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## THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of the Offer, this Composite Document and/or the accompanying Form 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 Form 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 Form 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 Form of Acceptance.

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

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**CHINA LEAD INVESTMENT HOLDINGS LIMITED**      **GLOBAL MASTERMIND CAPITAL LIMITED**  
**領華投資控股有限公司**      **環球大通投資有限公司\***  
*(Incorporated in the British Virgin Islands*      *(Incorporated in the Cayman Islands and continued in*  
*with limited liability)*      *Bermuda with limited liability)*  
**(Stock Code: 905)**

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

Financial adviser to the Offeror

**六福金融**  
LUKFOOK FINANCIAL

Offer agent to the Offeror

 **Lego Securities Limited**  
力高證券有限公司

Independent Financial Adviser to the Independent Board Committee

**MERDEKA** 領智

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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 Lego Securities containing, among other things, principal terms of the Offer, is set out on pages 10 to 19 of this Composite Document.

A letter from the Board is set out on pages 20 to 26 of this Composite Document. A letter from the Independent Board Committee containing its recommendation in respect of the Offer to the Independent Shareholders is set out on pages 27 to 28 of this Composite Document. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee in respect of the Offer is set out on pages 29 to 56 of this Composite Document.

The procedures for acceptance and settlement of the Offer are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Acceptances of the 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, 21 May 2021, (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 Form 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 who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer, including the obtaining of any governmental, 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 are advised to seek professional advice on deciding whether to accept the Offer.

30 April 2021

\* For identification purposes only

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*Accompanying document – Form of Acceptance*

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## EXPECTED TIMETABLE

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*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.*

<b>Event</b>	<b>Time &amp; Date</b>
	2021
Despatch date of this Composite Document and the accompanying Form of Acceptance and commencement date of the Offer <sup>(Note 1)</sup> . . . . .	Friday, 30 April
Latest time and date for acceptance of the Offer <sup>(Note 2)</sup> . . . . .	by 4:00 p.m. on Friday, 21 May
Closing Date . . . . .	Friday, 21 May
Announcement of the results of the Offer (or their extension or revision, if any) to be posted on the website of the Stock Exchange <sup>(Note 2)</sup> . . . . .	no later than 7:00 p.m. on Friday, 21 May
Latest date for posting of remittances in respect of valid acceptances received under the Offer <sup>(Note 3)</sup> . . . . .	Tuesday, 1 June

*Notes:*

1. The Offer, which is unconditional in all respects, is made on the date of posting of this Composite Document, and is 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 Offer in accordance with the Takeovers Code. Acceptances of the Offer 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 Offer 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 Offer is 4:00 p.m. on Friday, 21 May 2021 unless the Offeror revises or extends the Offer 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 Offer has been extended, revised or expired. In the event that the Offeror decides to revise or extend the Offer, all Independent Shareholders, whether or not they have already accepted the Offer before or after the revision (if any), will be entitled to the revised Offer under the revised terms. The revised Offer 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.

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## EXPECTED TIMETABLE

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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 Offer 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 Offer 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 tendered under the Offer will be despatched to the Independent Shareholders accepting the Offer 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 Offer 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 by way of announcement(s) on any change to the expected timetable as soon as practicable.

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## IMPORTANT NOTICE

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### NOTICE TO THE OVERSEAS SHAREHOLDERS

The making of the Offer to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or affected by the laws or regulations of the relevant jurisdictions. Overseas Shareholders 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 Offer.

It is the responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction in connection with the acceptance of the Offer, 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, the Offeror Concert Party(ies), the Company, Luk Fook Capital, Lego Securities, Merdeka, 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 Offer 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. Please see the paragraph headed “Overseas Shareholders” in the “Letter from Lego Securities” and the paragraph headed “8. Overseas Shareholders” in Appendix I to this Composite Document for further details.

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## DEFINITIONS

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

“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
“BVI Sale Share”	one share with a par value of US\$1.00 in the Offeror, representing the entire issued share capital of the Offeror
“CCASS”	the Central Clearing and Settlement System established and operated by the Hong Kong Securities Clearing Company Limited
“Closing Date”	Friday, 21 May 2021, the closing date of the Offer, which is no less than 21 days following the date on which this Composite Document is posted, or if the Offer is 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)
“Completion”	completion of the sale and purchase of the BVI Sale Share in accordance with the terms and conditions of the Sale and Purchase Agreement
“Composite Document”	this composite document jointly issued by the Offeror and the Company to the Shareholders in connection with the Offer in compliance with the Takeovers Code containing, among other things, details of the Offer (accompanied by the Form of Acceptance) and the respective letters of advice from the Independent Board Committee and the Independent Financial Adviser
“Director(s)”	director(s) of the Company

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## DEFINITIONS

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“Encumbrances”	any lien, pledge, encumbrance, charge (fixed or floating), mortgage, third party claim, debenture, option, right of preemption, right to acquire, assignment by way of security, trust arrangement for the purpose of providing security or other security interests of any kind, including retention arrangements or other encumbrances and any agreement to create any of the foregoing
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“Finance Documents”	the loan agreement dated 27 January 2021 entered into among the Vendor as lender, the Offeror as borrower, and the Purchaser as the guarantor, in relation to an interest-free Term Loan in the principal amount of not more than HK\$21,000,000 repayable within one year after the date of the Finance Documents to finance, among other things, the Offer, together with (i) the share charge dated 27 January 2021 executed by the Offeror in favour of the Vendor over the 509,784,025 Shares owned by the Offeror and the Shares to be acquired by the Offeror under the Offer and on market (if any); and (ii) the share charge dated 27 January 2021 executed by the Purchaser in favour of the Vendor over the entire issued share capital of the Offeror. As at the date of the Joint Announcement, the Term Loan has been fully repaid by the Offeror
“Form of Acceptance”	the form of acceptance and transfer of Shares in respect of the Offer
“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 in relation to the Offer

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## DEFINITIONS

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“Independent Financial Adviser” or “Merdeka”	Merdeka Corporate Finance Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to advise the Independent Board Committee in connection with the Offer
“Independent Shareholders”	the Shareholders, other than the Offeror and the Offeror Concert Party(ies)
“Joint Announcement”	the announcement jointly issued by the Offeror and the Company dated 19 March 2021 in relation to, among other things, the Offer
“Last Trading Day”	27 January 2021, being the last trading day of the Shares before the publication of the Joint Announcement
“Latest Practicable Date”	27 April 2021, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein
“Lego Securities”	Lego Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities) regulated activity under the SFO
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Luk Fook Capital”	Luk Fook Capital (HK) Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the financial adviser to the Offeror in respect of the Offer
“Mr. K. K. Mung”	Mr. Mung Kin Keung, an executive Director and the chairman of the Board. Mr. Mung Kin Keung is the father of the Purchaser
“Offer”	the mandatory unconditional cash offer by the Offeror to acquire all the outstanding Shares in accordance with the terms and conditions set out in this Composite Document



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## DEFINITIONS

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“Offeror Concert Party(ies)”	the Vendor, the Purchaser, Mr. K. K. Mung, Ms. Sin Lai Ni and TDX, party(ies) acting in concert and presumed to be acting in concert with any one of them, being the concert party(ies) of the Offeror, as determined in accordance with the Takeovers Code
“Offer Period”	the period commencing from 19 March 2021, 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 Offer in accordance with the Takeovers Code
“Offer Price”	the price at which the Offer is made, being HK\$0.110 per Offer Share
“Offer Share(s)”	any and all of the issued Share(s), other than those Shares already owned by and/or to be acquired by the Offeror and the Offeror Concert Party(ies)
“Offeror”	China Lead Investment Holdings Limited, a company incorporated in the British Virgin Islands, which is wholly and beneficially owned by the Purchaser
“Overseas Shareholder(s)”	Independent Shareholder(s) whose address(es), as shown on the register of members of the Company, is/are outside Hong Kong
“Previous Offer Agent”	a licensed corporation to carry out Type 1 (dealing in securities) regulated activity under the SFO, which is indirectly wholly owned by the Vendor. It was initially engaged to make the Offer on behalf of the Offeror but such engagement was terminated on 12 March 2021
“Purchaser”	Mr. Mung Bun Man Alan, being the purchaser of the Sale and Purchase Agreement, is an executive Director and the chief executive officer of the Company. He is a son of Mr. K. K. Mung. Since the Completion on 27 January 2021, Mr. Mung Bun Man Alan has become the sole shareholder and the sole director of the Offeror

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## DEFINITIONS

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“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 commencing from 19 September 2020, being the date falling six months preceding the date of the Joint Announcement, up to and including the Latest Practicable Date
“Sale and Purchase Agreement”	the sale and purchase agreement dated 27 January 2021 entered into between the Purchaser and the Vendor in relation to the sale and purchase of the BVI Sale Share at a consideration of HK\$38,635,302.75. As at the Latest Practicable Date, HK\$5,000,000, representing approximately 12.94% of the consideration for the transfer of the BVI Sale Share, has been paid to the Vendor by the Purchaser to settle part of the consideration for the transfer of the BVI Sale Share
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of par value HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Term Loan”	an interest-free term loan in the principal amount of not more than HK\$21,000,000 provided by the Vendor to the Offeror to make the Offer under the Finance Documents. As at the date of the Joint Announcement, the Term Loan has been fully repaid by the Offeror
“TDX”	China Tian Di Xing Logistics Holdings Limited, a company incorporated in Hong Kong in which Mr. K. K. Mung holds 99.99% equity interests and Ms. Sin Lai Ni, spouse of Mr. K. K. Mung holds 0.01% equity interest

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## DEFINITIONS

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“US\$”	United States dollar(s), the lawful currency of the United States of America
“Vendor”	Mr. Ng Kwok Fai, being the vendor of the Sale and Purchase Agreement, who ceased to be the sole shareholder and the sole director of the Offeror upon the Completion on 27 January 2021
“%”	per cent.

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## LETTER FROM LEGO SECURITIES

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Room 301  
3/F, China Building  
29 Queen's Road Central  
Central, Hong Kong

30 April 2021

*To the Independent Shareholders:*

Dear Sir/Madam,

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

### INTRODUCTION

Reference is made to the Joint Announcement jointly published by the Offeror and the Company dated 19 March 2021 in relation to, among other things, the Sale and Purchase Agreement and the Offer.

The Company was informed by the Offeror on 27 January 2021 (after trading hours), the Purchaser who is an executive director and the chief executive officer of the Company, entered into the Sale and Purchase Agreement with the Vendor, pursuant to which, among other things, the Vendor agreed to sell and the Purchaser agreed to acquire, the BVI Sale Share (representing the entire issued share capital of the Offeror) at a consideration of HK\$38,635,302.75, which was equivalent to the value of 351,230,025 Shares (representing approximately 50.15% of the issued share capital of the Company) held by the Offeror immediately before the Completion at a price of HK\$0.110 per Share. The Completion took place on 27 January 2021, since then, the Purchaser has become the sole shareholder and the sole director of the Offeror.

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## LETTER FROM LEGO SECURITIES

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On the same day after the Completion, Mr. K. K. Mung transferred 53,696,000 Shares and TDX transferred 104,858,000 Shares to the Offeror at an aggregate consideration of HK\$2.00. Immediately following the Completion and as at the Latest Practicable Date, the Offeror and the Offeror Concert Party(ies) owned 509,784,025 Shares, representing approximately 72.79% of the issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory unconditional cash offer to acquire all the issued Shares (other than those Shares already owned by and/or to be acquired by the Offeror and the Offeror Concert Party(ies)). Lego Securities is making the Offer for and on behalf of the Offeror.

This letter forms part of this Composite Document and sets out, among other things, principal terms of the Offer, together with the information of the Offeror and the Offeror's intention regarding the Group. Further details on the terms and procedures of acceptance of the Offer are set out in Appendix I to this Composite Document and accompanying Form of Acceptance.

The Independent Shareholders are strongly advised to consider carefully the information contained in the "Letter from the Board", the "Letter from the Independent Board Committee" and the "Letter from the Independent Financial Adviser" as well as the appendices as contained in this Composite Document and to consult their professional advisers if in doubt before reaching a decision as to whether or not to accept the Offer.

### THE OFFER

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

**For each Offer Share . . . . . HK\$0.110 in cash**

The Offer Price is equivalent to the consideration of HK\$38,635,302.75 payable by the Purchaser to the Vendor pursuant to the Sale and Purchase Agreement divided by 351,230,025 (being the number of Shares held by the Offeror immediately before the Completion).

The Offer will be unconditional in all respects when made.

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

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

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## LETTER FROM LEGO SECURITIES

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As at the Latest Practicable Date, the Company confirmed that (a) it had not declared any dividend, the record date of which falls before the date of this Composite Document and which is not paid; (b) it had not declared any dividend, the record date of which falls on or after the date of this Composite Document; and (c) it did not have any intention to make, declare or pay any future dividend/distributions before the close of the Offer.

