and China. Given (i) the uncertainties being brought about to Hong Kong by the possible change in its trading status; and (ii) the rising U.S.-China tensions, we are pessimistic about the regional and global political and economic condition and thus the market investment sentiments.

Given that (i) the Group had been loss making during the past two financial years; (ii) the uncertain momentum of the post COVID-19 economic recovery; (iii) the business performance of the Group is susceptible to the regional and/or global political and economic conditions; and (iv) uncertainties of the regional and global political condition (such as the uncertain Hong Kong's political and economic environment owing to the enactment of national security legislation in Hong Kong and the rising U.S.-China tensions), we are of the view that the future prospect of the Group is uncertain.

2. Information on the Offeror and intentions on the Offeror in relation to the Group

Reference is made to the sections headed "Information of the Offeror – Intention of the Offeror in relation to the Group" and "Information of the Offeror – Maintaining the listing status of the Company" in the "Letter from Spring Securities" of the Composite Document.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Offeror is an investment holding company incorporated in the British Virgin Islands with limited liability and is wholly and beneficially owned by Mr. Ng, who is also the sole director of the Offeror. Mr. Ng is an experienced investor with more than 20 years of experience in investing in both listed and unlisted companies in Hong Kong. He is the sole beneficial owner of each of Grand Harbour and Spring Securities. He was admitted as a member of the American Institute of Certified Public Accountants in September 2004, a member of the Hong Kong Institute of Certified Public Accountants in February 2005, a member of The Hong Kong Institute of Chartered Secretaries in October 2006, and a member of the Institute of Chartered Secretaries and Administrators in October 2006.

According to the press release of the SFC, on 21 May 2020, SFC has presented a petition to the Court of First Instance to wind up Combest Holdings Limited (“**Combest**”) and to disqualify, amongst others, Mr. Ng, a suspected shadow director, under the Securities and Futures Ordinance to protect the interest of Combest’s shareholders, creditors and the investing public. As advised by Mr. Ng, the first hearing of the petition against him (the “**Petition**”) will be held on 12 August 2020.

We have reviewed the press release dated 21 May 2020 in relation to the petition to the Court of First Instance to wind up Combest. Under section 214 of the SFO, the court may, *inter alia*, make orders to disqualify a person from being a director or being involved, directly or indirectly, in the management of any corporation for a period up to 15 years, if the person is found to be wholly or partly responsible for the company’s affairs having been conducted in a manner, amongst other, involving defalcation, fraud, misfeasance or other misconduct towards it or its members. In the event that the disqualification order is made against Mr. Ng, he would not be able to take part in the management of the Company for making any management decision on the Group or conducting any strategic business development planning of the Group (including the intentions of the Offeror on the Group set out in the paragraphs below). As at the Latest Practicable Date, no judgement against Mr. Ng has been concluded pending the hearing of the Petition on 12 August 2020. In consideration of whether to accept the Share Offer or not, the Independent Shareholders are advised to take into account the personal background of Mr. Ng, in particular, the possible disqualification order against him. Given that (i) the Offeror has not yet determined the composition of the Board as at the Latest Practicable Date; (ii) Mr. Ng has no intention to hold any position in the Company and/or participate in the Company’s operation; and (iii) Mr. Ng may or may not be able to take part in the management of the Company given the possible disqualification order against Mr. Ng, we are uncertain as to the influence on the Group by the Offeror, and thus we remain uncertain as to the future prospects of the Group in a foreseeable future (as discussed under the paragraph headed “1. Information and financial performance of the Group – (v) Prospect and outlook of the Group” above). Accordingly, we consider the Share Offer provides an assured exit alternative for the Independent Shareholders who would like to realise their investments in the Shares.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Offeror intends to continue the existing businesses of the Group, which is investing in listed and unlisted companies mainly in Hong Kong, Singapore, the United States, and Canada. As at the Latest Practicable Date, the Offeror has no plans to inject any assets or businesses into the Group or to procure the Group to acquire or dispose of any assets. As at the Latest Practicable Date, the Offeror has not entered into any agreements, arrangements, understandings, intentions or negotiations in relation to any disposal/termination/scaling-down of the Group's existing business, and any disposal/restructuring/re-deployment of the Group's assets. The sole director of the Offeror has no intention to hold any position in the Company and/or participate in the Company's operation.

Immediately after the close of the Offers, the Offeror will conduct a review of the financial position and operations of the Group in order to formulate a long-term strategy for the Group and explore other business/investment opportunities for enhancing its future development and strengthening its revenue bases. As at the Latest Practicable Date, the Offeror has not identified such investments or business opportunities.

Subject to the result of the Offeror's review of the Group, the Offeror has 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 Offers. However, the Offeror reserves the right to make any changes that it deems necessary or appropriate to the Group's businesses and operations to optimize the value of the Group.

The Board is currently made up of five Directors, comprising two executive Directors, being Mung Kin Keung and Mr. Mung Bun Man, Alan; and three independent non-executive Directors, being Mr. Fung Wai Ching, Mr. Lei Seng Fat and Mr. Poon Wai Hoi, Percy. As at the Latest Practicable Date, the Offeror has not yet determined 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.

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

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

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

The Offeror intends the Company to remain listed on the Stock Exchange. The sole director of the Offeror and the Directors have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3. Analysis on the Share Offer Price

The Share Offer Price of HK\$0.09 per Offer Share represents:

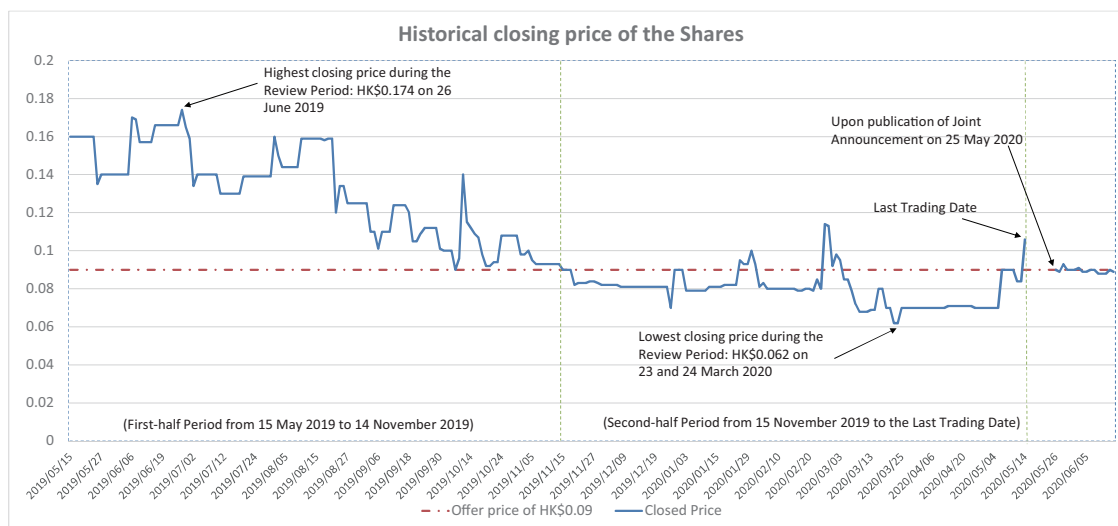
- (i) a discount of approximately 15.09% to the closing price of HK\$0.106 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 1.10% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.091 per Share;
- (iii) a premium of approximately 7.14% 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\$0.084 per Share;
- (iv) a premium of approximately 20.00% 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\$0.075 per Share;
- (v) a premium of approximately 1.12% over the closing price of HK\$0.089 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (vi) a discount of approximately 78.77% to the audited consolidated net asset value per Share as at 31 December 2019 of approximately HK\$0.424 (which was 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 Latest Practicable Date); and
- (vii) a discount of approximately 75.34% to the unaudited consolidated net asset value per Share as at 31 May 2020 of approximately HK\$0.365 which was announced by the Company on 12 June 2020.

As stated in the “Letter from the Spring Securities” that, the Share Offer Price has been determined on a commercial basis after taking into account (i) the closing prices of the Shares traded on the Stock Exchange; and (ii) with reference to other general offers in Hong Kong in recent years. In this section, we will discuss the historical price performance of the Shares with a comparable analysis using the equity value multiple. Nonetheless, we consider an offer price comparable analysis, which compares the discount of the Share Offer Price against the premium/discount of the offer prices of other general cash offer transactions, to be less ideal as such analysis overlooks certain crucial factors, including but not limited to, the difference of valuation, business environment and outlook among different industries. There were no general cash offers involving any comparable companies listed on the Main Board of the Stock Exchange engaging in the comparable business within one year prior to the Latest Practicable Date for us to make any meaningful comparison and thus assess the fairness and reasonableness of the Share Offer Price.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Historical price performance of the Shares

Set out below is a chart showing the movement of the closing prices of the Shares during the period from 15 May 2019, being the date which is one year prior to the Last Trading Day, up to and including the Latest Practicable Date (the “**Review Period**”), which we consider to be reasonably long enough to illustrate the historical trend and level of movement of the closing prices of the Shares.



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

Note: Trading in the Shares was halted from 15 May 2020 to 25 May 2020 (both days inclusive).