### Comparison of value of the Offer Price

The Offer Price of HK\$0.110 per Offer Share represents:

- (i) the closing price of HK\$0.110 per Share as quoted on the Stock Exchange as at the Latest Practicable Date;
- (ii) a premium of 37.50% to the closing price of HK\$0.080 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of 37.50% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.080 per Share;
- (iv) a premium of approximately 26.44% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.087 per Share;
- (v) a premium of approximately 34.15% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.082 per Share;
- (vi) a discount of approximately 72.29% to the audited consolidated net asset value of the Group per Share as at 31 December 2020 of approximately HK\$0.397 (which is calculated by dividing the sum of the audited consolidated net asset value of the Group as at 31 December 2020 (being the date to which the latest financial statements of the Company were made up) of approximately HK\$278,243,000) by 700,333,925 Shares in issue as at the Latest Practicable Date);
- (vii) a discount of approximately 71.20% to the unaudited consolidated net asset value of the Group per Share as at 31 January 2021 of approximately HK\$0.382 which was announced by the Company on 10 February 2021;
- (viii) a discount of approximately 75.56% to the unaudited consolidated net asset value of the Group per Share as at 28 February 2021 of approximately HK\$0.450 which was announced by the Company on 12 March 2021; and

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## LETTER FROM LEGO SECURITIES

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- (ix) a discount of approximately 74.48% to the unaudited consolidated net asset value per Share of the Group as at 31 March 2021 of approximately HK\$0.431 which was announced by the Company on 14 April 2021.

### **Highest and lowest Share prices**

During the Relevant Period, the highest closing price of Shares as quoted on the Stock Exchange was HK\$0.140 on 22 March 2021, and the lowest closing price of Shares as quoted on the Stock Exchange was HK\$0.072 on 19 November 2020.

### **Value of the Offer**

As at the Latest Practicable Date, there were 700,333,925 Shares in issue. On the basis of the Offer Price of HK\$0.110 per Offer Share, all issued Shares would be valued at HK\$77,036,731.75. Assuming no change in the issued share capital of the Company, the Offer will be extended to 190,549,900 Shares, and the value of the Offer will be HK\$20,960,489.

### **Financial resources available to the Offer**

Based on (i) the Offer Price of HK\$0.110 per Offer Share; and (ii) 190,549,900 Offer Shares, the total maximum consideration of the Offer will be HK\$20,960,489. The total consideration payable under the Offer shall be payable in cash. The Offeror intends to finance the consideration payable under the Offer by an interest-free shareholder's loan in the principal amount of not more than HK\$21,300,000 provided by the Purchaser to the Offeror. Luk Fook Capital, being the financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are, and will remain, available to the Offeror to satisfy the consideration for full acceptance of the Offer and/or on market purchase of the Shares by the Offeror at a price of not more than HK\$0.110 per Share.

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

### **Effect of accepting the Offer**

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

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## LETTER FROM LEGO SECURITIES

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The Offer are unconditional in all respects when made. The Offer will remain open for acceptance from the date of this Composite Document until 4:00 p.m. on the Closing Date. Acceptance of the Offer tendered by the Independent Shareholders shall be irrevocable and not capable of being withdrawn, except as otherwise permitted under the Takeovers Code, details of which set out in the paragraph headed “6. Right of Withdrawal” in Appendix I to this Composite Document.

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

### **Payment**

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

### **Taxation advice**

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

### **Overseas Shareholders**

The Offeror intends to make the Offer available to all Independent Shareholders, including those who are not resident in Hong Kong. The availability of the Offer to persons who are not resident in Hong Kong may be affected by the laws of the relevant overseas jurisdictions. The making of the Offer to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or affected by the laws or regulations of the relevant jurisdictions. Such Independent Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe relevant applicable legal or regulatory requirements and, where necessary,



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## LETTER FROM LEGO SECURITIES

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seek legal advice. It is the responsibility of the Overseas Independent Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer, including the obtaining of any 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.

### DEALING AND INTERESTS IN THE COMPANY'S SECURITIES

Save for (i) the acquisition of the BVI Sale Share by the Purchaser under the Sale and Purchase Agreement for the purpose of acquiring 351,230,025 Shares; (ii) the transfer of 53,696,000 Shares from Mr. K. K. Mung and the transfer of 104,858,000 Shares from TDX to the Offeror (which was wholly and beneficially owned by the Purchaser after the Completion) on 27 January 2021 at an aggregate consideration of HK\$2.00; (iii) the provision of an interest in all of the Shares owned by the Offeror (which was then wholly and beneficially owned by the Vendor) from time to time as security (as disclosed by the Vendor in the disclosure of interests form filed on 29 July 2020) which was released on 25 January 2021 (as disclosed by the Vendor in the disclosure of interests form filed on 25 January 2021); and (iv) the share charge dated 27 January 2021 executed by the Offeror (which was wholly and beneficially owned by the Purchaser after the Completion) in favour of the Vendor over the 509,784,025 Shares owned by the Offeror and the Shares to be acquired by the Offeror under the Offer and on market (if any), none of the Offeror, the Offeror Concert Party(ies) and the sole director of the Offeror had dealt for value in any Shares, options, convertible securities, warrants or derivatives of the Company in respect of such securities during the Relevant Period.

Your attention is drawn to the shareholding structure of the Company as at the Latest Practicable Date as set out under the paragraph headed "Shareholding Structure of the Company" in the "Letter from the Board" in this Composite Document.

### INFORMATION OF THE GROUP

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

### INFORMATION 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 the Purchaser, who is also the sole director of the Offeror upon the Completion.

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## LETTER FROM LEGO SECURITIES

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

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

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

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

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

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## LETTER FROM LEGO SECURITIES

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### INTENTION OF THE OFFEROR IN RELATION TO THE GROUP

The Purchaser considers the acquisition of the BVI Sale Share and the Offer as a management buy-out of the Company to maintain long-term control of the Company after years of participating in the business and operation of the Group. Since the Company is an investment company under Chapter 21 of the Listing Rules and the Group has always been principally engaged in investing in listed and unlisted companies, the Purchaser and the Offeror intend to continue the existing businesses of the Group for long-term purposes. The Purchaser is optimistic about the future prospect of the Company and is of the view that the trading price of the Shares has long been below the net asset value per Share. During the Relevant Period, the highest closing price of Shares as quoted on the Stock Exchange was HK\$0.140 on 22 March 2021, and the lowest closing price of Shares as quoted on the Stock Exchange was HK\$0.072 on 19 November 2020. According to the public disclosure of the Company, the audited/unaudited consolidated net asset value of the Group per Share during the Relevant Period ranged from approximately HK\$0.365 to approximately HK\$0.450. Therefore, he considers the acquisition of the BVI Sale Share and the Offer commercially justifiable in the long run. As at the Latest Practicable Date, the Offeror had no plans in discussion and/or contemplation to inject any assets or businesses into the Group or to procure the Group to acquire, dispose of or redeploy any assets.

The Purchaser and the Offeror have no intention to (i) terminate the employment of any employees of the Group or to make significant changes to any employment; or (ii) introduce any major changes to the business of the Company including any disposal or redeployment of the Group's fixed assets which are not in the ordinary and usual course of business of the Group as a result of completion of the Offer. However, the Offeror reserves the right to make any changes that it deems necessary or appropriate to the Group's businesses and operations to optimise the value of the Group.

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

### MAINTAINING THE LISTING STATUS OF THE COMPANY

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

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

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

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## LETTER FROM LEGO SECURITIES

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However, the Company is an investment company under Chapter 21 of the Listing Rules. Pursuant to Rule 21.04 of the Listing Rules, the Company is not required to comply with Rule 8.08(1) of the Listing Rules which states that there should be at least 25% of the Shares as held in the hands of the public. Pursuant to Rule 8.08 and Rule 13.32 of the Listing Rules, there should be an open market in the Shares and that the Company shall maintain the minimum percentage of the Shares in public hands. Even though the Company is not required to comply with Rule 8.08(1) of the Listing Rules, it still intends to maintain a public float of having at least 25% of the Shares being held in the hands of the public. 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 there will be an open market in the Shares and sufficient public float exists in the Shares. The Company will disclose the percentage shareholding of the public Shareholders after the close of the Offer.

### **COMPULSORY ACQUISITION**

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

### **ACCEPTANCE AND SETTLEMENT**

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

### **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.

To ensure equality of treatment of all Independent Shareholders, those Independent Shareholders who hold the 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 Offer.

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## LETTER FROM LEGO SECURITIES

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Attention of the Overseas Shareholders is drawn to paragraph headed “8. Overseas Shareholders” in Appendix I to this Composite Document. All communications, notices, Form of Acceptance, Share certificate(s), 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 Offer to be delivered by or sent to or from the Independent Shareholders 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 and the Offeror Concert Party(ies), Lego Securities, Luk Fook Capital, Merdeka, and any of their respective ultimate beneficial owners, directors, officers, agents and associates nor other parties involved in the Offer accept any liability for any loss in postage or any other liabilities that may arise as a result thereof. Further details have been set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance.

### ADDITIONAL INFORMATION

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

In considering what action to take in connection with the Offer, you should consider your own tax or financial position and if you are in any doubt, you should consult your professional advisers.

Yours faithfully,  
For and on behalf of  
**Lego Securities Limited**  
**Kelvin Li**  
*Director*

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LETTER FROM THE BOARD

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**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

30 April 2021

*To the Shareholders:*

Dear Sir/Madam,

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

**INTRODUCTION**

Reference is made to the Joint Announcement whereby the Offeror and the Company jointly announced on 19 March 2021 that the Offer would be made by Lego Securities for and on behalf of the Offeror to acquire all the Shares (other than those Shares already owned by and/or to be acquired by the Offeror and the Offeror Concert Party(ies)).

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## LETTER FROM THE BOARD

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

As at the Latest Practicable Date, together with the Shares transferred by each of Mr. K. K. Mung and TDX to the Offeror on 27 January 2021, the Offeror owns 509,784,025 Shares, representing approximately 72.79% of the issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory unconditional cash offer to acquire all the issued Shares (other than those Shares already owned by and/or to be acquired by the Offeror and the Offeror Concert Party(ies)). Lego Securities is making the Offer for and on behalf of 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 Offer; (ii) the letter from Lego Securities containing details of the Offer; (iii) the letter from the Independent Board Committee containing its recommendations to the Independent Shareholders in relation to the Offer; and (iv) the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders on whether the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned and on acceptance in respect of the Offer.

### **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 Offer are fair and reasonable and as to acceptance of the Offer.

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## LETTER FROM THE BOARD

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

The full texts of the letter from the Independent Board Committee addressed to the Independent Shareholders and the letter from the Independent Financial Adviser addressed to the Independent Board Committee and the Independent Shareholders 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 Offer.**

### THE OFFER

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

**For each Offer Share . . . . . HK\$0.110 in cash**

The Offer Price is equivalent to the consideration of HK\$38,635,302.75 payable by the Purchaser to the Vendor pursuant to the Sale and Purchase Agreement divided by 351,230,025 (being the number of Shares held by the Offeror immediately before the Completion). The Offer Price of HK\$0.110 per Offer Share represents a premium of approximately 37.50% to the closing price of HK\$0.080 per Share as quoted on the Stock Exchange on 27 January 2021, being the Last Trading Day.

The Shares to be acquired under the Offer shall be (a) fully paid; (b) free from all liens, equities, mortgages, charges, encumbrances, rights of pre-emption and 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, the Company confirmed that (a) it had not declared any dividend, the record date of which falls before the date of this Composite Document and which is not paid; (b) it had not declared any dividend, the record date of which falls on or after the date of this Composite Document; and (c) it did not have any intention to make, declare or pay any future dividend/distributions before the close of the Offer.

The Offer is unconditional in all respects when made.

### Further details of the Offer

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



## 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 of America, 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 (i) immediately before the Completion and transfer of Shares by each of Mr. K. K. Mung and TDX to the Offeror; (ii) immediately after the Completion but before transfer of Shares by each of Mr. K. K. Mung and TDX to the Offeror; and (iii) immediately after the transfer of Shares by each of Mr. K. K. Mung and TDX to the Offeror and as at the Latest Practicable Date:

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

Notes:

- Immediately before the Completion, 351,230,025 Shares (representing approximately 50.15% of the issued share capital of the Company) was owned by the Offeror, which was then wholly and beneficially owned by the Vendor.

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## LETTER FROM THE BOARD

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

### 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 Lego Securities” in this Composite Document. The Board is aware of the intention of the Purchaser, who is an executive Director of the Group. He considered the acquisition of the BVI Sale Share and the Offer as a management buy-out of the Company to maintain long-term control of the Company after years of participating in the business and operation of the Group. Since the Company is an investment company under Chapter 21 of the Listing Rules and the Group has always been principally engaged in investing in listed and unlisted companies, the Purchaser and the Offeror intend to continue the existing businesses of the Group for long-term purposes. The Purchaser is optimistic about the future prospect of the Company and is of the view that the trading price of the Shares has long been below the net asset value per Share. During the Relevant Period, the highest closing price of Shares as quoted on the Stock Exchange was HK\$0.140 on 22 March 2021, and the lowest closing price of Shares as quoted on the Stock Exchange was HK\$0.072 on 19 November 2020. According to the public disclosure of the Company, the audited/unaudited consolidated net asset value of the Group per Share during the Relevant Period ranged from approximately HK\$0.365 to approximately HK\$0.450. Therefore, he considers the acquisition of the BVI Sale Share and the Offer commercially justifiable in the long run. The Board is aware that, as at the Latest Practicable Date, the Offeror had no plans in discussion and/or contemplation to inject any assets or businesses into the Group or to procure the Group to acquire, dispose of or redeploy any assets.

The Board is aware that, the Purchaser and the Offeror had no intention to (i) terminate the employment of any employees of the Group or to make significant changes to any employment; or (ii) introduce any major changes to the business of the Company including any disposal or redeployment of the Group’s fixed assets which are not in the ordinary and usual course of business of the Group as a result of completion of the Offer. However, the Offeror reserves the right to make any changes that it deems necessary or appropriate to the Group’s businesses and operations to optimise the value of the Group.