During the Review Period, the closing price of the Shares has indicated a general downward trend up to the Last Trading Date, with the (i) highest closing price of HK\$0.174 per Share recorded on 26 June 2019 during the first half of the Review Period (six-month period from 15 May 2019 to 14 November 2019) (the “**First-half Period**”); and (ii) the lowest closing price of HK\$0.062 per Share recorded on 23 March 2020 and 24 March 2020 during the second half of the Review Period (six-month period from 15 November 2019 to the Last Trading Date) (the “**Second-half Period**”). We noted from the table under the paragraph headed “Historical trading liquidity of the Shares” as discussed below that the average daily trading volume of Shares during December 2019 to March 2020 (being approximately four months in the Second-half Period) is relatively higher, whereas the average daily trading volume of Shares during May 2019 to August 2019 (being approximately four months in the First-half Period) is relatively lower. With thin trading liquidity of the Shares, the market price of the Shares may be influenced by slight changes in trading volume of the Shares. For illustrative purpose, we set out below the respective discussion on the closing prices of the Shares during the First-half Period with relatively lower trading activities in general and the Second-half Period with relatively higher trading activities in general.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

During the First-half Period, the closing price of the Shares indicated an overall downward trend, with two significant plunges, including (i) from the peak of HK\$0.174 per Share on 26 June 2019 to HK\$0.134 on 2 July 2019; and (ii) from HK\$0.159 on 21 August 2019 to HK\$0.12 on 22 August 2019. Subsequently, the closing price of the Shares gradually decreased to the relative bottom of HK\$0.090 on 8 October 2019. We noted that the closing price of the Shares bounced back to HK\$0.140 on 10 October 2019 immediately after hitting its relative bottom of HK\$0.090 on 8 October 2019, and returned to HK\$0.092 on 18 October 2019. As advised by the management of the Company, the Company was not aware of any reasons for such fluctuation in the closing price of the Shares.

As for the Second-half Period (starting from 15 November 2019), the Shares had started to be traded below HK\$0.090. The average closing price of the Shares during the Second-half Period is approximately HK\$0.080 per Share. The relatively weak performance in the closing price of the Shares during the Second-half Period was evidenced by the fact that the Shares had been trading below HK\$0.090 for 100 trading days, accounting for approximately 82.64% of the total 121 of trading days throughout the Second-half Period.

Moreover, we observed that there was a substantial increase in the closing price of the Shares from HK\$0.080 per Share on 25 February 2020 to HK\$0.114 per Share on 26 February 2020, representing an increase of approximately 42.50%, followed by a drop with HK\$0.092 per Share recorded on 28 February 2020. We noted that the Company did not issue any announcement immediately prior to or during the relevant period. Based on public information and our enquiry with the management of the Company, we are not aware of any reasons for the unusual price movement and active trading volume (please also refer to the paragraph headed “Historical trading liquidity of the Shares” below). Also, the closing price of the Shares had surged immediately before the Last Trading Day from HK\$0.084 on 13 May 2020 to HK\$0.106 on 14 May 2020 with a trading halt thereafter from 15 May 2020 to 25 May 2020 pending for the publication of the Joint Announcement. After the publication of the Joint Announcement, the Shares have been traded from HK\$0.088 to HK\$0.093 from 26 May 2020 up to the Latest Practicable Date. There is no assurance that the closing prices of the Shares will continue to rise or maintain at a level equal to or above the Share Offer Price after the Latest Practicable Date or after closing of the Offers. Accordingly, we are of the view that the price trend prior to the publication of the Joint Announcement in the Second-half Period more appropriately reflects the general price trend of the Company. Independent Shareholders who wish to realise their investment in the Group are reminded that they should carefully and closely monitor the market price of the Group during the Offer Period and consider selling their Shares in the open market during the Offer Period, rather than accepting the Share Offer, if the net proceeds from the sale of such Shares in the open market would exceed the net amount receivable under the Share Offer.

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The Share Offer Price of HK\$0.09 per Offer Share represents (i) a discount of approximately 48.28% to the highest closing price of HK\$0.174 per Share recorded on 26 June 2019; (ii) a premium of approximately 45.16% to the lowest closing price of HK\$0.062 per Share recorded on 23 March 2020 and 24 March 2020; and (iii) a discount of approximately 14.29% to the average closing price of approximately HK\$0.105 per Share during the Review Period. We would like to draw the attention of the Independent Shareholders to the Second-half Period, which represents a more recent period for comparison of the Share Offer Price, that the Shares had been traded below the Share Offer Price of HK\$0.090 per Share for most of the trading days during the Second-half Period. Given that the Second-half Period provides a more recent period for reflecting the latest market conditions and price movement with relatively active trading volume (as evidenced by relatively higher average daily trading volume of Shares during December 2019 to March 2020), we consider that the closing price of the Shares during the Second-half Period represents a good indicator for assessing the Share Offer Price. The Share Offer Price (i) represents a moderate premium of approximately 12.50% to the average closing price of the Share of approximately HK\$0.080 during the Second-half Period; and (ii) is higher than the closing prices of the Shares for 100 trading days, accounting for approximately 82.64% of the total 121 of trading days throughout the Second-half Period. Having taken into consideration the above, and that the closing price of the Shares has indicated a general downward trend up to the Last Trading Date, we consider the Share Offer Price is fair and reasonable so far as the Independent Shareholders are concerned, despite that the Share Offer Price represents a discount of approximately 14.29% to the average closing price of approximately HK\$0.105 per Share during the Review Period.

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Net asset value per Share (“NAV per Share”)

Comparison with historical discounts to NAV per Share

With reference to (i) the closing price of the Shares ranging from HK\$0.062 to HK\$0.174 during the Review Period as discussed above; and (ii) the NAV per Share ranging from HK\$0.374 to HK\$0.530 during the Review Period as shown in the table below, we noted that the Shares had consistently been traded at a closing price substantially below the NAV per Share during the Review Period. Set out below are the summary of (i) the NAV per Share with reference to the relevant interim/annual reports of the Company or monthly update announcements containing a statement of its NAV per Share as at the end of each month; (ii) the closing price of Share on the even date; and (iii) for illustration purpose, the discount of the then closing price of the Shares to the NAV per Share as at the corresponding end of each month.

| End of month | NAV per Share | Closing price of the Shares <i>(note 1)</i> | Discount of the closing price of the Shares to the NAV per Share <i>(note 2)</i> |
|---------------------|----------------------|--|---|
| 31 May 2019 | 0.528 | 0.140 | 73.48% |
| 30 June 2019 | 0.535 | 0.134 | 74.95% |
| 31 July 2019 | 0.521 | 0.160 | 69.29% |
| 31 August 2019 | 0.468 | 0.125 | 73.29% |
| 30 September 2019 | 0.437 | 0.101 | 76.89% |
| 31 October 2019 | 0.436 | 0.098 | 77.52% |
| 30 November 2019 | 0.420 | 0.082 | 80.48% |
| 31 December 2019 | 0.424 | 0.090 | 78.77% |
| 31 January 2020 | 0.420 | 0.093 | 77.86% |
| 29 February 2020 | 0.414 | 0.098 | 76.33% |
| 31 March 2020 | 0.378 | 0.070 | 81.48% |
| 30 April 2020 | 0.374 | 0.070 | 81.28% |
| 31 May 2020 | 0.365 | 0.090 | 75.34% |
| | | Average | 76.69% |
| | | Minimum | 69.29% |
| | | Maximum | 81.48% |

Notes:

- The closing price of Share represents the closing price of the Shares on the corresponding month-end date, or if the month-end date is a non-trading day, the closing price of the Shares on the next trading day following the end of month.

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2. The discount of the closing price of the Shares to the NAV per Share is based on (i) the then closing price of the Shares as described in point (1) above; and (ii) the NAV per Share as at the corresponding end of each month.

We noted from the above table that the discount of the then closing price of the Shares to the NAV per Share (the “**Historical Discount**”) as at the end of each month during the Review Period ranged from 69.29% to 81.48%, with an average discount of 76.69%. The Share Offer Price represents (i) a discount of approximately 78.77% to the audited consolidated NAV per Share as at 31 December 2019; and (ii) a discount of approximately 75.34% to the unaudited consolidated NAV per Share as at 31 May 2020, which are within the range of and close to the average of the Historical Discount. In addition, the Historical Discount during the Review Period implies that the investors in the stock market may not have valued the Shares based on the net asset value of the Company, and instead investors may have consistently emphasized on other fundamentals (such as business performance and earnings) and future prospects of the Company when deciding the trading price of the Shares. Accordingly, we consider that the trading price of the Shares is a relatively appropriate indicator of the fair value of the Shares that shall be received by the Independent Shareholders when realising their investment in an open market and thus, it is more appropriate to assess the fairness and reasonableness of the Share Offer Price by primarily making reference to the historical price performance.

Comparable analysis

In order to assess the fairness and reasonableness of the Share Offer Price, we attempt to carry out a comparable analysis using the equity value multiples, namely, price-to-earnings ratio (“**P/E Ratio**”) and price-to-book ratio (“**P/B Ratio**”), which are the most commonly used benchmarks in assessing the financial valuation of a company as the data for calculating the ratios can be obtained fairly and directly from publicly available information and reflect the value of the companies determined by the open market. Given the loss-making position of the Group for FY2019, P/E Ratio analysis is not applicable.

We have attempted to identify the companies which are (i) listed on the Main Board of the Stock Exchange; (ii) defined as investment companies pursuant to Chapter 21 of the Listing Rules; and (iii) with net asset value of not less than HK\$100 million and not more than HK\$1 billion as at their latest financial period end (given the Group’s audited net asset value of approximately HK\$297.0 million as at 31 December 2019). Based on the aforesaid selection criteria, we have identified ten comparable companies (the “**Comparable Companies**”), which represent an exhaustive list of comparable companies identified on the Stock Exchange’s website based on the above said criteria. Given that the Company and the Comparable Companies are principally engaged in investment business, we believe that the net asset value could implicitly reflect the size of the financial assets being put under investment. Accordingly, we consider that (i) the P/B Ratio represents an appropriate valuation benchmark for the Group; and (ii) by setting the criterion of comparable net asset value, the Comparable Companies would better serve as fair and representative samples for the purpose of comparison with the Company since the Comparable Companies of similar investment size are encountering comparable business risks

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and opportunities. Although the Comparable Companies exhibit differences in market capitalisation, size of financial assets, investment portfolio, financial performance and positions and capital structure as compared with the Company, the analysis is meant to cover a list of comparable companies listed on the Stock Exchange and form a reasonable sample size to reflect the value of comparable companies in the same industry.

| Stock code | The name of Comparable Companies | Market capitalisation as at the Latest Practicable Date ^(note 1) <i>HK\$ million</i> | Equity attributable to owners ^(note 2) <i>HK\$ million</i> | P/B Ratio ^(note 3) <i>Times</i> |
|------------|---|--|---|--|
| 2324 | Capital VC Limited | 71.6 | 488.3 | 0.15 |
| 721 | China Financial International Investments Limited | 1,656.7 | 952.6 | 1.74 |
| 1217 | China Innovation Investment Limited | 128.0 | 700.3 | 0.18 |
| 810 | China Internet Investment Finance Holdings Limited | 94.3 | 128.9 | 0.73 |
| 1226 | China Investment and Finance Group Limited | 79.0 | 256.1 | 0.31 |
| 356 | DT Capital Limited | 93.5 | 156.6 | 0.60 |
| 428 | Cocoon Holdings Limited | 104.3 | 165.7 | 0.63 |
| 310 | Prosperity Investment Holdings Limited | 21.8 | 141.2 | 0.15 |
| 768 | UBA Investments Limited | 38.2 | 127.0 | 0.30 |
| 913 | Unity Investments Holdings Limited | 36.9 | 265.1 | 0.14 |
| | | | Average | 0.49 |
| | | | Maximum | 1.74 |
| | | | Minimum | 0.14 |
| | | Implied market capitalisation ^(note 4) <i>HK\$ million</i> | Equity attributable to owners ^(note 2) <i>HK\$ million</i> | Implied P/B Ratio ^(note 5) <i>Times</i> |
| | The Company | 63.0 | 297.0 | 0.21 |

Source: Stock Exchange and the respective companies' latest published financial reports

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Notes:

1. The market capitalisations are calculated as the closing price of the shares of the respective Comparable Companies multiplied by the corresponding number of issued shares as at the Latest Practicable Date.
2. The equity attributable to owners of the Comparable Companies/the Company is extracted from their respective latest published financial reports.
3. The P/B Ratios are obtained by dividing the market capitalisation of the Comparable Companies as at the Latest Practicable Date by their respective equity attributable to owners of the Comparable Companies as extracted from their latest published financial reports.
4. The implied market capitalisation of the Company is calculated as the Share Offer Price multiplied by the corresponding number of issued Shares of the Company as at the Latest Practicable Date.
5. The implied P/B Ratio of the Share Offer was obtained by dividing the implied market capitalisation (calculated in point (4) above) by the equity attributable to owners of the Company as extracted from the 2019 Annual Report.

As shown above, save and except for one Comparable Company (namely, China Financial International Investments Limited), the shares of the Comparable Companies were trading at discount to their respective net asset value attributable to shareholders, as demonstrated by the P/B Ratio of the Comparable Companies were trading at the P/B Ratio of less than one times as at the Latest Practicable Date. The P/B Ratio of the Comparable Companies ranges from approximately 0.14 times and 1.74 times with an average of 0.49 times. Despite that the implied P/B Ratio of the Company of approximately 0.21 times is lower than the average of the P/B Ratios of the Comparable Companies, we would like to emphasise that this is merely one of the factors taken into consideration in assessing the fairness and reasonableness of the Share Offer Price as our consideration of the Share Offer Price has been made on an overall basis having considered various principal factors, in particular:

- (i) the implied P/B Ratio of the Company is within the range of the P/B Ratio of the Comparable Companies and there are four out of ten Comparable Companies with the P/B Ratio lower than the Company;
- (ii) as discussed in the paragraph headed “Comparison with historical discounts to NAV per Share” above, the Shares had consistently been traded at a closing price substantially below the NAV per Share during the Review Period, which implies persistent low P/B Ratio of the Company during the Review Period; and

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(iii) the value of the P/B Ratio varies based on the closing price of the Shares (as numerator) and the NAV per Share (as denominator). As mentioned in the paragraph headed “Historical price performance of the Shares” above, the closing price of the Shares has indicated a general downward trend during the Review Period. There is no guarantee the Shares would be traded in an upward trend in the foreseeable future, and thus there is no guarantee that the P/B Ratio of the Company in the foreseeable future would increase and be higher than the P/B Ratio of the Comparable Companies.

Historical trading liquidity of the Shares

The table set out below is the historical trading volume of the Shares during the Review Period.

| | Number of trading days in the month/period <i>(note 1)</i> | Total monthly trading volume of Shares for the month/period | Average daily trading volume of Shares for the month/period <i>(note 2)</i> | Percentage of average daily trading volume of Shares to the total number of issued Shares <i>(note 3)</i> |
|--|--|--|---|---|
| 2019 | | | | |
| May (starting from 15 May 2019) | 13 | 92,200 | 7,092 | 0.0010% |
| June | 19 | 400,000 | 21,053 | 0.0030% |
| July | 22 | 164,000 | 7,455 | 0.0011% |
| August | 22 | 423,215 | 19,237 | 0.0027% |
| September | 21 | 515,000 | 24,524 | 0.0035% |
| October | 21 | 1,868,000 | 88,952 | 0.0127% |
| November | 21 | 414,000 | 19,714 | 0.0028% |
| December | 20 | 608,500 | 30,425 | 0.0043% |
| 2020 | | | | |
| January | 20 | 1,112,300 | 55,615 | 0.0079% |
| February | 20 | 12,484,500 | 624,225 | 0.0891% |
| March | 22 | 1,386,500 | 63,023 | 0.0090% |
| April | 19 | 114,500 | 6,026 | 0.0009% |
| May ^{<i>(note 4)</i>} | 13 | 353,366,509 | 27,182,039 | 3.8813% |
| June (up to the Latest Practicable Date) | 12 | 59,444,000 | 4,953,667 | 0.7073% |

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Notes:

1. Number of trading days of the Shares represents number of trading days during the month/period which excludes any trading day on which trading of the Shares on the Stock Exchange was suspended for the whole trading day.
2. Average daily trading volume is calculated by dividing the total trading volume of the Shares for the month/period by the number of trading days during the month/period which excludes any trading day on which trading of the Shares on the Stock Exchange was suspended for the whole trading day.
3. The calculation is based on the average daily trading volumes of the Shares divided by the total issued share capital of the Company at the end of each month or as at the Latest Practicable Date, as applicable.
4. Trading in the Shares was halted from 15 May 2020 to 25 May 2020 (both days inclusive).

The relatively high percentage of average daily trading volume of the Shares to the total number of issued Shares of approximately 3.8813% in May 2020 is mainly arising from (i) the block trade transaction of 195,500,000 Shares being acquired by the Offeror from China Healthwise on the Stock Exchange on 14 May 2020; (ii) 73,824,000 Shares and 60,784,000 Shares further acquired by the Offeror in the open market through the Stock Exchange on 28 May 2020 and 29 May 2020; and (iii) the market reaction subsequent to the publication of the Joint Announcement on 25 May 2020. The market reaction following the Joint Announcement sustains in June 2020, resulting in relatively high percentage of average daily trading volume of the Shares to the total number of issued Shares of approximately 0.7073% in June 2020.

As illustrated in the above table, save and except for May and June 2020, the average daily trading volume of the Shares as a percentage of the total issued Shares ranged from approximately 0.0009% to approximately 0.0891% during the Review Period. We observed the relatively higher average trading volume of the Shares in late February 2020 with the unusual price movement in the closing price of the Shares (surging from HK\$0.080 per Share on 25 February 2020 to HK\$0.114 per Share on 26 February 2020, followed by a drop with HK\$0.092 per Share recorded on 28 February 2020). Based on public information and our enquiry with the management of the Company, we are not aware of any reasons for the active trading volume and unusual price movement.

During the Review Period, nil daily trading volume of the Shares was recorded for 146 trading days, representing approximately 55.1% of the total number of trading days throughout the Review Period. We consider that the trading volume of the Shares has been thin as a whole during the Review Period. As the Shares are illiquid, disposal of large block of Shares held by the Shareholders in the open market may trigger a slump in the price of the Shares. We, therefore, consider that the Share Offer provides an exit alternative to the Independent Shareholders who would like to realise their investments in the Shares.

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4. Analysis on the Option Offer

As at the Latest Practicable Date, there were (i) 700,333,925 Shares in issue, of which 488,662,000 Shares were held by the Offeror and parties acting in concert with it (representing approximately 69.78% of the total issued share capital of the Company); and (ii) 900,408 outstanding Options under the Share Option Scheme, of which 581,802 Options were owned by Mr. Mung, a party acting in concert with the Offeror. 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.

In accordance with the terms of the Share Option Scheme, the Optionholders are entitled to exercise the Options either to its full extent or to the extent notified by the Company at any time during the Offer Period. Any Options granted under the Share Option Scheme that are not exercised or cancelled pursuant to the acceptance of the Option Offer will lapse automatically on the Closing Date pursuant to the terms of the Share Option Scheme.

As stated in the letter from Spring Securities, Spring Securities is making the Option Offer, for and on behalf of the Offeror, to the Optionholders in accordance with Rule 13 of the Takeovers Code to cancel all outstanding Options in exchange for cash. The price for the cancellation of each Option accepted under the Option Offer should normally be the see-through price which represents the difference between the Share Offer Price and the exercise price of each Option. As the Share Offer Price of HK\$0.09 per Offer Share is lower than the exercise price of HK\$9.748 of all outstanding Options, the Options are out-of-money. As such, the Option Offer will be made with HK\$0.001 in cash for the cancellation of each outstanding Option.