The Board (save for the Purchaser, who has a conflict of interest and does not join with the remainder of the Board in the expression of its view on the Offer) is of the view that the Offeror’s intentions in relation to the Group and its employees to be reasonable as it would ensure continuity and stability of the Group’s business operations going forward. Furthermore, such intentions of the Offeror are not expected to have a material adverse impact on the existing businesses of the Group.

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## LETTER FROM THE BOARD

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### PROPOSED CHANGE OF BOARD COMPOSITION OF THE COMPANY

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

### MAINTAINING THE LISTING STATUS OF THE COMPANY

As stated in the “Letter from Lego Securities” in this Composite Document, the Offeror intends the Company to remain listed on the Stock Exchange. According to Rule 8.08(1) of the Listing Rules, there should be at least 25% of the issued Shares being held by the public. If the Stock Exchange believes that:

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

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

However, the Company is an investment company under Chapter 21 of the Listing Rules. Pursuant to Rule 21.04 of the Listing Rules, the Company is not required to comply with Rule 8.08(1) of the Listing Rules which states that there should be at least 25% of the Shares as held in the hands of the public. Pursuant to Rule 8.08 and Rule 13.32 of the Listing Rules, there should be an open market in the Shares and that the Company shall maintain the minimum percentage of the Shares in public hands. Even though the Company is not required to comply with Rule 8.08(1) of the Listing Rules, it still intends to maintain a public float of having at least 25% of the Shares being held in the hands of the public. 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 there will be an open market in the Shares and sufficient public float exists in the Shares. The Company will disclose the percentage shareholding of the public Shareholders after the close of the Offer.

### GENERAL

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

Your attention is drawn to (i) the letter from the Independent Board Committee as set out on pages 27 to 28 of this Composite Document, which contains its advice and recommendations to the Independent Shareholders in respect of the Offer; and (ii) the letter from the Independent Financial Adviser set out on pages 29 to 56 of this Composite Document, which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Offer and the principal factors considered by it before arriving at its recommendations.

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## LETTER FROM THE BOARD

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### 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 Form of Acceptance for further details in respect of the procedures for acceptance of the Offer.

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

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

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**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

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**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)**

30 April 2021

*To the Independent Shareholders:*

Dear Sir/Madam,

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

**INTRODUCTION**

We refer to the composite document (the “**Composite Document**”) dated 30 April 2021 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 Offer and to advise you as to whether or not, in our opinion, the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned and as to acceptance of the Offer.

Merdeka has been appointed as the Independent Financial Adviser with our approval to advise us in this respect of the terms of the Offer 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 56 of the Composite Document.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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We also wish to draw your attention to the information contained in “Letter from Lego Securities”, “Letter from the Board” and the appendices to the Composite Document and the accompanying Form of Acceptance in respect of the terms of the Offer and the acceptance and settlement procedures for the Offer.

### RECOMMENDATION

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

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 Offer, if the net proceeds from the sale of such Shares in the open market would exceed the net amount receivable under the Offer. 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 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 should consult their own professional advisers for professional advice.

Furthermore, the Independent Shareholders who wish to accept the Offer are recommended to read carefully the procedures for acceptance of the Offer as detailed in Appendix I to the Composite Document and the Form 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*

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of a letter of advice from the Independent Financial Adviser setting out the advice to the Independent Board Committee and the Independent Shareholders in respect of the Offer, which has been prepared for the purpose of inclusion in this Composite Document.*



Room 1108-1110, 11/F.  
Wing On Centre  
111 Connaught Road Central  
Hong Kong

30 April 2021

*To: The Independent Board Committee and the Independent Shareholders of  
Global Mastermind Capital Limited*

Dear Sirs/Madams,

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

### INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee in relation to the Offer, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the Composite Document dated 30 April 2021, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Composite Document unless the context requires otherwise.

As noted from the Board Letter, the Company was informed by the Offeror that on 27 January 2021 (after trading hours), the Purchaser, who is an executive Director and the chief executive officer of the Company, entered into the Sale and Purchase Agreement with the Vendor, pursuant to which, among other things, the Vendor agreed to sell and the Purchaser agreed to acquire, the BVI Sale Share (representing the entire issued share capital of the Offeror) at a

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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consideration of HK\$38,635,302.75, which was equivalent to the value of 351,230,025 Shares (representing approximately 50.15% of the issued share capital of the Company) held by the Offeror immediately before the Completion at a price of HK\$0.110 per Share. Immediately before the Completion, the Offeror owned 351,230,025 Shares, representing approximately 50.15% of the issued share capital of the Company. Save for holding the 351,230,025 Shares and the Term Loan for the purpose of making the Offer, the Offeror did not hold other assets and liabilities immediately before the Completion. The Completion took place on the same day. Since the Completion on 27 January 2021, the Purchaser has become the sole shareholder and the sole director of the Offeror.

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

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

### **THE INDEPENDENT BOARD COMMITTEE**

The Independent Board Committee comprising all the 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 and give a recommendation to the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

We, Merdeka Corporate Finance Limited, have been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee in this respect and our opinion herein is solely for the assistance of the Independent Board Committee in connection with its consideration of the Offer pursuant to Rule 2.1 of the Takeovers Code. The appointment of Merdeka Corporate Finance Limited as the Independent Financial Adviser has been approved by the Independent Board Committee. Our role as the Independent Financial Adviser is to give our recommendation to the Independent Board Committee as to (i) whether the Offer is fair and reasonable so far as the Independent Shareholders are concerned; and (ii) whether the Offer should be accepted.



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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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We are independent from and not connected with the Company, the Purchaser, the Offeror, the Vendor, any of their respective substantial shareholders, or any party acting, or presumed to be acting, in concert with any of them. During the past two years immediately preceding and up to the date of our appointment as the Independent Financial Adviser, save for this appointment as the Independent Financial Adviser in respect of the Offer, there were no other engagements between Merdeka Corporate Finance Limited and the Group or the Offeror. Apart from the normal advisory fee payable to us in connection with our appointment as the Independent Financial Adviser to advise the Independent Board Committee, no arrangement exists whereby we shall receive any other fees or benefits from the Offeror and the Company or any of their respective substantial shareholders or any person acting, or deemed to be acting, in concert with any of them. Accordingly, we are considered eligible to give independent advice on the Offer.

### **BASIS OF OUR ADVICE**

In formulating our advice and recommendation to the Independent Board Committee, we have relied on the statements, information, opinions and representations contained in or referred to in the Composite Document and the information and representations as provided to us by the Directors and the management of the Company. Our review procedures include, among others, review of the annual reports of the Group for the years ended 31 December 2018 (the “**2018 AR**”), 31 December 2019 (the “**2019 AR**”) and 31 December 2020 (the “**2020 AR**”), the Composite Document, relevant announcements published by the Company, the industry trends of the Group’s principal business, the share price performance, the trading liquidity of the Company and comparable companies to the Company. We have assumed that all information and representations that have been provided by the Directors and the management of the Company are true, complete and accurate in all material respects at the time when they were made and up to the date throughout the Offer Period and should there be any material changes thereto, Shareholders would be notified as soon as possible in accordance with Rule 9.1 of the Takeovers Code. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Composite Document were reasonably made after due enquiries and careful considerations.

We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have performed all the necessary steps to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion. The Independent Shareholders will be notified of any material changes to such information provided in the Composite Document and our opinion as soon as possible. We have also assumed that all statements of opinion made by the Directors and the management of the Company in the Composite Document were reasonably made after due enquiries and careful consideration. The Directors have confirmed that, to the best of their information and knowledge, they believe that no material fact or information has been omitted from the information supplied and that the representations made or opinions expressed have been arrived at after due and careful consideration and there are no other facts or representations the omission of which would make any statement in the Composite Document, including this letter, misleading.

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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While we have taken reasonable steps to satisfy the requirements under the Takeovers Code and the Listing Rules, we have not carried out any independent verification of the information, opinions or representations given or made by or on behalf of the Company or the Offeror as set out in the Composite Document, nor have we conducted an independent investigation into the business affairs or assets and liabilities of the Group or any of the other parties involved in the Offer.

We have not considered the tax and regulatory implications on the Independent Shareholders of acceptance or non-acceptance of the Offer since these depend on their individual circumstances. In particular, the Independent Shareholders who are resident overseas or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax positions, and if in any doubt, should consult their own professional adviser.

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

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our opinion and recommendation to the Independent Board Committee in relation to the Offer, we have considered the principal factors and reasons as set out below:

#### **1. Background of the Offer**

The Company was informed by the Offeror on 27 January 2021 (after trading hours), the Purchaser entered into the Sale and Purchase Agreement with the Vendor, pursuant to which, among other things, the Vendor agreed to sell and the Purchaser agreed to acquire, the BVI Sale Share (representing the entire issued share capital of the Offeror) at a consideration of HK\$38,635,302.75, which was equivalent to the value of 351,230,025 Shares (representing approximately 50.15% of the issued share capital of the Company) held by the Offeror immediately before the Completion at a price of HK\$0.110 per Share. The Completion took place on 27 January 2021 and the Purchaser owns the entire issued share capital of the Offeror.

On the same day after the Completion, Mr. K. K. Mung transferred 53,696,000 Shares and TDX transferred 104,858,000 Shares to the Offeror at an aggregate consideration of HK\$2.000. Immediately following the Completion and as at the Latest Practicable Date, the Offeror and the Offeror Concert Party(ies) owned 509,784,025 Shares, representing approximately 72.79% of the issued share capital of the Company.

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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### 2. Background information of the Group

#### 2.1 Principal business

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 2020 AR, as at 31 December 2020, the major investments of the Group included (i) a portfolio of listed financial instruments of approximately HK\$245.87 million; (ii) direct investment in unlisted financial instruments of approximately HK\$24.18 million; and (iii) direct investment in unlisted investment funds of approximately HK\$29.58 million.

#### 2.2 Historical financial information

Set out below is a summary of the audited consolidated financial results of the Group for the three years ended 31 December 2018, 31 December 2019 and 31 December 2020 (“FY2018”, “FY2019” and “FY2020”, respectively) as extracted from the 2019 AR and the 2020 AR:

**Table 1: Historical financial information of the Group**

	For the year ended 31 December		
	2018	2019	2020
	HK\$'000	HK\$'000	HK\$'000
	(audited)	(audited)	(audited)
Revenue	3,461	6,028	6,037
(Loss) arising in change in fair value of financial assets at fair value through profit or loss (“FVTPL”)	(122,160)	(77,633)	(5,632)
(Loss)/profit before income tax	(141,223)	(91,295)	(18,792)
(Loss)/profit for the year attributable to owners of the Company	(141,223)	(91,295)	(18,792)

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**LETTER FROM INDEPENDENT FINANCIAL ADVISER**

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	<b>As at 31 December</b>		
	<b>2018</b>	<b>2019</b>	<b>2020</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Cash and cash equivalents	38,500	3,857	2,681
Total assets	419,730	339,538	319,878
– Financial assets at FVTPL	361,790	316,419	299,630
Total liabilities	31,405	42,507	41,635
<b>Total equity attributable to owners of the Company</b>	<b>388,325</b>	<b>297,031</b>	<b>278,243</b>

*(i) For the financial year ended 31 December 2019*

For the FY2019, the Group recorded total revenue of approximately HK\$6.03 million, representing an increase of approximately 74.28% as compared to approximately HK\$3.46 million for the FY2018. As noted from the 2019 AR, such increase was mainly driven by the increase in the interest income from debt securities of approximately HK\$1.42 million to HK\$2.21 million for the FY2019, representing an increase of approximately 179.75% as compared to approximately HK\$0.79 million for the FY2018.

The Group's loss arising in change in fair value of financial assets at FVTPL decreased to approximately HK\$77.63 million for the FY2019, representing a decrease of approximately 36.45% as compared to approximately HK\$122.16 million for the FY2018. As noted from the 2019 AR, such decrease 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 the FY2019).

The Group's loss for the year attributable to owners of the Company decreased by approximately 35.35% from approximately HK\$141.22 million for the FY2018 to approximately HK\$91.30 million for the FY2019. As noted from the 2019 AR, such decrease was primarily attributable to the abovementioned decrease in the loss arising in change in fair value of financial assets at FVTPL of approximately HK\$44.53 million for the FY2019 as compared to the FY2018.

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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The total assets of the Group decreased by approximately HK\$80.19 million from approximately HK\$419.73 million as at 31 December 2018 to approximately HK\$339.54 million as at 31 December 2019. According to the 2019 AR, as at 31 December 2019, financial assets at FVTPL contributes approximately HK\$316.42 million of the total assets, which consists of listed equity and debt securities, in Hong Kong and outside Hong Kong, at fair value of approximately HK\$251.92 million, unlisted equity securities of approximately HK\$41.34 million and unlisted investment funds of approximately HK\$23.16 million.

The cash and cash equivalents of the Group decreased by approximately HK\$34.64 million, representing a drop of approximately 89.98%, from approximately HK\$38.50 million as at 31 December 2018 to approximately HK\$3.86 million as at 31 December 2019. As advised by the management of the Company, the reason for keeping high level of cash at the bank for FY2018 was mainly due to the commencement of the trade war between the U.S. and the PRC in 2018, where the uncertainty on the trade restriction policies in the U.S. and the PRC adversely affected the worldwide equity market. Thus, the Company intentionally kept a high level of cash to enhance the flexibility and ability to adapt to the possible market changes.