Given that (i) the Options have been out-of-money throughout the Review Period and Optionholders can at least monetise the residual value of the Options albeit for a very small amount; and (ii) the Option Offer is made in accordance to Rule 13 of the Takeovers Code, we are of the view that the price for the Option Offer is acceptable.

RECOMMENDATION

The Independent Shareholders

We are of the opinion that the Share Offer is fair and reasonable so far as the Independent Shareholders are concerned, taking into consideration the above-mentioned principal factors and reasons, in particular the followings:

- i) given that (a) the Group had been loss making during the past two financial years; (b) the uncertain momentum of the post COVID-19 economic recovery; (c) the business performance of the Group is susceptible to the regional and/or global political and economic conditions; and (d) uncertainties of the regional and global political condition (as discussed), we are of the view that the future prospect of the Group is uncertain;

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- ii) given that (a) the Offeror has not yet determined the composition of the Board as at the Latest Practicable Date; (b) Mr. Ng has no intention to hold any position in the Company and/or participate in the Company's operation; and (c) Mr. Ng may or may not be able to take part in the management of the Company given the possible disqualification order against Mr. Ng, we are uncertain as to the influence on the Group by the Offeror, and thus we remain uncertain as to the future prospects of the Group in a foreseeable future;
- iii) despite that the Share Offer Price represents a discount of approximately 15.09% to the closing price of HK\$0.106 per Share as quoted on the Stock Exchange on the Last Trading Day, we have taken into consideration that (a) it represents a premium of approximately 20.00% 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\$0.075 per Share; (b) it represents a moderate premium of approximately 12.50% to the average closing price of the Share of approximately HK\$0.080 during the Second-half Period; (c) it is higher than the closing prices of the Shares for 100 trading days during the Second-half Period, accounting for approximately 82.64% of the total 121 of trading days throughout the Second-half Period; and (d) the closing price of the Shares has indicated a general downward trend up to the Last Trading Date;
- iv) despite that the Share Offer Price represents a discount of approximately 78.77% to the audited consolidated NAV per Share as at 31 December 2019 of approximately HK\$0.424, it is within the range of and close to the average of the Historical Discount. Moreover, the Historical Discount during the Review Period implies that the investors may have consistently emphasized on other fundamentals (such as business performance and earnings) and future prospects of the Company when deciding the trading price of the Shares (instead of the net asset value of the Company), thus it is more appropriate to assess the fairness and reasonableness of the Share Offer Price by primarily making reference to the historical price performance;
- v) despite that the implied P/B Ratio of the Company of approximately 0.21 times is lower than the average of the P/B Ratios of the Comparable Companies, we have taken into consideration that (a) the implied P/B Ratio of the Company is within the range of the P/B Ratio of the Comparable Companies and there are four out of ten Comparable Companies with the P/B Ratio lower than the Company; (b) the Shares had consistently been traded at a closing price substantially below the NAV per Share during the Review Period, which implies persistent low P/B Ratio of the Company during the Review Period; and (c) there is no guarantee the Shares would be traded in an upward trend in the foreseeable future, and thus there is no guarantee that the P/B Ratio of the Company in the foreseeable future would increase and be higher than the P/B Ratio of the Comparable Companies; and

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- vi) as the Shares are illiquid, disposal of large block of Shares held by the Shareholders in the open market may trigger a slump in the price of the Shares, and we consider that the Share Offer provides an exit alternative to the Independent Shareholders who would like to realise their investments in the Shares.

Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to accept the Share Offer. The Independent Shareholders who intend to accept the Share Offer are reminded to note the fluctuation in the Share price. There is no guarantee that the current market price of the Shares will or will not sustain and will or will not be higher than the Share Offer Price during and after the period for the acceptance of the Share Offer.

The Independent Shareholders who intend to accept the Share Offer are also advised to closely monitor the market price and the liquidity of the Shares during the period for the acceptance of the Share Offer and should consider selling their Shares in the open market, instead of accepting the Share Offer, if the net proceeds from the sale of such Shares, net of all transaction costs, would be higher than that receivable under the Share Offer according to their own circumstances and investment objectives.

The Independent Shareholders are strongly advised that their decisions to dispose of or hold their investment in the Shares are subject to individual circumstances and investment objectives. The Independent Shareholders are also reminded to read carefully the procedures for accepting the Share Offer as detailed in the Composite Document, the appendices to the Composite Document and the relevant form of acceptance, if they wish to accept the Share Offer.

The Optionholders

As discussed, we are of the view that the price for the Option Offer is acceptable. The number of Options in this case is small and the total proceeds for the Optionholders to accept the Option Offer is only approximately HK\$319 (excluding the 581,802 Options held by Mr. Mung which will be subject to the Irrevocable Undertaking). As the Options granted under the Share Option Scheme that are not exercised or cancelled pursuant to the acceptance of the Option Offer will lapse automatically for no consideration upon the closing of the Offers, we advise the Optionholders to accept the Option Offer.

Yours faithfully,
For and on behalf of
Hologram Capital Limited
Kevin Chan
Director

Mr. Kevin Chan is a person licensed under the SFO to carry out type 6 (advising on corporate finance) regulated activities under the SFO and regarded as a responsible officer of Hologram Capital Limited and has over 21 years of experience in corporate finance industry.

1. PROCEDURES FOR ACCEPTANCE**1.1 The Share Offer**

- (a) To accept the Share Offer, you should complete and sign the accompanying **WHITE** Form of Share Offer Acceptance in accordance with the instructions printed thereon, which form part of the terms of the Share 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 Share Offer in respect of your Shares (whether in full or in part), you must send the duly completed and signed **WHITE** Form of Share Offer Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), by post or by hand, to the Registrar, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, marked "Global Mastermind Capital Limited – Share Offer" on the envelope, as soon as possible and in any event so as to reach the Registrar by no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce as a result of a revision or an extension of the Share Offer in accordance with the Takeovers Code, if any.
- (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 Share Offer in respect of your holding of 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 Share Offer on your behalf and requesting it to deliver the duly completed and signed **WHITE** Form of Share Offer Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar by no later than 4:00 p.m. on the Closing Date; or

- (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver the duly completed and signed **WHITE** Form of Share Offer Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar by no later than 4:00 p.m. on the Closing Date;
 - (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 Share Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on 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, give your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set out 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, as the case may be, and you wish to accept the Share Offer in respect of your Shares, the **WHITE** Form of Share Offer Acceptance should nevertheless be completed and signed and delivered to the Registrar together with a letter stating that you have lost one or more of your Share certificate(s) and/or transfer receipt(s) and/or any 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) and/or transfer receipt(s) and/or any other document(s) of title, you should also write to the Registrar a letter of indemnity which, when completed in accordance with the instructions given, should be delivered to the Registrar. The Offeror shall have the absolute discretion to decide whether any Shares in respect of which the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title is/are not readily available and/or is/are lost will be taken up by the Offeror.

- (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 Share Offer in respect of your Shares, you should nevertheless complete and sign the **WHITE** Form of Share Offer Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to the Offeror and/or Spring Securities or 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 Share certificate(s) to the Registrar on your behalf and to authorise and instruct the Registrar to hold such Share certificate(s), subject to the terms and conditions of the Share Offer, as if it was/they were delivered to the Registrar with the **WHITE** Form of Share Offer Acceptance.
- (f) Acceptance of the Share Offer will be treated as valid only if the duly completed **WHITE** Form of Share Offer Acceptance is received by the Registrar by no later than 4:00 p.m. on the Closing Date (or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code) and the Registrar has recorded that the **WHITE** Form of Share Offer Acceptance and any relevant documents as required by Note 1 to Rule 30.2 of the Takeovers Code have been so received, and is:
- (i) accompanied by the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if that/those 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) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in favour of the acceptor executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or
 - (ii) 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 another sub-paragraph of this paragraph (f)); or
 - (iii) certified by the Registrar or the Stock Exchange.

- (g) If the **WHITE** Form of Share Offer Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar must be produced.
- (h) No acknowledgement of receipt of any **WHITE** Form of Share Offer Acceptance, Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.
- (i) The address of the Registrar, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

1.2 The Option Offer

- (a) To accept the Option Offer, you should complete and sign the accompanying **PINK** Form of Option Offer Acceptance in accordance with the instructions printed thereon, which form part of the terms of the Option Offer.
- (b) If you are an Optionholder and you wish to accept the Option Offer in respect of your Share Option, you must send the duly completed and signed **PINK** Form of Option Offer Acceptance together with the relevant certificate(s) of the Options (if applicable) and/or other document(s) of title (and/or satisfactory indemnity or indemnities required in respect thereof) you intend to tender, stating the number of Options in respect of which you intend to accept the Option Offer, by post or by hand, to the company secretary of the Company at Unit 3107, 31/F, Shun Tak Centre, West Tower, 168-200 Connaught Road Central, Hong Kong marked "Global Mastermind Capital Limited – Option Offer", as soon as possible and in any event so as to reach the company secretary of the Company no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code.
- (c) No stamp duty will be deducted from the amount paid or payable to the Optionholder who accepts the Option Offer.
- (d) No acknowledgment of receipt of any **PINK** Form(s) of Option Offer Acceptance, certificate(s) of the Options (if applicable) and/or any other documents of title (and/or any satisfactory indemnity/indemnities required in respect thereof) in respect of the Options will be given.

2. SETTLEMENT OF THE OFFERS**2.1 The Share Offer**

- (a) Provided that a valid **WHITE** Form of Share Offer Acceptance and the relevant 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 relevant Shares are complete and in good order in all respects and have been received by the Registrar before the close of the Share Offer, a cheque for the amount (rounding up to the nearest cent) due to each of the Independent Shareholders who accepts the Share Offer less seller's ad valorem stamp duty in respect of the Shares tendered by him/her/it under the Share Offer will be despatched to such Independent Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event within seven (7) Business Days following the date of receipt by the Registrar of the duly completed acceptances of the Share Offer and all relevant documents of title which render such acceptance complete, valid and in compliance with Note 1 to Rule 30.2 of the Takeovers Code.
- (b) Settlement of the consideration to which any accepting Independent Shareholder is entitled under the Share Offer will be implemented in full in accordance with the terms of the Share Offer (save with respect to 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 accepting Independent Shareholder.
- (c) Cheque(s) not presented for payment within six months from the date of issue of the relevant cheques will not be honoured and be of no further effect, and in such circumstances cheque holders should contact the Offeror for payment.

2.2 The Option Offer

- (a) Provided that a valid **PINK** Form of Option Offer Acceptance and the relevant certificate(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and in good order in all respects and have been received by the company secretary of the Company no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code, a cheque for the amount (rounding up to the nearest cent) due to each of the Optionholders who accepts the Option Offer in respect of the Option tendered by him/her/it under the Option Offer will be despatched to such Optionholder by ordinary post at his/her/its own risk as soon as possible but in any event within seven (7) Business Days following the date of receipt by the company secretary of the Company of the duly completed acceptances of the Option Offer and all relevant documents which render such acceptance complete, valid and in compliance with Note 1 to Rule 30.2 of the Takeovers Code.

- (b) Settlement of the consideration to which any accepting Optionholder is entitled under the Option Offer will be implemented in full in accordance with the terms of the Option Offer, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting Optionholder.

3. ACCEPTANCE PERIOD AND REVISIONS

- (a) The Offers are made on 19 June 2020, being the date of despatch of this Composite Document, and are capable of acceptance on and from this date until 4:00 p.m. on the Closing Date.
- (b) In order to be valid for the Offers, the **WHITE** Form of Share Offer Acceptance and the **PINK** Form of Option Offer Acceptance must be received by the Registrar (in respect of the Share Offer) or the company secretary of the Company (in respect of the Option Offer) in accordance with the instructions printed thereon by 4:00 p.m. on the Closing Date, unless the Offers are extended or revised with the consent of the Executive.
- (c) The Offeror reserves the right to revise the terms of the Offers after the despatch of this Composite Document until such day as he may determine and in accordance with the Takeovers Code. If the Offeror revises the terms of the Offers, all the Independent Shareholders and the Optionholders, whether or not they have already accepted the Offers, will be entitled to accept the revised Offers under the revised terms.
- (d) If the Offers are extended or revised, the announcement of such extension or revision will state the next closing date or the Offers will remain open until further notice. In the latter case, at least 14 days' notice in writing will be given before the Offers are closed to the Independent Shareholders and the Optionholders who have not accepted the Offers. The revised Offers will be kept open for at least 14 days following the date on which the revised Offer document is posted.
- (e) If the Closing Date is extended, any reference in this Composite Document and in the Form(s) of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the closing date of the Offers as so extended.

4. NOMINEE REGISTRATION

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

5. ANNOUNCEMENTS

- (a) By 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension or expiry of the Offers. The Offeror must post an announcement in accordance with the Takeovers Code on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating, amongst other information required under Rule 19.1 of the Takeovers Code, whether the Offers have been revised, extended, or have expired. The announcement will state the total number of Shares and Options:
- (i) for which acceptances of the Offers have been received;
 - (ii) held, controlled or directed by the Offeror and/or parties acting in concert with it before the Offer Period; and
 - (iii) acquired or agreed to be acquired during the Offer Period by the Offeror and/or parties acting in concert with it.

The announcement must include details of any relevant securities (as defined in the Takeovers Code) in the Company which the Offeror and parties acting in concert with it have borrowed or lent, save for any borrowed shares which have been either on-lent or sold.

The announcement must also specify the percentages of the issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers.

- (b) In computing the total number of Shares and Options represented by acceptances as of the Closing Date, only valid acceptances that are in all respects complete, in good order and fulfill the acceptance conditions set out in paragraph 1 of this Appendix, and which have been received by the Registrar (in respect of the Share Offer) or the company secretary of the Company (in respect of the Option Offer) no later than 4:00 p.m. on the Closing Date, unless the Offers are extended or revised with the consent of the Executive, shall be included.
- (c) As required under the Takeovers Code, all announcements in relation to the Offers must be made in accordance with the requirements of the Takeovers Code and the Listing Rules, where appropriate.

6. RIGHT OF WITHDRAWAL

- (a) Acceptance of the Share Offer and the Option Offer tendered by Independent Shareholders and Optionholders, respectively, shall be irrevocable and cannot be withdrawn, except in the circumstances set out in the subparagraph (b) below;
- (b) in the circumstances set out in Rule 19.2 of the Takeovers Code (which is to the effect that if the Offeror is unable to comply with any of the requirements of making announcements relating to the Offers as described under the paragraph headed “5. Announcements” above), the Executive may require that acceptors be granted a right of withdrawal, on terms acceptable to the Executive, until such requirements can be met. In such case, when the Independent Shareholders and/or the Optionholders withdraw their acceptance(s), the Offeror shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or the certificate(s) of the Options and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Form(s) of Acceptance to the relevant Independent Shareholder(s) and/or Optionholders at their own risks.

7. STAMP DUTY

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

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

8. OVERSEAS SHAREHOLDERS AND OVERSEAS OPTIONHOLDERS

The Offeror intends to make the Offers available to all Independent Shareholders and Optionholders, including the Overseas Shareholders and the Overseas Optionholders. As the Offers to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or affected by the laws and regulations of the relevant jurisdictions, the Overseas Shareholders and the Overseas Optionholders and beneficial owners of the Shares and/or Options who are citizens, residents or nationals of a jurisdiction outside Hong Kong should obtain information about and observe any relevant applicable legal or regulatory requirements and, where necessary, seek legal advice in respect of the Offers. It is the responsibility of the Overseas Shareholders and the Overseas Optionholders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offers, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required or the compliance with other necessary formalities or legal and regulatory requirements and the payment of any transfer or other taxes or other required payments due in respect of such jurisdictions.

The Offeror and the parties acting in concert with it, the Company, Luk Fook Capital, Grand Harbour, Spring Securities, Global Mastermind Securities Limited, Nuada Limited, Hologram, the Registrar, the company secretary of the Company or any of their respective ultimate beneficial owners, directors, officers, agents, advisers and associates and any other person involved in the Offers shall be entitled to be fully indemnified and held harmless by the Overseas Shareholders for any taxes as such persons may be required to pay.

Acceptance of the Offers by any Overseas Shareholder or Overseas Optionholder will be deemed to constitute a representation and warranty from such Overseas Shareholder or Overseas Optionholder to the Offeror that the local laws and requirements have been complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above representation and warranty. The Overseas Shareholders and Optionholders should consult their professional advisers if in doubt.

9. TAXATION ADVICE

Independent Shareholders and Optionholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offers. None of the Offeror, parties acting in concert with it, the Company, Luk Fook Capital, Grand Harbour, Spring Securities, Global Mastermind Securities Limited, Nuada Limited, Hologram (as the case may be) and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offers accept responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

10. GENERAL

- (a) All communications, notices, Form(s) of Acceptance, Share certificate(s), certificate(s) of the Option, transfer receipt(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 Offers to be delivered by or sent to or from the Independent Shareholders and the Optionholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Company, the Offeror, parties acting in concert with it, Luk Fook Capital, Grand Harbour, Spring Securities, Global Mastermind Securities Limited, Nuada Limited, Hologram and any of their respective directors nor the Registrar or other parties involved in the Offers or any of their respective agents accept any liability for any loss in postage, delay in transmission or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the Form(s) of Acceptance form part of the terms and conditions of the Offers.
- (c) The accidental omission to despatch this Composite Document and/or Form(s) of Acceptance or any of them to any person to whom the Offers are made will not invalidate the Offers in any way.
- (d) The Offers are, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.
- (e) Due execution of the Form(s) of Acceptance will constitute an authority to the Offeror, Luk Fook Capital, Grand Harbour, Spring Securities 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 Offers 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 they may direct, the Shares or the Options in respect of which such person or persons has/have accepted the Offers.

- (f) By accepting the Offers, the Independent Shareholders and the Optionholders will sell their Shares or tender their Options (as the case may be) 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 attaching to them, including, without limitation, the right to receive and retain in full all dividends and other distributions (as applicable) which may be recommended, declared, made or paid by reference to a record date on or after the Closing Date. As at the Latest Practicable Date, the Company has no intention to make, declare or pay any future dividend/distribution until the close of the Offers. In the event of any declaration of dividend/distribution by the Company, such dividend/distribution will not be used to set off against the Share Offer Price (or any part thereof) payable to the Shareholders under the Share Offer.

The Offers are made available to all Independent Shareholders and Optionholders, including those who are residents outside Hong Kong. The availability of the Offers to persons not residing in Hong Kong may be affected by the laws of the relevant overseas jurisdictions. The making of the Offers to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or limited by the laws or regulations of the relevant jurisdictions. Overseas Shareholders and Overseas Optionholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should inform themselves about and observe any applicable legal or regulatory requirements and, where necessary, seek legal advice.

Persons who are residents, citizens or nationals outside Hong Kong should inform themselves about and observe, at their own responsibilities, any applicable laws, regulations, requirements and restrictions in their own jurisdictions in connection with the acceptance of the Offers, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with the other necessary formalities and the payment of any issue, transfer or other fares due in such jurisdictions.