The total liabilities of the Group increased by approximately HK\$11.10 million, representing a rise of approximately 35.34%, from approximately HK\$31.41 million as at 31 December 2018 to approximately HK\$42.51 million as at 31 December 2019. As advise from the management of the Company, such increase is mainly due to (i) the application of the new Hong Kong Financial Reporting Standard (HKFRS 16 “Leases”) in 2019 and approximately HK\$6.36 million lease liabilities is recognised for the FY2019; and (ii) an increase of accrual and other payable of approximately HK\$5.63 million mainly due to an increment from advance from an investee company.

The equity attributable to owners of the Company decreased by approximately 23.51% from approximately HK\$388.33 million as at 31 December 2018 to approximately HK\$297.03 million as at 31 December 2019. As advised by the Company, the drop in equity attributable to owners of the Company was primarily due to the record of (i) loss arising from the decrease in fair value of financial assets at FVTPL of approximately HK\$77.63 million; and (ii) the general administrative expenses and other operating expenses incurred from operations of approximately HK\$19.03 million, for the financial year ended 31 December 2019.

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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*(ii) For the financial year ended 31 December 2020*

For the FY2020, the Group recorded total revenue of approximately HK\$6.04 million, which is similar as compared to approximately HK\$6.03 million for the FY2019. As advised by the Company, during the FY2020, the interest and dividend income are similar to the FY2019.

The Group's loss arising in change in fair value of financial assets at FVTPL decreased to approximately HK\$5.63 million for the FY2020, representing a significant decrease of approximately 92.75% as compared to approximately HK\$77.63 million for the FY2019. As noted from the 2020 AR, such decrease was attributable to the decrease in the unrealised loss on financial assets at FVTPL (from approximately HK\$81.99 million for FY2019 to approximately HK\$7.52 million for FY2020), being partially offset by the decrease in the realised gain on disposal of financial assets at FVTPL (from approximately HK\$4.35 million for the FY2019 to approximately HK\$1.89 million for FY2020).

The Group's loss for the year attributable to owners of the Company considerably decreased by approximately 79.42% from approximately HK\$91.30 million for the FY2019 to approximately HK\$18.79 million for the FY2020. As noted from the 2020 AR, such decrease was primarily attributable to the abovementioned decrease in loss arising in change in fair value of financial assets at FVTPL.

The total assets of the Group decreased by approximately HK\$19.66 million from approximately HK\$339.54 million as at 31 December 2019 to approximately HK\$319.88 million as at 31 December 2020. As noted from the 2020 AR, as at 31 December 2020, financial assets at FVTPL contributes approximately HK\$299.63 million of the total assets, which consists of (i) a portfolio of listed financial instruments of approximately HK\$245.87 million; (ii) direct investment in unlisted financial instruments of approximately HK\$24.18 million; and (iii) direct investment in unlisted investment funds of approximately HK\$29.58 million.

The cash and cash equivalents of the Group remained stable for the financial years ended 31 December 2019 and 2020.

The total liabilities of the Group slightly decreased by approximately HK\$0.87 million from approximately HK\$42.51 million as at 31 December 2019 to approximately HK\$41.64 million as at 31 December 2020.

The equity attributable to owners of the Company decreased by approximately 6.33% from approximately HK\$297.03 million as at 31 December 2019 to approximately HK\$278.24 million as at 31 December 2020.

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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### 3. Background and intention of the Offeror

#### 3.1 Background 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 the Purchaser, who is also the sole director of the Offeror upon the Completion.

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

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

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

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

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



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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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### ***3.2 Intention of the Offeror in relation to the Group***

As stated in the section headed “Intentions Of The Offeror In Relation To The Group” in the Letter from Lego Securities, the Purchaser considers the acquisition of the BVI Sale Share and the Offer as a management buy-out of the Company to maintain long-term control of the Company after years of participating in the business and operation of the Group. Since the Company is an investment company under Chapter 21 of the Listing Rules and the Group has always been principally engaged in investing in listed and unlisted companies, the Purchaser and the Offeror intend to continue the existing businesses of the Group for long-term purposes. The Purchaser is optimistic about the future prospect of the Company and is of the view that the trading price of the Shares has long been below the net asset value per Share. During the Relevant Period, the highest closing price of Shares as quoted on the Stock Exchange was HK\$0.140 on 22 March 2021, and the lowest closing price of Shares as quoted on the Stock Exchange was HK\$0.072 on 19 November 2020. According to the public disclosure of the Company, the audited/unaudited consolidated net asset value of the Group per Share during the Relevant Period ranged from approximately HK\$0.365 to approximately HK\$0.450. Therefore, he considers the acquisition of the BVI Sale Share and the Offer commercially justifiable in the long run. As at the Latest Practicable Date, the Offeror has no plans in discussion and/or contemplation to inject any assets or businesses into the Group or to procure the Group to acquire or dispose or redeploy of any assets.

As noted from the Board Letter, the Purchaser and the Offeror have no intention to (i) terminate the employment of any employees of the Group or to make significant changes to any employment; or (ii) introduce any major changes to the business of the Company including any disposal or redeployment of the Group’s fixed assets which are not in the ordinary and usual course of business of the Group as a result of completion of the Offer. However, the Offeror reserves the right to make any changes that it deems necessary or appropriate to the Group’s businesses and operations to optimise the value of the Group.

As noted from the Board Letter, the Board (save for the Purchaser, who has a conflict of interest and does not join with the remainder of the Board in the expression of its view on the Offer) is of the view that the Offeror’s intentions in relation to the Group and its employees to be reasonable as it would ensure continuity and stability of the Group’s business operations going forward. Furthermore, such intentions of the Offeror are not expected to have a material adverse impact on the existing businesses of the Group.

### ***3.3 Proposed change of the Board composition***

As at the Latest Practicable Date, the Board is made up of five Directors, namely Mr. Mung Kin Keung, and Mr. Mung Bun Man, Alan as executive Directors; and Mr. Fung Wai Ching, Mr. Lei Seng Fat and Mr. Poon Wai Hoi, Percy as independent non-executive Directors.



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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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

#### **4. *Prospects and outlook of the Group***

The Group's principal activity is investments in listed and unlisted financial instruments, with approximately 70% of the total investment portfolio mix in Hong Kong, and approximately 30% of the total investment portfolio mix outside Hong Kong, including but not limited to, the Cayman Islands, Singapore, the U.S., and Canada. It is understood from the management of the Company that the Group's revenue was interest and dividend incomes derived from the performance of the Group's investment portfolio, which is subject to, among other things, worldwide economic environment and international financial market risks. 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.

According to the 2020 AR, 2020 was a slow year for the worldwide stock markets. Due to the outbreak of COVID-19, the worldwide stock markets experienced a brutal sell-off, and changed our daily lives with huge uncertainty in the future. The Federal Reserve System of the U.S. cut their interest rate in order to blunt COVID-19 impacts and launched quantitative easing (i.e. The Federal Open Market Committee purchased the United States Treasury securities and the government-guaranteed mortgage-backed securities in the amounts needed to support smooth market functioning and effective transmission of monetary policy to broaden financial conditions and the economy) in March 2020 and followed by the Hong Kong Monetary Authority lowered its countercyclical capital buffer imposed on banks from 2% to 1%, and reduced its base interest rate by 64 basis points to 0.86%, which has freed up HK\$500 billion in capital and also with other stimulus packages including but not limited to, provision of loans and loan-repayment deferrals to assist small and medium-sized enterprises, in response to the COVID-19 pandemic, and most importantly, to help investors to regain their confidence in the stock markets.

Taking reference to recent local and international news, (i) Hong Kong has experienced significant political turmoil with regular protests and civil unrest in 2020 that is typically uncharacteristic of Hong Kong; (ii) the trade war between the U.S. and the PRC that began in 2018 is still on-going, even under the new Biden administration, with no immediate foreseeable resolution; and (iii) the outbreak of COVID-19 causing the global economies to suffer dramatic downturns. We expect the aforementioned factors will continue to impact on the worldwide economies and the stock markets, in particular making Hong Kong's future prospects and outlook relatively uncertain which is expected to have impacts on the Group's future prospects as approximately 70% of the Group's investment is primarily based in Hong Kong.

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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We noted from the April 2020 World Economic Outlook report published by the International Monetary Fund (the “IMF”) that the COVID-19 pandemic has led to a severe global recession with differential impacts within and across countries. The contraction of activity in 2020 created by the pandemic was very sudden and deep compared to previous global crises. The strength of the recovery will depend greatly on a rapid rollout of effective COVID-19 vaccines worldwide. The IMF projected a growth of 6% of the global economy in 2021 and moderating to 4.4% in 2022. However, the IMF also suggested that the global economic prospects remain highly uncertain due to new virus mutations, the divergent recoveries between advanced economies and emerging market economies and the potential evolution of financial conditions. Even though the rapid approval and availability of vaccines seemed to help fuel the global capital recovery and is considered an encouraging sign for the economy, the general economy recovery is still uncertain.

As noted from the 2018 AR, 2019 AR and 2020 AR, the Group had loss-making financial results during the past three financial years, recording a loss attributable to owners of the Company of approximately HK\$141.22 million, HK\$91.30 million and HK\$18.79 million in FY2018, FY2019 and FY2020 and the Company has not declared any cash dividend in the past three financial years. Due to nature of the principal business activities of the Group, the financial performance of the Group is largely affected by economic factors, investor sentiment, demand and supply balance of the investee company’s shares and fundamentals of the investee companies. The Group’s continuously loss making financial results was mainly due to the downturn of the global market performance. Despite the Group has proactively adjusted the equity portfolio mix and the loss for the year is in a decreasing trend, the performance of the Group is still hindered by the uncertainty of economy recovery and the on-going COVID-19 pandemic.

Having considered that the uncertainties associated with the financial performance and prospects of the Group as discussed above, including but not limited to (i) the political turmoil in Hong Kong and the on-going trade war between the U.S. and the PRC; (ii) the COVID-19 pandemic continuing to linger throughout 2020 and into 2021; (iii) the potential recovery of the worldwide stock markets is uncertain; and (iv) the financial performance of the Group is largely affected by the market performance and the Group’s continuously loss making financial results, we are of the view that the future business environment and worldwide stock markets are still full of uncertainties, the Group might continue to operate in a challenging environment in the coming years and the recovery momentum will be hindered by on-going COVID-19 precautionary measures and we remain cautious about the prospects and outlook of the Group.

### **5. Principal terms of the Offer**

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

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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**For each Offer Share . . . . . HK\$0.110 in cash**

The Offer Price is equivalent to the consideration of HK\$38,635,302.75 payable by the Purchaser to the Vendor pursuant to the Sale and Purchase Agreement divided by 351,230,025 (being the number of Shares held by the Offeror immediately before the Completion). The Offer Price of HK\$0.110 per Offer Share represents a premium of approximately 37.50% to the closing price of HK\$0.08 per Share as quoted on the Stock Exchange on 27 January 2021, being the Last Trading Day.

The Offer is unconditional in all respects when made.

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

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

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

As at the Latest Practicable Date, the Company confirmed that (a) it had not declared any dividend, the record date of which falls before the date of the Composite Document and which is not paid; (b) it had not declared any dividend, the record date of which falls on or after the date of the Composite Document; and (c) it did not have any intention to make, declare or pay any future dividend/distributions before the close of the Offer.

### **5.1 Analysis on the Offer Price**

The Offer Price of HK\$0.110 per Offer Share represents:

- (i) the closing price of HK\$0.110 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of 37.50% to the closing price of HK\$0.080 per Share as quoted on the Stock Exchange on the Last Trading Day;

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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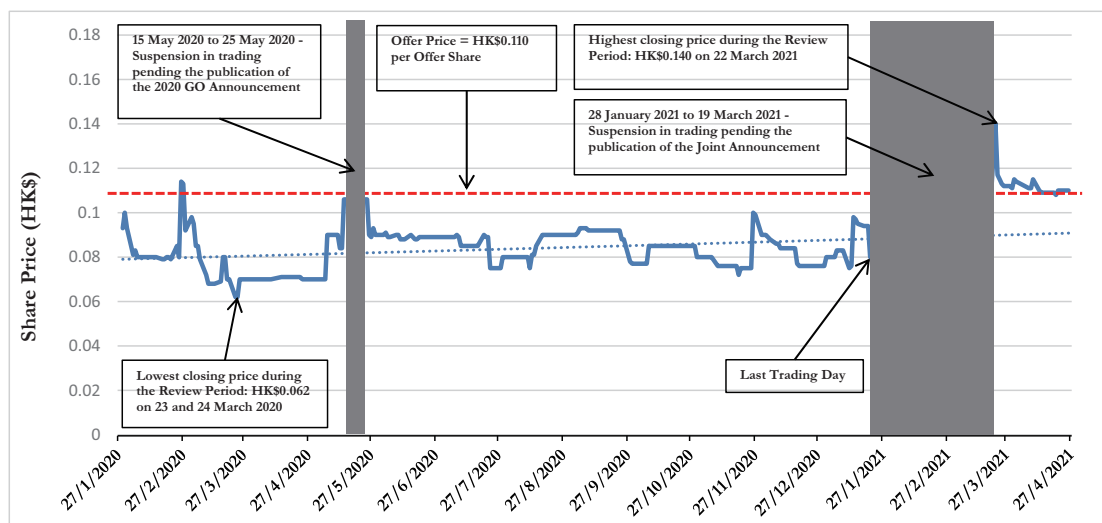
- (iii) a premium of 37.50% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.080 per Share;
- (iv) a premium of approximately 26.44% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.087 per Share;
- (v) a premium of approximately 34.15% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.082 per Share;
- (vi) a discount of approximately 72.29% to the audited consolidated net asset value of the Group per Share as at 31 December 2020 of approximately HK\$0.397 (which is calculated by dividing the sum of the audited consolidated net asset value of the Group as at 31 December 2020 (being the date to which the latest financial statements of the Company were made up) of approximately HK\$278,243,000) by 700,333,925 Shares in issue as at the Latest Practicable Date);
- (vii) a discount of approximately 71.20% to the unaudited consolidated net asset value of the Group per Share as at 31 January 2021 of approximately HK\$0.382 which was announced by the Company on 10 February 2021;
- (viii) a discount of approximately 75.56% to the unaudited consolidated net asset value of the Group per Share as at 28 February 2021 of approximately HK\$0.450 which was announced by the Company on 12 March 2021; and
- (ix) a discount of approximately 74.48% to the unaudited consolidated net asset value of the Group per Share as at 31 March 2021 of approximately HK\$0.431 which was announced by the Company on 14 April 2021.