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

- (g) Acceptance of the Offers by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares or Options in respect of which as indicated in the Form(s) of Acceptance is the aggregate number of Shares or Options held by such nominee for such beneficial owner who is accepting the Offers.
- (h) Unless otherwise expressly stated in this Composite Document and/or the Form(s) of Acceptance, no person other than the Offeror and the accepting Independent Shareholders and Optionholders may enforce any terms of the Offers that will arise out of complete and valid acceptances under the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong).
- (i) Reference to the Offers in this Composite Document and in the Form(s) of Acceptance shall include any extension and/or revision thereof.
- (j) The English text of this Composite Document and the Form(s) of Acceptance shall prevail over their respective Chinese text for the purpose of interpretation in case of inconsistency.
- (k) In making their decisions, the Independent Shareholders and the Optionholders must rely on their own examination of the Offeror, the Group and the terms of the Offers, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Forms of Acceptance, shall not be construed as any legal or business advice on the part of the Offeror and parties acting in concert with it, the Company, Luk Fook Capital, Grand Harbour, Spring Securities, Global Mastermind Securities Limited, Nuada Limited, Hologram and the Registrar or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other persons involved in the Offers. The Independent Shareholders and the Optionholders should consult their own professional advisers for professional advice.
- (l) The Offers are made in accordance with the Takeovers Code.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

Set out below is a summary of the financial information of the Group for each of the years ended 31 December 2017, 2018 and 2019 as extracted from the annual report of the Company for each of the financial years ended 31 December 2017, 2018 and 2019.

| | For the year ended 31 December | | |
|---|---------------------------------------|------------------|-----------------|
| | 2019 | 2018 | 2017 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (audited) | (audited) | (audited) |
| Revenue | 6,028 | 3,461 | 3,409 |
| Other income | 146 | 137 | 178 |
| (Loss)/gain arising in change in fair value of financial assets at fair value through profit or loss | (77,633) | (122,160) | 78,357 |
| Impairment loss recognised in respect of available-for-sale financial assets | – | – | (2,764) |
| Impairment loss recognised in respect of available-for-sale financial assets reclassified from equity to profit or loss | – | – | (28,133) |
| Cumulative loss reclassified from equity to profit or loss upon derecognition of available-for-sale financial assets | – | – | (450) |
| Administrative expenses and other operating expenses | (19,034) | (22,362) | (23,621) |
| Finance costs | (802) | (299) | (508) |
| (Loss)/profit before income tax | (91,295) | (141,223) | 26,468 |
| Income tax expense | – | – | – |
| (Loss)/profit for the year attributable to owners of the Company | (91,295) | (141,223) | 26,468 |
| Other comprehensive income/(loss) for the year | 1 | (1) | 1,546 |
| Total comprehensive (loss)/income for the year attributable to owners of the Company | <u>(91,294)</u> | <u>(141,224)</u> | <u>28,014</u> |
| Basic and diluted (loss)/earning per share (<i>HK cents</i>) | (13.04) | (20.17) | 3.78 |

For the years ended 31 December 2017, 2018 and 2019, no dividend had been declared by the Group. Save as disclosed above, the Group did not have any item of any income or expense which were material during each of the years ended 31 December 2017, 2018 or 2019. As at the Latest Practicable Date, Company has no intention to make, declare or pay any future dividend/distribution until the close of the Offers.

The auditor's reports issued by HLB Hodgson Impey Cheng Limited in respect of the Group's audited consolidated financial statements for each of the years ended 31 December 2017, 2018 and 2019 did not contain any qualified or modified opinion (including emphasis of matter, adverse opinion, disclaimer of opinion, and material uncertainty related to going concern).

2. AUDITED CONSOLIDATED FINANCIAL INFORMATION

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, any other primary statement and significant accounting policies as shown in (i) the audited consolidated financial statements of the Group for the year ended 31 December 2019 (the “**2019 Financial Statements**”); (ii) the audited consolidated financial statements of the Group for the year ended 31 December 2018 (the “**2018 Financial Statements**”); and (iii) the audited consolidated financial statements of the Group for the year ended 31 December 2017 (the “**2017 Financial Statements**”), and, together with the notes to the relevant published financial statements which are of major relevance to the appreciation of the above financial information.

The 2019 Financial Statements are set out on pages 68 to 183 of the annual report of the Company for the year ended 31 December 2019, which was published on 23 April 2020. The annual report of the Company for the year ended 31 December 2019 is posted on the websites of the Stock Exchange and the Company. Please also see below a direct link:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0423/2020042300458.pdf>

The 2018 Financial Statements are set out on pages 69 to 191 of the annual report of the Company for the year ended 31 December 2018, which was published on 25 April 2019. The annual report of the Company for the year ended 31 December 2018 is posted on the websites of the Stock Exchange and the Company. Please also see below a direct link:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0425/ltn201904251252.pdf>

The 2017 Financial Statements are set out on pages 61 to 175 of the annual report of the Company for the year ended 31 December 2017, which was published on 23 April 2018. The annual report of the Company for the year ended 31 December 2017 is posted on the websites of the Stock Exchange and the Company. Please also see below a direct link:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0423/ltn20180423729.pdf>

The 2017 Financial Statements, the 2018 Financial Statements and the 2019 Financial Statements (but not any other part of the annual reports of the Company for the years ended 31 December 2017, 2018 and 2019 in which they respectively appear) are incorporated by reference into this Composite Document and form part of this Composite Document.

3. INDEBTEDNESS

As at the close of business on 30 April 2020, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, the Group had the following indebtedness:

(i) Non-convertible bond

As at 30 April 2020, the Group had a non-convertible bond in a principal amount of HK\$10 million.

(ii) Lease liabilities

As at 30 April 2020, the Group had lease liabilities of approximately HK\$5.2 million relating to premises leased by the Group as lessee.

(iii) Capital commitment

As at 30 April 2020, the Group had no material capital commitment.

(iv) Contingent liabilities

As at 30 April 2020, the Group had no material contingent liabilities.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal payables and accruals in the ordinary course of business, the Group did not have any bank overdrafts or loans, or other similar indebtedness, guarantees, material capital commitment or other material contingent liabilities outstanding as at the close of business on 30 April 2020.

4. MATERIAL CHANGE

Save as disclosed below, the Directors confirm that there had been no material change in the financial or trading position or outlook of the Group since 31 December 2019, being the date to which the latest published audited financial statements of the Group were made up and disclosed in the annual report of the Company for the year ended 31 December 2019, and up to the Latest Practicable Date:

- (i) the Company has adopted the investment strategy to remain focused on finding and purchasing strong companies that are trading at an attractive value, and the Group will increase its cash position and reinvest when it finds suitable due to the spread of the coronavirus worldwide and the increasing potential tension between the United States and the People's Republic of China; and
- (ii) taking into account the net cash deposit to the securities accounts of the Group of approximately HK\$2.5 million for the four months ended 30 April 2020, the total balance of the securities accounts of the Group decreased from approximately HK\$254.6 million as at 31 December 2019 to approximately HK\$220.2 million as at 30 April 2020, of which (a) listed equity and debt securities which forms part of the financial assets at fair value through profit or loss decreased from approximately HK\$251.9 million as at 31 December 2019 to approximately HK\$186.4 million as at 30 April 2020; and (b) cash increased from approximately HK\$2.7 million as at 31 December 2019 to approximately HK\$33.8 million as at 30 April 2020.

1. RESPONSIBILITY STATEMENT

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

2. SHARE CAPITAL OF THE COMPANY

As at the Latest Practicable Date, the authorised share capital of the Company was HK\$1,000,000,000.00 divided into 100,000,000,000 Shares of HK\$0.01 each, of which 700,333,925 Shares had been issued and were fully paid or credited as fully paid. All the existing issued Shares are fully paid up and rank *pari passu* in all respects including all rights as to capital, dividends and voting.

The Company has not issued any Shares since 31 December 2019, being the date to which the latest audited financial statements of the Company were made up.

There were 900,408 outstanding Options as at the Latest Practicable Date. The following table sets out the list of outstanding Options as at the Latest Practicable Date:

| Grantees | Date of grant | Expiry date of the Options | Exercise price per Share | Number of outstanding Options as at the Latest Practicable Date | Number of underlying Shares |
|--|---------------|-------------------------------|-----------------------------|--|-----------------------------------|
| Directors | | | | | |
| Mr. Mung | 15 April 2011 | 14 April 2021 | 9.748 | 581,802 | 581,802 |
| Other grantees in aggregate | 15 April 2011 | 14 April 2021 | 9.748 | 318,606 | 318,606 |

Save as disclosed above, as at the Latest Practicable Date, there were no convertible securities, warrants, options, derivatives or other securities issued by the Company that are convertible or exchangeable into Shares or other types of equity interest in issue.

3. DISCLOSURE OF INTERESTS

(i) Interests and short positions of the Directors' and chief executive in the Shares, the underlying shares and debentures of the Company or any associated corporation.

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 or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange or which were required to be disclosed under the Takeovers Code, were as follows:

Long positions in the Shares and the underlying shares

| Name of Director | Capacity | Number of Shares held | Number of share options held | Approximate % of the issued share capital ^(Note 5) |
|------------------|------------------------------------|---------------------------------|------------------------------|---|
| Mr. Mung | Beneficial owner | 53,696,000 ^(Note 1) | – | 7.67% |
| | Interest of controlled corporation | 104,858,000 ^(Note 2) | – | 14.97% |
| | Interest held jointly with another | 330,108,000 ^(Note 3) | – | 47.14% |
| | Beneficial owner | – | 581,802 ^(Note 4) | 0.08% |

Notes:

- These Shares were registered in the name of Mr. Mung.
- These Shares were registered in the name of and were beneficially owned by TDX, a company in which Mr. Mung holds 99.99% equity interests and Ms. Sin Lai Ni, spouse of Mr. Mung holds 0.01% equity interest. Therefore, Mr. Mung is deemed to have an interest in the Shares in which TDX is interested.
- These Shares were registered in the name of and beneficially owned by the Offeror. Mr. Mung is presumed to be a party acting in concert (as defined under the Takeovers Code) with the Offeror and thus, Mr. Mung is deemed to have an interest in the Shares in which the Offeror is interested.
- These Shares represented the Options held by Mr. Mung under the Share Option Scheme exercisable into a total of 581,802 Shares.