### ***5.2 Historical performance of the Shares***

Set out below is the chart showing the daily closing price of the Shares as quoted on the Stock Exchange during the period commencing from 27 January 2020, being the twelve-month period 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, including but not limited to, (i) the period of the mandatory unconditional cash offer made by Spring Securities Limited for and on behalf of the Offeror (which was then wholly beneficially owned by the Vendor) in mid-2020 (the “**2020 General Offer**”); and (ii) the market reaction to the announcement of the Offer and the Share price movement from the date of the Joint Announcement to the Latest Practicable Date.

## LETTER FROM INDEPENDENT FINANCIAL ADVISER

**Table 2: Share price performance during the Review Period**



Source: [www.hkex.com.hk](http://www.hkex.com.hk)

*Notes:*

1. The trading of the Shares on the Stock Exchange was suspended at 9:00 a.m. on 15 May 2020 pending the release of the 2020 GO Announcement. Trading of the Shares on the Stock Exchange was resumed at 9:00 a.m. on 26 May 2020.
2. The trading of the Shares on the Stock Exchange was suspended at 9:00 a.m. on 28 January 2021 pending the release of the Joint Announcement. Trading of the Shares on the Stock Exchange was resumed at 9:00 a.m. on 22 March 2021.

We have reviewed the movements in the closing price of the Shares for the Review Period. We consider that the length of the Review Period to be reasonably long enough to illustrate the relationship between the historical trend of the closing price of the Shares and the Offer Price.

The lowest and highest closing price of the Shares during the Review Period were HK\$0.062 per Share recorded on 23 March 2020 and 24 March 2020 and HK\$0.140 per Share recorded on 22 March 2021, as quoted on the Stock Exchange. The average daily closing price of the Shares during the Review Period is approximately HK\$0.086 per Share. The Offer Price of HK\$0.110 per Share represents (i) a premium of approximately 77.42% over the lowest closing price of HK\$0.062 per Share; (ii) a discount of approximately 21.43% to the highest closing price of HK\$0.140 per Share; and (iii) a premium of approximately 27.91% over the average daily closing price of approximately HK\$0.086 per Share during the Review Period.

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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### *Pre-Announcement Period*

During the period under review from 27 January 2020 to 27 January 2021 (being the Last Trading Day) (the “**Pre-Announcement Period**”), the Share price demonstrated an overall steady trend. The lowest and highest closing price of the Shares during this period were HK\$0.062 per Share recorded on 23 March 2020 and 24 March 2020 and HK\$0.114 per Share recorded on 26 February 2020 respectively as quoted on the Stock Exchange. The Offer Price of HK\$0.110 per Share represents (i) a premium of approximately 77.42% over the lowest closing price of HK\$0.062 per Share; (ii) a discount of approximately 3.51% to the highest closing price of HK\$0.114 per Share; and (iii) a premium of approximately 32.53% over the average daily closing price of approximately HK\$0.083 per Share during the Pre-Announcement Period.

At the end of February 2020, there has been an observable fluctuation on closing price of the Shares. The closing price of the Shares has (i) substantial increase from HK\$0.080 per Share on 25 February 2020 to the highest closing price (i.e. HK\$0.114 per Share) during the Pre-Announcement Period on 26 February 2020, which representing an approximately 42.50% increase in the closing price of the Shares; and (ii) substantial decrease to HK\$0.092 per Share on 28 February 2020, whereas the Company has not published any announcement immediately prior to this fluctuation on closing price of the Shares and we are not aware of any other reasons for this unusual price movement.

The Share price from 28 February 2020 to end of April 2020 has demonstrated an overall downward trend and with very thin trading volume (reference to the paragraph headed “Historical trading liquidity of the Shares” below), as in March 2020 coinciding with the outbreak of COVID-19 globally, the Share price recorded a downward trend from HK\$0.098 on 2 March 2020 to HK\$0.070 on 29 April 2020. The Share price subsequently rebounded on 6 May 2020 with an upward spike to HK\$0.090 recorded on 6 May 2020. The closing price of the Shares had vigorously increase from HK\$0.084 per Share on 13 May 2020 to HK\$0.106 per Share on 14 May 2020 following the block trade transaction regarding 195,500,000 Shares at a consideration of HK\$0.09 per Share conducted by the Vendor, through the Offeror, and China Healthwise Holdings Limited, which triggered the obligation of the Offeror to make mandatory unconditional cash offers pursuant to Rule 26.1 and Rule 13.1 of the Takeovers Code. Trading in the Shares was halted from 15 May 2020 to 25 May 2020 (both days inclusive) pending for the publication of the announcement jointly issued by the Offeror and the Company regarding the 2020 General Offer dated 25 May 2020 (the “**2020 GO Announcement**”). Upon the publication of the 2020 GO Announcement, the Share has been traded between the range of HK\$0.085 to HK\$0.093 per Share until the close of the 2020 General Offer.

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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There are observable fluctuations in the closing price (i) from HK\$0.075 per Share on 25 November 2020 to HK\$0.100 per Share on 26 November 2020, which represents an approximately 33.33% increase in the closing price of the Shares; and (ii) from HK\$0.076 per Share on 12 January 2021 to HK\$0.098 per Share on 13 January 2021, which represents an approximately 28.95% increase in the closing price of the Shares. We have observed that the Company has not published any announcement immediately prior to this fluctuation on closing price of the Shares and the trading volume of the Shares was relatively low during the periods. We have also enquired with the management of the Company for the possible reasons for the price movement during the periods and were advised that the Company was not aware of any other reasons for this unusual price movement. We believe the price movement during the periods were mainly due to the market speculation.

We would like to draw the attention of the Independent Shareholders that the Shares had been traded below the Offer Price of HK\$0.110 per Share for most of the trading days during the Pre-Announcement Period and has been traded below the Offer Price for the whole period after the close of the 2020 General Offer on 10 July 2020 and up to and including the Last Trading Day (“**Post-2020 GO Period**”). During the Post-2020 GO Period (i.e. from 13 July 2020 to 27 January 2021 (being the Last Trading Day)), the average closing price of the Shares during this period were HK\$0.084 per Share as quoted on the Stock Exchange. The Offer Price of HK\$0.110 per Share represents a premium of approximately 30.95% over the average closing price of HK\$0.084 per Share during the Post-2020 GO Period.

### *Post-Announcement Period*

At the request of the Company, trading in the Shares was suspended from 9:00 a.m. on 28 January 2021 pending the publication of the Joint Announcement. Following the resumption of trading of Shares at 9:00 a.m. on 22 March 2021 and up to the Latest Practicable Date (the “**Post-Announcement Period**”), the lowest and highest closing price of the Shares as quoted on the Stock Exchange were HK\$0.108 per Share on 20 April 2021 and HK\$0.140 per Share on 22 March 2021.

The Offer Price of HK\$0.110 per Share represents (i) a premium of approximately 1.85% over the lowest closing price of HK\$0.108 per Share; and (ii) a discount of approximately 21.43% to the highest closing price of HK\$0.140 per Share during the Post-Announcement Period.



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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

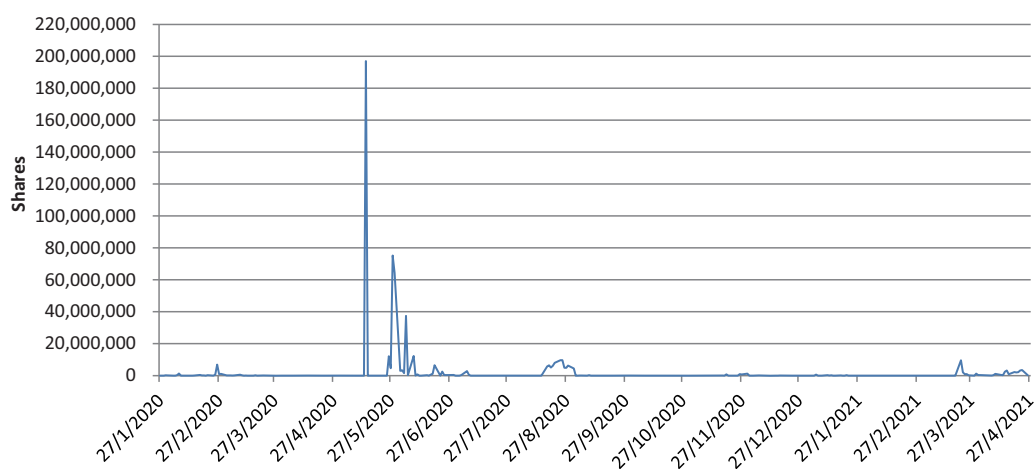
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Upon publication of the announcement of the Company in relation to the annual results of the Company for the year ended 31 December 2020, on 30 March 2021, there was no notable movement in the Share price up to and including the Latest Practicable Date.

### 5.3 Historical trading volume of the Shares

Set out below is the chart showing the daily trading volumes of the Shares on the Stock Exchange during the Review Period:

**Table 3: Daily trading volume of the Shares during the Review Period**



Source: [www.hkex.com.hk](http://www.hkex.com.hk)

Notes:

1. The trading of the Shares on the Stock Exchange was suspended at 9:00 a.m. on 15 May 2020 pending the release of the 2020 GO Announcement. Trading of the Shares on the Stock Exchange was resumed at 9:00 a.m. on 26 May 2020.
2. The trading of the Shares on the Stock Exchange was suspended at 9:00 a.m. on 28 January 2021 pending the release of the Joint Announcement. Trading of the Shares on the Stock Exchange was resumed at 9:00 a.m. on 22 March 2021.



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**LETTER FROM INDEPENDENT FINANCIAL ADVISER**

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The following table sets out the historical monthly trading volumes of the Shares and the percentage of the number of Shares traded as compared to the total number of Shares in issue during the Review Period.

**Table 4: Trading volume of the Shares during the Review Period**

Month/Period	Total trading volume for month/period (number of Shares)	Number of trading days during the month (days)	Average daily trading volume for month/period (number of Shares)	Percentage of average daily trading volume to total number of the Shares in issue as at the Latest Practicable Date (note 4) (%)	Percentage of average daily trading volume to total number of the Shares held by public Shareholders as at the respective month or period (note 5) (%)
<b>2020 (note 1)</b>					
27 January to 30 January	220,300	3	73,433.33	0.0105	0.0212
February	12,484,500	20	624,225	0.0891	0.1803
March	1,386,500	22	63,023	0.0090	0.0182
April	114,500	19	6,026	0.0009	0.0017
1 May to 14 May (note 2)	197,084,000	9	21,989,222	3.1268	6.3238
26 May to 31 May (note 2)	156,282,509	4	39,070,627	5.5789	18.4581
June	71,254,000	21	3,393,048	0.4845	1.6030
July	4,590,000	22	208,636	0.0298	0.1746
August	70,803,000	21	3,371,571	0.4814	1.7824
September	2,014,000	22	91,545	0.0131	0.0480
October	102,000	18	5,667	0.0008	0.0030
November	3,566,000	21	169,810	0.0242	0.0891
December	258,000	22	11,727	0.0017	0.0062
<b>2021</b>					
1 January to and including the Last Trading Day (i.e. 27 January 2021) (note 3)	2,300,500	18	127,806	0.0182	0.0671
22 March to 31 March (note 3)	15,076,452	8	1,884,557	0.2691	0.9890
1 April to and including the Latest Practicable Date (i.e. 27 April 2021)	21,652,500	16	1,353,281	0.1932	0.7102
			<b>Maximum</b>	<b>5.5789</b>	<b>18.4581</b>
			<b>Minimum</b>	<b>0.0008</b>	<b>0.0017</b>
			<b>Average</b>	<b>0.6457</b>	<b>1.9047</b>

Source: [www.hkex.com.hk](http://www.hkex.com.hk)

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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*Notes:*

- 1) The Review Period commenced on 27 January 2020.
- 2) The trading of the Shares on the Stock Exchange was suspended at 9:00 a.m. on 15 May 2020 pending the release of the 2020 GO Announcement. Trading of the Shares on the Stock Exchange was resumed at 9:00 a.m. on 26 May 2020.
- 3) The trading of the Shares on the Stock Exchange was suspended at 9:00 a.m. on 28 January 2021 pending the release of the Joint Announcement. Trading of the Shares on the Stock Exchange was resumed at 9:00 a.m. on 22 March 2021.
- 4) Based on 700,333,925 Shares in issue as at the Latest Practicable Date.
- 5) Based on (i) 346,279,925 Shares held by the public Shareholders from January 2020 to 14 May 2020; (ii) 211,671,925 Shares held by the public Shareholders from 26 May 2020 to 30 June 2020; (iii) 119,461,900 Shares held by the public Shareholders as at 31 July 2020; (iv) 189,157,900 Shares held by the public Shareholders as at 31 August 2020; and (v) 190,549,900 Shares held by public from 30 September 2020 and up to the Latest Practicable Date.

As illustrated above, the average daily trading volume of the Shares as a percentage of the total number of the Shares in issue during the Review Period ranged from the lowest of approximately 0.0008% in October 2020 to the highest of approximately 5.5789% from the period 26 May 2020 to 31 May 2020, with an average daily trading volume throughout the whole Review Period of approximately 0.3002% of the total number of issued Shares as at the Latest Practicable Date. If only Shares held by public Shareholders (the “**Free Float Shares**”), are considered in calculating the percentage of average daily trading volume of the Shares as at the respective periods under the Review Period, the average trading volume of the Free Float Shares during the Review Period ranged from the lowest of approximately 0.0017% in April 2020 to the highest of approximately 18.4581% from the period 26 May 2020 to 31 May 2020, with an average daily trading volume throughout the whole Review Period of approximately 1.1032% of the total number of Free Float Shares as at the Latest Practicable Date. Therefore, the trading volume of the Shares was relatively thin in the Review Period and illiquid in the open market.

As shown in the above table, we noted that the relatively high average daily trading volume of the Shares (i) from 1 May 2020 to 14 May 2020, which was arising from the block trade transaction of 195,500,000 Shares being acquired by the Offeror on the Stock Exchange on 14 May 2020; (ii) from 26 May 2020 to 29 May 2020, which was arising from 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 2020 GO Announcement on 25 May 2020. The market reaction following the 2020 GO Announcement sustained 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 0.4845% in June 2020.

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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In addition, the average daily trading volume of the Shares from 17 August 2020 to 31 August 2020 was relatively high, which was arising from the disposal of an aggregate of 59,008,000 Shares by the Offeror on the open market through the Stock Exchange to restore the required minimum public float of the Company, the average daily trading volume of the Shares has then remained comparatively low upon the close of the 2020 General Offer.

The trading of the Shares was comparatively active during the Post-Announcement Period. We are of the view that the market reaction is likely to be in response to the publication of the Joint Announcement and it is uncertain whether such trading momentum could be sustained in light that the average daily trading volume of the Shares was generally thin for most of the time during the Review Period.

As illustrated in the above table, save and except for May, June and August 2020, the average daily trading volume of the Shares as a percentage of the total issued Shares ranged from approximately 0.0008% to approximately 0.2691% during the Review Period. During the Review Period, nil daily trading volume of the Shares was recorded for 137 trading days, representing approximately 51.50% 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.

Given the thin trading volume of the Shares, the Independent Shareholders may find it difficult to dispose of a large volume of Shares in the open market in a short period of time without exerting downward pressure on the price of the Shares. Accordingly, the market trading price of the Shares may not necessarily reflect the proceeds that the Independent Shareholders can receive through the disposal of their Shares in the open market and therefore, the Offer provides a viable alternative exit for the Independent Shareholders, particularly for those who hold a large volume of Shares, to realise their investments in the Company at the Offer Price of HK\$0.110 per Offer Share.

Having considered that (i) the overall price performance of the Shares during the Review Period; (ii) the Offer Price represents a premium over the average of the closing prices as quoted on the Stock Exchange for last five, ten and thirty trading days up to and including the Last Trading Day; (iii) the uncertainty associated with the financial performance and prospects of the Group as discussed in the section headed "Prospects and outlook of the Group" above; and (iv) the trading volume of the Shares was generally thin for the majority of the Review Period, as such we are of the view that the Offer represents an opportunity for the Independent Shareholders, particularly for those who hold a relatively large volume of the Shares, to dispose of part or all of their Shares at the Offer Price if they so wish to. The Independent Shareholders who wish to realise their investments in the Group are reminded that they should carefully and closely monitor the market price of the Shares during the Offer Period.

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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### 5.4 Comparable Analysis

In order to further assess the fairness and reasonableness of the Offer Price, we have considered the price-to-book ratio (the “**P/B Ratio**”), the price-to-earnings ratio (the “**P/E Ratio**”) and dividend yield which are commonly adopted trading multiple analyses in assessing the financial valuation of a company as the data for calculating the ratios can be obtained fairly and directly from publicly available information and reflect the value of the companies determined by the open market. Given that the Group was loss-making for the FY2020 and no dividend was distributed for the FY2018, FY2019 and FY2020, the P/E Ratio analysis and dividend yield analysis are not applicable.

Based on the Offer Price of HK\$0.110 per Offer Share and the total number of issued Shares of 700,333,925 as at the Latest Practicable Date, the Company is valued at approximately HK\$77.04 million. The P/B Ratio of the Company implied by the Offer Price is approximately 0.28 times (the “**Implied P/B Ratio**”) based on the audited consolidated net asset value of the Company of approximately HK\$278.24 million as at 31 December 2020.

We have attempted to identify the comparable companies (the “**Comparables**”) which are (i) listed on 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\$1,000 million as at their latest financial period end (given the Group’s audited net asset value of approximately HK\$278.24 million as at 31 December 2020) and market capitalisation of less than HK\$500 million as at the Latest Practicable Date (given the Company is valued at only approximately HK\$77.04 million based on the Offer Price of HK\$0.110 per Offer Share). In this regard, we have identified 6 comparable companies based on our research on the website of the Stock Exchange in accordance with the above criteria which we consider to be exhaustive. Given that the Company and the Comparables 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 Comparables would better serve as fair and representative samples for the purpose of comparison with the Company since the Comparables of similar investment size are encountering comparable business risks. Given we could not obtain the full investment portfolio of the Comparables i.e. the focus of geographical locations and mix of investment products from their respective annual/interim reports, and the fact that the investment portfolio mix of these Comparables are changing from time to time, we did not take these factors into account as a selection criterion for the Comparables. Details of our analysis are listed below:

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**LETTER FROM INDEPENDENT FINANCIAL ADVISER**

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**Table 5: P/B Ratios of the Comparables**

Name of the Comparables	Stock Code	Market capitalisation as at the Latest Practicable Date (note 1) (HK\$' million)	Net asset value (note 1) (HK\$ million)	P/B Ratio (note 1) (Times)
Capital VC Limited	2324	113.27	448.67	0.25
China Innovation Investment Limited	1217	128.02	653.75	0.20
China Investment and Finance Group Limited	1226	121.91	179.04	0.68
Cocoon Holdings Limited (formerly known as Huge China Holdings Limited)	428	100.72	162.75	0.62
DT Capital Limited	356	109.41	115.68	0.95
Unity Investments Holdings Limited	913	80.45	229.49	0.35
			<b>Maximum</b>	<b>0.95</b>
			<b>Minimum</b>	<b>0.20</b>
			<b>Average</b>	<b>0.51</b>
<b>The Company</b> (note 2)	<b>905</b>	<b>77.04</b>	<b>278.24</b>	<b>0.28</b>

Source: [www.hkex.com.hk](http://www.hkex.com.hk)

Notes:

- 1) The P/B Ratios of the Comparables are calculated based on the market capitalisation of the respective Comparables divided by the net assets value of the respective Comparables as extracted from their respective latest published interim or annual results as at the Latest Practicable Date.
- 2) The Implied P/B Ratio is calculated based on the theoretical market capitalisation of the Company based on the Offer Price.

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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As illustrated in the table set out above, the P/B Ratios of the Comparables ranged from approximately 0.20 times to approximately 0.95 times, with an average of approximately 0.51 times. Accordingly, the Implied P/B Ratio of approximately 0.28 times is within the range of the P/B Ratios of the Comparables. The Implied P/B Ratio is close to the minimum P/B Ratios of the Comparables which could be reasonably due to the fact that the trading price of the Shares have been trading substantially below the net asset value per Share over the past 12 months (as shown in Table 6 “Historical discounts to NAV per Share” below). Despite the Implied P/B Ratio is lower than the average of the P/B Ratios of the Comparables, it is higher than the P/B Ratio of the Company of approximately 0.20 times as calculated based on the closing prices of the Shares on the Last Trading Day (i.e. HK\$0.080 per Share). We consider the Offer Price allows the Independent Shareholders to realise their investments in the Group, in part or in whole, at a lower discount to the Group’s net asset value per Share attributable to equity owners of the Company as at 31 December 2020, whilst the recent market prices cannot reflect the underlying net asset value of the Group per Share attributable to equity owners of the Company in full.

In light of the above, we are of the view that the Offer Price is fair and reasonable from a valuation standpoint so far as the Independent Shareholders are concerned.

### ***5.5 Comparison with historical discounts to net asset value per Share (“NAV per Share”)***

With reference to (i) the closing price of the Shares ranging from HK\$0.062 to HK\$0.140 during the Review Period as discussed above; and (ii) the NAV per Share ranging from HK\$0.364 to HK\$0.450 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 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 illustrative purpose, the discount of the then closing price of the Shares to the NAV per Share as at the corresponding end of each month.

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**LETTER FROM INDEPENDENT FINANCIAL ADVISER**

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**Table 6: Historical discounts to NAV per Share**

<b>End of month</b>	<b>NAV per Share (HK\$')</b>	<b>Closing price of the Shares (note 1)</b>	<b>Discount of the closing price of the Shares to the NAV per Share (note 2)</b>
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%
30 June 2020	0.364	0.089	75.55%
31 July 2020	0.368	0.080	78.26%
31 August 2020	0.385	0.090	76.62%
30 September 2020	0.374	0.077	79.41%
31 October 2020	0.365	0.080	78.08%
30 November 2020	0.385	0.090	76.62%
31 December 2020	0.397	0.080	79.85%
31 January 2021	0.382	0.080	79.06%
28 February 2021	0.450	0.080	82.22%
31 March 2021	0.431	0.115	73.32%
		<b>Maximum</b>	<b>82.22%</b>
		<b>Minimum</b>	<b>73.32%</b>
		<b>Average</b>	<b>78.09%</b>

*Notes:*

1. 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.
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 (note 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 73.32% to 82.22%, with an average discount of 78.09%. The Offer Price represents (i) a discount of approximately 72.29% to the audited consolidated NAV per Share as at 31 December 2020; and (ii) a discount of approximately 74.48% to the unaudited consolidated NAV per Share as at 31 March 2021, which are within the range of and below to the average of the Historical Discount.

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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The Historical Discount during the Review Period has implied the Shares has been trading consistently undervalued by the public investors in the stock market based on the net asset value of the Company. We noted that all the Comparables have a P/B Ratio below 1, which implying that it is not uncommon for the shares of Chapter 21 companies to trade at discounts to their net asset values. The discount of the market price (as at the Latest Practicable Date) to the net asset values per Share of the Comparables as at 31 March 2021 ranged from approximately 7.69% to approximately 80.39%, and with an average discount of approximately 51.23%. Public investors may had emphasised more on the earnings and business performance of Chapter 21 companies, as well as the future prospects, investment portfolio mix earnings cash free flow and geographical locations when they deciding the trading price of the Shares. As such, when assessing the fairness and reasonableness of the Offer Price, it is more appropriate to compare with the fair value of the Share which (i) reflected by the on-market trading price of the Shares; and (ii) making reference to the historical price performance.

### **6 Public float and maintaining the listing status of the Company**

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

- (i) a false market exists or may exist in the 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,

As disclosed in the Letter from Lego Securities, it is noted that the Company is an investment company under Chapter 21 of the Listing Rules. Pursuant to Rule 21.04 of the Listing Rules, the Company is not required to comply with Rule 8.08(1) of the Listing Rules which states that there should be at least 25% of the Shares as held in the hands of the public. Pursuant to Rule 8.08 and Rule 13.32 of the Listing Rules, there should be an open market in the Shares and that the Company shall maintain the minimum percentage of the Shares in public hands. Even though the Company is not required to comply with Rule 8.08(1) of the Listing Rules, it still intends to maintain a public float of having at least 25% of the Shares being held in the hands of the public. 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 there will be an open market in the Shares and sufficient public float exists in the Shares. The Company will disclose the percentage shareholding of the public Shareholders after the close of the Offer.



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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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### RECOMMENDATION

Having considered the abovementioned principal factors and reasons set out in this letter, in particular:

- (a) the political and economic uncertainties and the overall unsatisfying financial performance of the Group from FY2018 to FY2020 as mentioned in the above section “Prospects and outlook of the Group”;
- (b) the Offer Price of HK\$0.110 per Offer Share is a premium to the average market price of the Shares during the Review Period and represents a premium of 37.50%, 26.44% and 34.15% over the average of the closing prices as quoted on the Stock Exchange for last five, ten and thirty trading days up to and including the Last Trading Day respectively;
- (c) the trading volume of the Shares was generally thin during the Review Period with an average daily trading volume throughout the whole Review Period of approximately 1.1032% of the total number of Free Float Shares as at the Latest Practicable Date and thus it is uncertain as to whether there would be sufficient liquidity in the Shares for the Independent Shareholders to dispose of a significant number of the Shares in the open market without depressing the Share price; and accordingly, the market trading price of the Shares may not necessarily reflect the proceeds that the Independent Shareholders can receive by the disposal of their Shares in the open market;
- (d) despite the Offer Price represents a discount of approximately 72.29% to the audited consolidated NAV per Share as at 31 December 2020, it is noted that the Share price has been trading at significant discounts to the Company’s net asset value per Share throughout the Review Period; and
- (e) the Implied P/B Ratio of 0.28 times is within the range of the P/B Ratios of the Comparables (i.e. a minimum of 0.20 times to a maximum of 0.95 times),

we are of the opinion that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to accept the Offer.