5. The percentage holding is calculated based on the issued share capital of the Company as at the Latest Practicable Date comprising 700,333,925 Shares.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors or chief executives of the Company and their associates had any interests or short positions in any Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules to be notified to the Company and the Stock Exchange.

(ii) Interests and short positions of the substantial Shareholders in the Shares and underlying shares

As at the Latest Practicable Date, so far as was known to the Directors or chief executives of the Company, the following persons (other than the Directors or chief executives of the Company) had interests or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO or required to be recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO, or 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 were as follows:

Long positions in the Shares and the underlying shares

| Name | Capacity | Number of Shares held | Number of share options held | Approximate % of the issued share capital ^(Note 5) |
|-------------|------------------------------------|-------------------------------------|---------------------------------|---|
| The Offeror | Beneficial owner | 330,108,000 ^(Note 1) | – | 47.14% |
| | Interest held jointly with another | 158,554,000 ^(Note 2) | | 22.64% |
| | Interest held jointly with another | | 581,802 ^(Note 3) | 0.08% |
| Mr. Ng | Interest of controlled corporation | 488,662,000 ^(Notes 2, 4) | | 69.78% |
| | Interest of controlled corporation | | 581,802 ^(Notes 3, 4) | 0.08% |

Notes:

1. These Shares were registered in the name of and beneficially owned by the Offeror.
2. Mr. Mung beneficially owns 53,696,000 Shares and TDX beneficially owns 104,858,000 Shares. TDX is a company in which Mr. Mung holds 99.99% equity interests and Ms. Sin Lai Ni, spouse of Mr. Mung holds 0.01% equity interest. Therefore, Mr. Mung is deemed to have an interest in the Shares in which TDX is interested. Mr. Mung is presumed to be a party acting in concert (as defined under the Takeovers Code) with the Offeror and thus, the Offeror is deemed to have an interest in the Shares in which Mr. Mung is interested.
3. These Shares represented the Options held by Mr. Mung under the Share Option Scheme exercisable into a total of 581,802 Shares. Mr. Mung is presumed to be a party acting in concert (as defined under the Takeovers Code) with the Offeror and thus, the Offeror is deemed to have an interest in the Shares in which Mr. Mung is interested.
4. The Offeror is wholly and beneficially owned by Mr. Ng. Mr. Ng is therefore deemed to be interested in the Shares held by the Offeror under Part XV of the SFO.
5. The percentage holding is calculated based on the issued share capital of the Company as at the Latest Practicable Date comprising 700,333,925 Shares.

Other than disclosed herein, as at the Latest Practicable Date, so far as was known to the Directors or chief executives of the Company, the Company had not been notified of any other interests or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO or required to be recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO or were directly or indirectly interested in 10% 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.

As at the Latest Practicable Date, save and except for information above, no other Director nor any parties acting in concert with any of them was interested in any Shares or any convertible securities, warrants, options or derivative in respect of Shares.

4. DEALINGS AND INTERESTS IN THE COMPANY'S SECURITIES

Save for (i) 195,500,000 Shares acquired by the Offeror from China Healthwise through a block trade transaction on the Stock Exchange at a consideration of HK\$0.09 per Share on 14 May 2020; (ii) 73,824,000 Shares acquired by the Offeror in the open market through the Stock Exchange at a consideration of HK\$0.09 per Share on 28 May 2020; and (iii) 60,784,000 Shares acquired by the Offeror in the open market through the Stock Exchange at a consideration of HK\$0.09 per Share on 29 May 2020, representing in aggregate approximately 47.14% of the issued share capital of the Company as at the Latest Practicable Date, none of the Offeror, the sole director of the Offeror and parties acting in concert with it 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 commencement of the offer period (as defined under the Takeovers Code) (i.e. the date of publication of the Joint Announcement). During the Relevant Period:

- (i) save for a total of 488,662,000 Shares and 581,802 Options that the Offeror and parties acting in concert with it were interested in, none of the Offeror, the sole director of the Offeror and/or parties acting in concert with it owned or had control or direction over any voting rights or rights over the Shares, options, derivatives, warrants or other securities convertible into Shares;
- (ii) save for the Irrevocable Undertaking, none of the Offeror and/or parties acting in concert with it had received any irrevocable commitment to accept or reject the Offers 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;
- (iii) save for the Irrevocable Undertaking, there was 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;
- (iv) there was no agreement or arrangement to which the Offeror was a party which related to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offers;
- (v) none of the Offeror and/or parties acting in concert with it had entered into any arrangements or contracts in relation to any outstanding derivative in respect of the securities in the Company;

- (vi) other than the consideration for the acquisition of 195,500,000 Shares from China Healthwise through a block trade transaction on the Stock Exchange on 14 May 2020, there was no other consideration, compensation or benefits in whatever form paid or to be paid by the Offeror or any parties acting in concert with it to China Healthwise or any party acting in concert with it in connection with the abovementioned acquisition;
- (vii) save for the acquisition of 195,500,000 Shares from China Healthwise through a block trade transaction on the Stock Exchange on 14 May 2020, there was no understanding, arrangement or special deal (as defined under Rule 25 of the Takeovers Code) between China Healthwise and any parties acting in concert with it on one hand, and the Offeror or any parties acting in concert with any of it on the other hand;
- (viii) save for the Irrevocable Undertaking, there was no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror, its ultimate beneficial owner or any person acting in concert with any of them and any of the Directors, recent directors, Shareholders or recent shareholders of the Company having any connection with or dependence upon the Offers;
- (ix) there was no agreement, arrangement or understanding that any securities acquired in pursuance of the Offers would be transferred, charged or pledged to any other persons;
- (x) save for the Irrevocable Undertaking, there was 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/or parties acting in concert with it, or (b) the Company, its subsidiaries or associated companies; and
- (xi) none of the Offeror and/or parties acting in concert with it had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

5. OTHER DISCLOSURE OF INTERESTS

As at the Latest Practicable Date:

- (i) none of the Company nor any of its Directors had any interest in the shares, convertible securities, warrants or options of the Offeror or any derivatives in respect of such securities;
- (ii) none of the subsidiaries of the Company, the pension fund of the Company or of its subsidiaries, a person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code owned or controlled any shares or convertible securities, options, warrants, or derivatives of the Company, or had dealt for value in any such securities of the Company during the Relevant Period;

- (iii) no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code between any person and 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” under the Takeovers Code or any person who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code existed, and no such person had owned, controlled or dealt for value in any Shares or any convertible securities, warrants, options or derivatives issued by the Company during the Relevant Period;
- (iv) no Shares, convertible securities, warrants, options or derivatives of the Company was managed on a discretionary basis by any fund managers (other than exempt fund managers) connected with the Company, and no such person had dealt for value in any such securities of the Company during the Relevant Period;
- (v) save for Mr. Mung, who is interested in 158,554,000 Shares and 581,802 Options, but have undertaken not to accept the Offers in respect of his 158,554,000 Shares and 581,802 Options pursuant to the Irrevocable Undertaking, none of the Directors has any beneficial shareholdings which is subject to the Offers; and
- (vi) none of the Company or the Directors had borrowed or lent any Shares, convertible securities, warrants, options or derivatives in respect of any Shares.

6. SERVICE CONTRACTS

Mr. Mung Bun Man, Alan (“**Mr. Alan Mung**”), an executive Director, entered into a service contract with the Company on 1 April 2020 to renew his directorship in the Company for an initial term of one year from 1 April 2020 (subject to rotation according to the bye-laws of the Company) and shall continue thereafter until terminated by not less than two months’ notice in writing served by either party. Mr. Alan Mung is entitled to a director’s fee of HK\$3,960,000 per annum and a discretionary bonus as may be determined by the Board from time to time. The discretionary bonus will be determined with reference to the then prevailing market conditions, the performance of the Company as well as Mr. Alan Mung’s individual performance. Prior to the aforesaid service contract, Mr. Alan Mung has not entered into any other service contract with the Company and there is no specific term or proposed length of services for his appointment, but he was entitled to a director’s fee and a discretionary bonus identical to those terms under the aforesaid service contract.

Mr. Poon Wai Hoi, Percy (“**Mr. Poon**”), an independent non-executive Director, entered into a letter of appointment with the Company on 1 April 2020 to renew his directorship in the Company for an initial term of one year from 1 April 2020 unless terminated by not less than one month’s notice in writing served by either party. The term shall be automatically renewed for consecutive term(s) of one year, subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the bye-laws of the Company. Mr. Poon is entitled to a director’s fee of HK\$60,000 per annum. Prior to the aforesaid letter of appointment, Mr. Poon has not entered into any other service contract with the Company and there is no specific term or proposed length of services for his appointment, but he was entitled to a director’s fee identical to that under the aforesaid service contract.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had entered or was proposing to enter into any service contract with the Company or any of its subsidiaries or associated companies which (i) (including both continuous and fixed term contracts) had been entered into or amended within 6 months before the date of the commencement of the Offer Period; or (ii) was a continuous contract with a notice period of 12 months or more; or (iii) was a fixed term contract with more than 12 months to run irrespective of the notice period; or (iv) was not determinable by the employer within one year without payment of compensation (other than statutory compensation).

7. ARRANGEMENTS AFFECTING DIRECTORS

As at the Latest Practicable Date:

- (i) no benefit was or would be given to any Director as compensation for loss of office or otherwise in connection with the Offers;
- (ii) there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Offers or otherwise connected with the Offers; and
- (iii) no material contracts had been entered into by the Offeror in which any Director had a material personal interest.

8. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Group.