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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The 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 Shares during the Offer Period and consider selling their Shares in the open market during the Offer Period, rather than accepting the Offer, if the net proceeds from the sales of such Shares in the open market would exceed the net amount receivable under the Offer. In any event, the Independent Shareholders should note that there is no certainty that the current trading volume and/or current trading price level of the Shares will be sustainable during or after the Offer Period.

Yours Faithfully,

For and on behalf of

**Merdeka Corporate Finance Limited**

**Tina Hung**

**Wallace So**

*Director*

*Director*

*Ms. Tina Hung is a Responsible Officer under the SFO to engage in Type 6 (advising on corporate finance) regulated activity and has over 25 years of experience in corporate finance.*

*Mr. Wallace So is a Responsible Officer under the SFO to engage in Type 6 (advising on corporate finance) regulated activity and has over 10 years of experience in corporate finance.*

**1. PROCEDURES FOR ACCEPTANCE OF THE OFFER**

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

- (a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Offer in respect of your Shares (whether in full or in part), you must send the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), 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 – General 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 the Offeror and the Company may jointly announce with the consent of the Executive as a result of a revision or an extension of the Offer in accordance with the Takeovers Code, if any.
- (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 the name of a nominee company or a name other than your own, and you wish to accept the 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) in respect of your Shares with the nominee company, or other nominee, with instructions authorising it to accept the Offer on your behalf and requesting it to deliver the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares 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 Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares to the Registrar by no later than 4:00 p.m. on the Closing Date; or

- (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
  - (iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, give your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set out by HKSCC Nominees Limited.
- (c) 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 Offer in respect of your Shares, the Form of Acceptance should nevertheless be completed, signed and delivered to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares 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 in respect of your Shares, 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.
- (d) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete and sign the Form of Acceptance and deliver it 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 Lego Securities and/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 Offer, as if it was/they were delivered to the Registrar with the Form of Acceptance.

- (e) Acceptance of the Offer will be treated as valid only if the duly completed Form of 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 the Offeror and the Company may jointly announce with the consent of the Executive in accordance with the Takeovers Code) and the Registrar has recorded that the Form of 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) in respect of your Shares 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 subparagraph of this paragraph (e)); or
  - (iii) certified by the Registrar or the Stock Exchange.
- (f) If the Form of 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.
- (g) No acknowledgement of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.
- (h) The address of the Registrar, Tricor Secretaries Limited, is situated at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

**2. SETTLEMENT OF THE OFFER**

- (a) Provided that a valid Form of Acceptance and the relevant 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 Offer, a cheque for the amount (rounding up to the nearest cent) representing the cash consideration due to each of the Independent Shareholders who accepts the Offer less seller's ad valorem stamp duty in respect of the Offer Shares tendered by him/her/it under the 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 acceptance of the 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.

Settlement of the consideration to which any accepting Independent Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer (save with respect to the payment of seller's ad valorem stamp duty in respect of the 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 Independent Shareholder.

- (b) 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.
- (c) No fraction of a cent will be payable and the amount of cash consideration payable to an Independent Shareholder who accepts the Offer will be rounded up to the nearest cent.

**3. ACCEPTANCE PERIOD AND REVISIONS**

- (a) The Offer is made on 30 April 2021, 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 Offer, the Form of Acceptance must be received by the Registrar in accordance with the instructions printed thereon by 4:00 p.m. on the Closing Date, unless the Offer is extended or revised with the consent of the Executive.

- (c) The Offeror reserves the right to revise the terms of the Offer 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 Offer, all Independent Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms.
- (d) The Offeror will publish an announcement on the Stock Exchange's website no later than 7:00 p.m. on the Closing Date stating the results of the Offer and whether the Offer has been extended, revised or has expired.
- (e) If the Offer is extended or revised, the Offeror will issue an announcement in relation to such extension or revision of the Offer, which will state the next closing date or the Offer will remain open until further notice. In the latter case, at least fourteen (14) days' notice in writing will be given, before the Offer is closed, to the Independent Shareholders who have not accepted the Offer. The revised Offer will be kept open for at least fourteen (14) days following the date on which the revised Offer document is posted.
- (f) If the Closing Date is extended, any reference in this Composite Document and in the Form of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the closing date of the Offer 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 Offer.

#### **5. ANNOUNCEMENTS**

- (a) As required by Rule 19 of the Takeovers Code, by 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension or expiry of the Offer. The Offeror must publish 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 Offer has been revised, extended, or have expired. The announcement will state the following:
  - (i) the total number of Shares and rights over Shares for which acceptances of the Offer have been received;

- (ii) the total number of Shares and rights over Shares held, controlled or directed by the Offeror and/or the Offeror Concert Party(ies) before the Offer Period; and
  - (iii) the total number of Shares and rights over Shares acquired or agreed to be acquired during the Offer Period by the Offeror and/or the Offeror Concert Party(ies).
  - (iv) details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror and the Offeror Concert Party(ies) have borrowed or lent, save for any borrowed shares which have been either on-lent or sold; and
  - (v) 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 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 no later than 4:00 p.m. on the Closing Date, unless the Offer is 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 Offer 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 Offer tendered by Independent Shareholders 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 Offer as described under the paragraph headed “5. Announcements” above), the Executive may require that the Independent Shareholders who have tendered acceptances of the Offer 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 withdraw their acceptances, the Offeror shall, as soon as possible but in any event within ten (10) days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the Shares lodged with the Form(s) of Acceptance to the relevant Independent Shareholder(s) at their own risks.



**7. STAMP DUTY**

Sellers' Hong Kong ad valorem stamp duty on acceptances of the 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 by the Offeror to the Independent Shareholders who accept the Offer. The Offeror will arrange for payment of sellers' ad valorem stamp duty on behalf of the Independent Shareholders who accept the Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Offer and the transfers of the relevant Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

**8. OVERSEAS SHAREHOLDERS**

The Offeror intends to make the Offer available to all Independent Shareholders, including the Overseas Shareholders. As the Offer 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 beneficial owners of the Shares 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 Offer. It is the responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer, including the obtaining of any governmental, 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, the Offeror Concert Party(ies), the Company, Luk Fook Capital, Lego Securities, Merdeka, 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 Offer 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 Offer by any Overseas Shareholder will be deemed to constitute a representation and warranty from such Overseas Shareholder to the Offeror that the local laws and requirements have been complied with and such person is permitted under all applicable laws and regulations to receive and accept the Offer, and any revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws and regulations. 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 should consult their professional advisers if in doubt.

**9. TAXATION ADVICE**

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

**10. GENERAL**

- (a) All communications, notices, Form(s) of Acceptance, share certificate(s), 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 Offer to be delivered by or sent to or from the Independent Shareholders 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, the Offeror Concert Party(ies), Luk Fook Capital, Lego Securities, Merdeka and any of their respective directors nor the Registrar or other parties involved in the Offer 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 of Acceptance form part of the terms and conditions of the Offer.
- (c) The accidental omission to despatch this Composite Document and/or Form of Acceptance or any of them to any person to whom the Offer is made will not invalidate the Offer in any way.
- (d) The Offer is, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.
- (e) Due execution of the Form of Acceptance will constitute an authority to the Offeror, Luk Fook Capital, Lego 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 Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as they may direct, the Shares in respect of which such person or persons has/have accepted the Offer.

- (f) By accepting the Offer, the Independent Shareholders will sell their Shares to the Offeror that are (a) fully paid; (b) free from all liens, equities, mortgages, charges, encumbrances, rights of pre-emption and any other third party rights of any nature; and (c) together with all rights, benefits and entitlements 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 before the close of the Offer. In the event of any declaration of dividend/distribution by the Company, such dividend/distribution will not be used to set off against the Offer Price (or any part thereof) payable to the Shareholders under the Offer.

The Offer is made available to all Independent Shareholders, including those who are residents outside Hong Kong. The availability of the Offer to persons not residing in Hong Kong may be affected by the laws of the relevant overseas jurisdictions. The making of the Offer to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or limited by the laws or regulations of the relevant jurisdictions. Overseas Shareholders 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 Offer, 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 and the beneficial owners of the Shares 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 should consult their respective professional advisers if in doubt. Independent Shareholders 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 Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares in respect of which as indicated in the Form of Acceptance is the aggregate number of Shares held by such nominee for such beneficial owner who is accepting the Offer.
- (h) Unless otherwise expressly stated in this Composite Document and/or the Form of Acceptance, no person other than the Offeror and the accepting Independent Shareholders may enforce any terms of the Offer 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 Offer in this Composite Document and in the Form of Acceptance shall include any extension and/or revision thereof.
- (j) The English text of this Composite Document and the Form 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 must rely on their own examination of the Offeror, the Group and the terms of the Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Form of Acceptance, shall not be construed as any legal or business advice on the part of the Offeror, the Offeror Concert Party(ies), the Company, Luk Fook Capital, Lego Securities, Merdeka and the Registrar or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other persons involved in the Offer. The Independent Shareholders should consult their own professional advisers for professional advice.
- (l) The Offer is 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 2018, 2019 and 2020 as extracted from the annual report of the Company for each of the financial years ended 31 December 2018, 2019 and 2020.

	For the year ended 31 December		
	2020	2019	2018
	HK\$'000	HK\$'000	HK\$'000
	(audited)	(audited)	(audited)
Revenue	6,037	6,028	3,461
Other income	659	146	137
Loss arising in change in fair value of financial assets at fair value through profit or loss	(5,632)	(77,633)	(122,160)
Administrative expenses and other operating expenses	(19,177)	(19,034)	(22,362)
Finance costs	<u>(679)</u>	<u>(802)</u>	<u>(299)</u>
Loss before income tax	(18,792)	(91,295)	(141,233)
Income tax expense	<u>—</u>	<u>—</u>	<u>—</u>
Loss for the year attributable to owners of the Company	(18,792)	(91,295)	(141,223)
Other comprehensive income/(loss) for the year	<u>4</u>	<u>1</u>	<u>(1)</u>
Total comprehensive loss for the year attributable to owners of the Company	<u>(18,788)</u>	<u>(91,294)</u>	<u>(141,224)</u>
Basic and diluted loss per share ( <i>HK cents</i> )	<u>(2.68)</u>	<u>(13.04)</u>	<u>(20.17)</u>

For the years ended 31 December 2018, 2019 and 2020, 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 was material during each of the years ended 31 December 2018, 2019 or 2020. As at the Latest Practicable Date, Company has no intention to make, declare or pay any future dividend/distribution before the close of the Offer.

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 2018, 2019 and 2020 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 2020 (the "**2020 Financial Statements**"); (ii) the audited consolidated financial statements of the Group for the year ended 31 December 2019 (the "**2019 Financial Statements**"); and (iii) the audited consolidated financial statements of the Group for the year ended 31 December 2018 (the "**2018 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 2020 Financial Statements are set out on pages 70 to 183 of the annual report of the Company for the year ended 31 December 2020, which was published on 21 April 2021. The annual report of the Company for the year ended 31 December 2020 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/2021/0421/2021042100398.pdf>*

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 2018 Financial Statements, the 2019 Financial Statements and the 2020 Financial Statements (but not any other part of the annual reports of the Company for the years ended 31 December 2018, 2019 and 2020 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 31 January 2021, 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 31 January 2021, the Group had a non-convertible bond in a principal amount of HK\$10 million.

**(ii) Lease liabilities**

As at 31 January 2021, the Group had lease liabilities of approximately HK\$2.6 million relating to premises leased by the Group as lessee.

**(iii) Margin loan from securities broker**

As at 31 January 2021, the Group had margin loan from securities broker of approximately HK\$71.7 million which were secured by the listed securities held by the Group.

**(iv) Capital commitment**

As at 31 January 2021, the Group had no material capital commitment.

**(v) Contingent liabilities**

As at 31 January 2021, 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, mortgages, charges, guarantees, material capital commitment or other material contingent liabilities outstanding as at the close of business on 31 January 2021.

#### **4. MATERIAL CHANGE**

The Directors confirm that, save as disclosed in the Company's announcement dated 14 April 2021 showing that the unaudited consolidated net asset value per share of the Company as at 31 March 2021 was approximately HK\$0.431, which represents an increase of approximately 8.56% as compared to the audited consolidated net asset value per share of the Company of approximately HK\$0.397 per share as at 31 December 2020, there had been no material change in the financial or trading position or outlook of the Group since 31 December 2020, 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 2020, and up to the Latest Practicable Date.



## 1. RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of the information (other than that relating to the Offeror and the Offeror Concert Party(ies)) contained in this Composite Document and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed (other than those expressed by the sole director of the Offeror) in this Composite Document 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 2020, being the date to which the latest audited financial statements of the Company were made up.