9. MATERIAL CONTRACTS

The Group did not enter into any contract which was or might be material other than those entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries within two years immediately preceding the commencement of the Offer Period and up to and including the Latest Practicable Date.

10. EXPERTS' QUALIFICATIONS AND CONSENTS

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

| Name | Qualification |
|--------------------------------------|---|
| Global Mastermind Securities Limited | a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO |
| Nuada Limited | a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO |
| Hologram Capital Limited | a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO |

The above experts have given and have not withdrawn their respective written consent to the issue of this Composite Document with the inclusion of the text of its letter, report, and/or references to their names in the form and context in which they appear.

As at the Latest Practicable Date, Hologram, being the Independent Financial Adviser, did not have any shareholding, direct or indirect, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did they have any direct or indirect interest in any assets which had been, since 31 December 2019, being the date of the latest published audited consolidated financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

11. GENERAL

- (i) The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and having its head office and principal business of business in Hong Kong at Unit 3107, 31/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.
- (ii) The registered office of the Independent Financial Adviser is located at Room 1901, 19/F, OfficePlus @ Wan Chai, No. 303 Hennessy Road, Wanchai, Hong Kong.
- (iii) The English text of this Composite Document and the Form(s) of Acceptance shall prevail over the Chinese translation in the case of inconsistency.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (i) on the website of the SFC (<http://www.sfc.hk/>) and the Company (<http://www.irasia.com/listco/hk/mastermindcap/>); and (ii) at the principal place of business of the Company at Unit 3107, 31/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong during normal business hours on any weekday other than public holidays from the date of this Composite Document, up to and including the Closing Date or the date on which the Offers lapse or are withdrawn, whichever is the earlier:

- (a) the bye-laws of the Company;
- (b) the letter from the Board as set out on pages 19 to 25 of this Composite Document;
- (c) the letter from the Independent Board Committee as set out on pages 26 to 28 of this Composite Document;
- (d) the letter from the Independent Financial Adviser as set out on pages 29 to 53 of this Composite Document;
- (e) the service contracts referred to in the paragraph headed “Service contracts” in this appendix;
- (f) the written consents referred to in the paragraph headed “Experts’ qualifications and consents” in this appendix;
- (g) the annual reports of the Company for each of the three financial years ended 31 December 2017, 2018 and 2019;
- (h) this Composite Document and the accompanying Form(s) of Acceptance; and
- (i) the Irrevocable Undertaking.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS**Interests of the Offeror and parties acting in concert with it in the Company**

The Offeror is wholly and beneficially owned by Mr. Ng, who is also the sole director of the Offeror.

As at the Latest Practicable Date, the Offeror and parties acting in concert with it owned or controlled an aggregate of 488,662,000 Shares, representing approximately 69.78% of the entire issued share capital of the Company. Save for the above, the Offeror and parties acting in concert with it did not have any other interest in any shares, warrants, options, derivatives or securities carrying conversion of subscription rights into Shares.

As at the Latest Practicable Date, none of the Offeror and parties acting in concert with it had any interest in the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company.

3. ADDITIONAL DISCLOSURE OF INTERESTS AND DEALINGS OF THE OFFEROR IN THE COMPANY

Save for (i) 195,500,000 Shares acquired by the Offeror from China Healthwise through a block trade transaction on the Stock Exchange at a consideration of HK\$0.09 per Share on 14 May 2020; (ii) 73,824,000 Shares acquired by the Offeror in the open market through the Stock Exchange at a consideration of HK\$0.09 per Share on 28 May 2020; and (iii) 60,784,000 Shares acquired by the Offeror in the open market through the Stock Exchange at a consideration of HK\$0.09 per Share on 29 May 2020, representing in aggregate approximately 47.14% of the issued share capital of the Company as at the Latest Practicable Date, none of the Offeror, the sole director of the Offeror and parties acting in concert with it 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 commencement of the offer period (as defined under the Takeovers Code) (i.e. the date of publication of the Joint Announcement).

As at the Latest Practicable Date:

- (i) save for a total of 488,662,000 Shares and 581,802 Options that the Offeror and parties acting in concert with it were interested in, none of the Offeror, the sole director of the Offeror and/or parties acting in concert with it owned or had control or direction over any voting rights or rights over the Shares, options, derivatives, warrants or other securities convertible into Shares;
- (ii) save for the Irrevocable Undertaking, none of the Offeror and/or parties acting in concert with it had received any irrevocable commitment to accept or reject the Offers 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;
- (iii) save for the Irrevocable Undertaking, there was 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;
- (iv) there was no agreement or arrangement to which the Offeror was a party which related to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offers;
- (v) none of the Offeror and/or parties acting in concert with it had entered into any arrangements or contracts in relation to any outstanding derivative in respect of the securities in the Company;
- (vi) other than the consideration for the acquisition of 195,500,000 Shares from China Healthwise through a block trade transaction on the Stock Exchange on 14 May 2020, there was no other consideration, compensation or benefits in whatever form paid or to be paid by the Offeror or any parties acting in concert with it to China Healthwise or any party acting in concert with it in connection with the abovementioned acquisition;
- (vii) save for the acquisition of 195,500,000 Shares from China Healthwise through a block trade transaction on the Stock Exchange on 14 May 2020, there was no understanding, arrangement or special deal (as defined under Rule 25 of the Takeovers Code) between China Healthwise and any parties acting in concert with it on one hand, and the Offeror or any parties acting in concert with any of it on the other hand;
- (viii) save for the Irrevocable Undertaking, there was no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror, its ultimate beneficial owner or any person acting in concert with any of them and any of the Directors, recent directors, Shareholders or recent shareholders of the Company having any connection with or dependence upon the Offers;

- (ix) there was no agreement, arrangement or understanding that any securities acquired in pursuance of the Offers would be transferred, charged or pledged to any other persons;
- (x) save for the Irrevocable Undertaking, there was 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/or parties acting in concert with it, or (b) the Company, its subsidiaries or associated companies;
- (xi) none of the Offeror and/or parties acting in concert with it had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company; and
- (xii) no benefit (other than statutory compensation) had been or would be given to any Director as compensation for loss of office or otherwise in connection with the Offers.

As at the Latest Practicable Date, Mr. Mung and TDX, who had entered into the Irrevocable Undertaking, were interested in the Excluded Shares and Options. Save for the Excluded Shares and Options, Mr. Mung and TDX did not own or control any other Shares and Options, and had not dealt for the value in any Shares, Options, convertible securities, warrants, options or derivatives in respect of any Shares during the Relevant Period.

4. QUALIFICATIONS AND CONSENTS OF EXPERTS

The following are the qualifications of the experts who have given their opinion and advice which are contained in this Composite Document:

| Name | Qualification |
|---|--|
| Luk Fook Capital (HK) Limited | a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO |
| Grand Harbour Corporate Finance Limited | a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO |
| Spring Securities Limited | a corporation licensed to carry out Type 1 (dealing in securities) regulated activities under the SFO |

The above experts have given and have not withdrawn their respective written consent to the issue of this Composite Document with the inclusion of the text of their letter, advice and/or references to their name, in the form and context in which they appear herein.

5. MARKET PRICES

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

| Date | Closing price per Share (HK\$) |
|--|---|
| 29 November 2019 | 0.082 |
| 31 December 2019 | 0.090 |
| 31 January 2020 | 0.093 |
| 28 February 2020 | 0.092 |
| 31 March 2020 | 0.070 |
| 29 April 2020 | 0.070 |
| 14 May 2020 (Last Trading Day) | 0.106 |
| 29 May 2020 | 0.090 |
| 16 June 2020 (Latest Practicable Date) | 0.089 |

During the Relevant Period:

- a. the highest closing price of the Shares quoted on the Stock Exchange was HK\$0.114 per Share on 26 February 2020; and
- b. the lowest closing price of the Shares quoted on the Stock Exchange was HK\$0.062 per Share on 23 March 2020 and 24 March 2020.

6. MISCELLANEOUS

- a. The correspondence address of the Offeror is Flat C, 5/F, 242 Yu Chau Street, Sham Shui Po, Kowloon, Hong Kong.
- b. The correspondence address of the principal members of the Offeror's concert group (which include Mr. Mung and TDX (a company in which Mr. Mung holds 99.99% equity interests and Ms. Sin Lai Ni, spouse of Mr. Mung holds 0.01% equity interest; Mr. Mung and Ms. Sin Lai Ni are the directors of the company)) is Unit 3109, 31/F, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

- c. The main business address of Luk Fook Capital is Units 2201-2207 & 2213-2214, 22/F Cosco Tower, 183 Queen's Road Central, Central, Hong Kong.
- d. The main business address of Grand Harbour is 5/F, E168, No. 166-168 Des Voeux Road Central, Hong Kong.
- e. The main business address of Spring Securities is 5/F, E168, No. 166-168 Des Voeux Road Central, Hong Kong.
- f. In case of inconsistency, the English text of this Composite Document and the Forms of Acceptance shall prevail over the Chinese text.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (i) on the websites of the SFC (<http://www.sfc.hk/>) and the Company (<http://www.irasia.com/listco/hk/mastermindcap/>); and (ii) at the principal place of business of the Company in Hong Kong at Unit 3107, 31/F, Shun Tak Centre, West Tower, 168-200 Connaught Road Central, Hong Kong during normal business hours on any weekday other than public holidays from the date of this Composite Document up to and including the Closing Date or the date on which the Offers lapse or are withdrawn, whichever is the earlier:

- a. the memorandum and articles of association of the Offeror;
- b. the letter from Spring Securities, the text of which is set out on pages 9 to 18 of this Composite Document;
- c. the written consents as referred to in the section headed "4. Qualifications and Consents of Experts" in this Appendix IV; and
- d. the Irrevocable Undertaking.