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**(a) The Company*

<b>Name of Director</b>	<b>Capacity</b>	<b>Number of Shares held</b>	<b>Approximate percentage of the issued share capital</b> <i>(Note 2)</i>
The Purchaser	Interest of controlled corporation	509,784,025 <i>(Note 1)</i>	72.79%

*Notes:*

1. These Shares were registered in the name of and were beneficially owned by the Offeror, a company in which the Purchaser holds the entire issued share capital. Therefore, the Purchaser is deemed to have an interest in the Shares in which the Offeror is interested.
2. 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.

*(b) Associated corporation*

<b>Name of Director</b>	<b>Associated corporation</b>	<b>Number of shares held</b>	<b>Approximate percentage of the issued share capital</b> <i>(Note 3)</i>
The Purchaser	The Offeror <i>(Note 1)</i>	1 <i>(Note 2)</i>	100%

*Notes:*

1. The Offeror is the holding company of the Company, and is therefore an associated corporation.
2. The share was registered in the name of and was beneficially owned by the Purchaser.
3. The percentage holding is calculated based on the issued share capital of the associated corporation as at the Latest Practicable Date comprising 1 share.

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	Approximate percentage of the issued share capital <i>(Note 3)</i>
The Offeror	Beneficial owner	509,784,025 <i>(Note 1)</i>	72.79%
The Vendor	Person having a security interest in shares	509,784,025 <i>(Notes 2)</i>	72.79%

*Notes:*

- These Shares were registered in the name of and beneficially owned by the Offeror.

2. Pursuant to the share charge dated 27 January 2021 executed by the Offeror in favour of the Vendor under the Finance Documents, 509,784,025 Shares were charged by the Offeror in favour of the Vendor.
3. 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 derivatives issued by the Company in respect of Shares.

#### **4. DEALINGS AND INTERESTS IN THE COMPANY'S SECURITIES**

Save for (i) the acquisition of the BVI Sale Share by the Purchaser under the Sale and Purchase Agreement for the purpose of acquiring 351,230,025 Shares; (ii) the transfer of 53,696,000 Shares from Mr. K. K. Mung and the transfer of 104,858,000 Shares from TDX to the Offeror (which was wholly and beneficially owned by the Purchaser after the Completion) on 27 January 2021; (iii) the provision of an interest in all of the Shares owned by the Offeror (which was then wholly and beneficially owned by the Vendor) from time to time as security as disclosed by the Vendor in the disclosure of interests form filed on 29 July 2020 which was released on 25 January 2021 as disclosed by the Vendor in the disclosure of interests form filed on 25 January 2021; and (iv) the share charge dated 27 January 2021 executed by the Offeror (which was wholly and beneficially owned by the Purchaser after the Completion) in favour of the Vendor over the 509,784,025 Shares owned by the Offeror and the Shares to be acquired by the Offeror under the Offer and on market (if any), none of the Directors held any shares, convertible securities, warrants, options or other derivatives of the Company, and none of the Directors have dealt for value in any Share or any convertible securities, warrants, option or derivatives issued by the Company during the Relevant Period.

## 5. OTHER DISCLOSURE OF INTERESTS

As at the Latest Practicable Date:

- (i) save for (i) the acquisition of the BVI Sale Share by the Purchaser on 27 January 2021 under the Sale and Purchase Agreement; (ii) the Purchaser holding the entire issued share capital of the Offeror upon the Completion and (iii) the execution of the share charge dated 27 January 2021 by the Purchaser in favour of the Vendor over the entire issued share capital of the Offeror under the Finance Documents, none of the Company nor any of its Directors had any interest in the relevant securities (as defined in note 4 to Rule 22 of the Takeovers Code) (the “**Relevant Securities**”) of the Offeror, and no such person (including the Company) had dealt in the Relevant Securities of the Offeror during the Relevant Period;
- (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) none of the Directors has any beneficial shareholdings which would entitle them to accept or reject the Offer; and
- (vi) none of the Company or the Directors had borrowed or lent any Shares, convertible securities, warrants, options or derivatives issued by the Company in respect of any Shares.

**6. 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.

**7. 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.

**8. 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 Offer;
- (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 Offer or otherwise connected with the Offer; and
- (iii) no material contracts had been entered into by the Offeror in which any Director had a material personal interest.

**9. SERVICE CONTRACTS**

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).

**10. EXPERT'S QUALIFICATION AND CONSENT**

The following is the qualification of the expert who has been named in this Composite Document or has given opinion or advice which is contained or referred to in this Composite Document:

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

The above expert has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its letter, advice and/or references to its name in the form and context in which it appear.

As at the Latest Practicable Date, Merdeka, 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 2020, 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., Shun Tak Centre, West Tower, 168-200 Connaught Road Central, Hong Kong.
- (ii) The registered office of the Independent Financial Adviser is located at Room 1108-1110, 11/F, Wing On Centre, 111 Connaught Road, Central, Hong Kong.
- (iii) The English text of this Composite Document and the Form 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., 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 Offer 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 20 to 26 of this Composite Document;
- (c) the letter from the Independent Board Committee as set out on pages 27 to 28 of this Composite Document;
- (d) the letter from the Independent Financial Adviser as set out on pages 29 to 56 of this Composite Document;
- (e) the written consents referred to in the paragraph headed “10. Expert’s Qualification and Consent” in this appendix;
- (f) the annual reports of the Company for each of the three financial years ended 31 December 2018, 2019 and 2020; and
- (g) this Composite Document and the accompanying Form of Acceptance.



## 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

As at the Latest Practicable Date, details of interests in the Shares, underlying Shares, debentures or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company held or controlled by the Offeror and the Offeror Concert Party(ies) were as follows:

Name	Capacity	Number of Shares	Approximate percentage of interest in the Company's issued share capital <sup>(Note 3)</sup>
The Offeror	Beneficial owner	509,784,025	72.79%
The Purchaser <sup>(Note 1)</sup>	Interest of controlled corporation	509,784,025	72.79%
The Vendor <sup>(Note 2)</sup>	Person having a security interest in shares	509,784,025	72.79%

Notes:

- The Offeror is wholly and beneficially owned by the Purchaser, who is deemed to be interested in 509,784,025 Shares held by the Offeror under the SFO. The Purchaser is the sole director of the Offeror.
- Pursuant to the share charge dated 27 January 2021 executed by the Offeror in favour of the Vendor under the Finance Documents, 509,784,025 Shares were charged by the Offeror in favour of the Vendor.
- 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 above, as at the Latest Practicable Date, none of the Offeror and the Offeror Concert Party(ies) owned, controlled or had any other interest in any relevant securities (as defined in 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) the acquisition of the BVI Sale Share by the Purchaser under the Sale and Purchase Agreement for the purpose of acquiring 351,230,025 Shares; (ii) the transfer of 53,696,000 Shares from Mr. K. K. Mung and the transfer of 104,858,000 Shares from TDX to the Offeror (which was wholly and beneficially owned by the Purchaser after the Completion) on 27 January 2021 at an aggregate consideration of HK\$2.00; (iii) the provision of an interest in all of the Shares owned by the Offeror (which was then wholly and beneficially owned by the Vendor) from time to time as security (as disclosed by the Vendor in the disclosure of interests form filed on 29 July 2020) which was released on 25 January 2021 (as disclosed by the Vendor in the disclosure of interests form filed on 25 January 2021); and (iv) the share charge dated 27 January 2021 executed by the Offeror (which was wholly and beneficially owned by the Purchaser after the Completion) in favour of the Vendor over the 509,784,025 Shares owned by the Offeror and the Shares to be acquired by the Offeror under the Offer and on market (if any), none of the Offeror, the Offeror Concert Party(ies) and the sole director of the Offeror had dealt for value in any Shares, options, convertible securities, warrants or derivatives of the Company in respect of such securities during the Relevant Period.

As at the Latest Practicable Date:

- (i) save for a total of 509,784,025 Shares held by the Offeror which is wholly and beneficially owned by the Purchaser, none of the Offeror, the Offeror Concert Party(ies) or the sole director of the Offeror 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) none of the Offeror and the Offeror Concert Party(ies) had received any irrevocable commitment to accept or reject the Offer or any irrevocable undertaking from any Shareholders not to sell or transfer (or cause the same to be done) or otherwise dispose of (or permit any such action to occur in respect of) any interest in any Shares held by he/she/it/them;
- (iii) save for the Finance Documents, none of the Offeror and the Offeror Concert Party(ies) had entered into any arrangement of any kind referred to in Note 8 to Rule 22 of the Takeovers Code;
- (iv) save for the Finance Documents, 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 which existed between the Offeror or the Offeror Concert Party(ies), and any other person;

- (v) there was no agreement or arrangement to which the the Purchaser, the Vendor and/or the Offeror was a party which related to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;
- (vi) none of the Offeror and/or the Offeror Concert Party(ies) had entered into any arrangements or contracts in relation to any outstanding derivative in respect of the securities in the Company;
- (vii) other than (i) the consideration for the transfer of the BVI Sale Share; (ii) the engagement of the Previous Offer Agent to make the Offer on behalf of the Offeror for a normal commercial fee, which was terminated on 12 March 2021 and the fee was fully returned to the Purchaser on 18 March 2021; and (iii) the consideration for the transfer of Shares from each of Mr. K. K. Mung and TDX to the Offeror on 27 January 2021, there was no other consideration, compensation or benefit in whatever form paid or to be paid by the Purchaser, the Offeror and the Offeror Concert Party(ies) (excluding the Vendor) to the Vendor or any party acting in concert with it (excluding the Purchaser and the Offeror) in connection with the transactions under or relating to the Sale and Purchase Agreement;
- (viii) save for (i) the Sale and Purchase Agreement; and (ii) the Finance Documents; and (iii) the engagement of the Previous Offer Agent to make the Offer on behalf of the Offeror, which was terminated on 12 March 2021, there was no understanding, arrangement or special deal (as defined under Rule 25 of the Takeovers Code) between the Vendor and any parties acting in concert with it on the one hand, and the Offeror and the Purchaser or any parties acting in concert with any of them on the other hand;
- (ix) save for (i) the Sale and Purchase Agreement; (ii) the Finance Documents; and (iii) the transfer of Shares from each of Mr. K. K. Mung and TDX to the Offeror on 27 January 2021; and (iv) the interest-free shareholder's loan in the principal amount of HK\$21,300,000 provided by the Purchaser to the Offeror to finance the consideration payable upon full acceptance of the Offer, there was no agreement, arrangement or understanding (including any compensation arrangement) between the Purchaser and the Offeror 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 Offer;
- (x) save for the share charge dated 27 January 2021 executed by the Offeror in favour of the Vendor over 509,784,025 Shares owned by the Offeror and the Shares to be acquired by the Offeror under the Offer and on market (if any) (collectively, the "**Charged Shares**") under the Finance Documents, which could only be released upon the fulfillment of the payment obligation by the Purchaser to the Vendor under the Sale and Purchase Agreement, there was no agreement, arrangement or understanding that any securities acquired in pursuance of the Offer would be transferred, charged or pledged to any other persons. Pursuant to the terms and conditions of the aforementioned share charge, the Vendor is entitled to instruct the Offeror to exercise its voting rights attached to the Charged Shares in the event of default by the Purchaser and/or the Offeror under the Finance Documents. Save as disclosed above, there was no agreement, arrangement or understanding and any related charges or pledges which may result in the transfer of voting rights in respect of any Shares;

- (xi) save for (i) the Sale and Purchase Agreement; (ii) the Finance Documents; (iii) the transfer of Shares from each of Mr. K. K. Mung and TDX to the Offeror on 27 January 2021; and (iv) the engagement of the Previous Offer Agent to make the Offer on behalf of the Offeror, which was terminated on 12 March 2021, there 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 the Offeror Concert Party(ies), or (b) the Company, its subsidiaries or associated companies;
- (xii) none of the Offeror and/or the Offeror Concert Party(ies) had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (xiii) 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 Offer; and
- (xiv) Luk Fook Capital, as a financial adviser of the Offeror and other parts of an adviser's group as referred to under class (5) of the definition of "acting in concert" under the Takeovers Code, did not have any holding in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company and had not dealt with them during the Relevant Period.

#### **4. EXPERTS' QUALIFICATIONS AND CONSENTS**

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

<b>Name</b>	<b>Qualification</b>
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
Lego Securities Limited	corporation licensed to carry out Type 1 (dealing in securities) regulated activity 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\$)
31 July 2020	0.080
31 August 2020	0.090
30 September 2020	0.077
30 October 2020	0.080
30 November 2020	0.090
31 December 2020	0.080
27 January 2021 (Last Trading Day) <i>(Note)</i>	0.080
31 March 2021	0.115
27 April 2021 (Latest Practicable Date)	0.110

*Note:* Trading in the Shares was halted from 9:00 a.m. on 28 January 2021 to 19 March 2021 pending the release of the Joint Announcement.

During the Relevant Period:

- a. the highest closing price of the Shares quoted on the Stock Exchange was HK\$0.140 per Share on 22 March 2021; and
- b. the lowest closing price of the Shares quoted on the Stock Exchange was HK\$0.072 per Share on 19 November 2020.

## 6. MISCELLANEOUS

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

- (iii) 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.
- (iv) the main business address of Lego Securities is Room 301, 3/F, China Building, 29 Queen's Road Central, Central, Hong Kong.
- (v) the English text of this Composite Document and the Form of Acceptance shall prevail over the Chinese translation in the case of inconsistency.

## **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:

- (a) the memorandum and articles of association of the Offeror;
- (b) the letter from Lego Securities, the text of which is set out on pages 10 to 19 of this Composite Document; and
- (c) the written consents as referred to in the paragraph headed "4. Experts' Qualifications and Consents" in this appendix.