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## THIS 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 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 securities in CREATIVE ENTERPRISE HOLDINGS LIMITED, you should at once hand this Composite Document and the accompanying Form of Acceptance to the purchaser(s) or transferee(s), licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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

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

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**Sinotrans Shipping Limited**

**中外運航運有限公司**

*(Incorporated in Hong Kong with limited liability)*

**Creative Enterprise Holdings Limited**

**創毅控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 3992)**

### COMPOSITE DOCUMENT

**MANDATORY UNCONDITIONAL CASH OFFER BY  
CHINA MERCHANTS SECURITIES (HK) CO., LIMITED  
FOR AND ON BEHALF OF SINOTRANS SHIPPING LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES OF  
CREATIVE ENTERPRISE HOLDINGS LIMITED (OTHER THAN THOSE SHARES  
ALREADY OWNED AND/OR AGREED TO BE ACQUIRED BY  
SINOTRANS SHIPPING LIMITED  
AND PARTIES ACTING IN CONCERT WITH IT)  
(BEING THE DISINTERESTED SHARES)**

**Financial Adviser to the Offeror**

**CMS  招商證券國際**

**Financial Adviser to the Company**



**Independent Financial Adviser  
to the Independent Board Committee**

** 川盟融資有限公司  
Chanceton Capital Partners Limited**

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Holders of the Disinterested Shares should inform themselves of and observe any applicable legal or regulatory requirements. See "Important Notice" beginning on page iv of this Composite Document.

Capitalised terms used on this cover page shall have the same meaning as those defined in the section headed "Definitions" in this Composite Document. A letter from CSMHK containing, among other things, the details of the terms and conditions of the Offer are set out on pages 8 to 18 of this Composite Document. A letter from the Board is set out on pages 19 to 27 of this Composite Document. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in respect of the Offer is set out on pages 28 to 29 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 30 to 53 of this Composite Document.

The procedures for acceptance and other related information of the Offer are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance. Acceptance of the Offer contained herein should be received by the Registrar, by no later than 4:00 p.m. on Friday, 6 August 2021 (or such later time or date as the Offeror may determine and announce, with the consent of the Executive and 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 Form of Acceptance to any jurisdiction outside of Hong Kong should read the section headed "Availability of the Offer" of the "LETTER FROM CSMHK" in this Composite Document before taking any action. It is the responsibility of each overseas Independent Shareholder wishing to accept the Offer to satisfy himself, herself or itself as to full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or legal and regulatory requirements and the payment of any issue, transfer, or other taxes or other required payments due by any overseas accepting Shareholders in respect of such overseas jurisdiction. Overseas Independent Shareholders are advised to seek professional advice on deciding whether to accept the Offer.

The Composite Document will remain on the websites of the Stock Exchange at <http://www.hkexnews.hk> and the Company at [www.cpsc.hk](http://www.cpsc.hk) as long as the Offer remains open.

16 July 2021

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## CONTENTS

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	<i>Page</i>
<b>EXPECTED TIMETABLE</b> .....	ii
<b>IMPORTANT NOTICES</b> .....	iv
<b>DEFINITIONS</b> .....	1
<b>LETTER FROM CMSHK</b> .....	8
<b>LETTER FROM THE BOARD</b> .....	19
<b>LETTER FROM THE INDEPENDENT BOARD COMMITTEE</b> .....	28
<b>LETTER FROM THE INDEPENDENT FINANCIAL ADVISER</b> .....	30
<b>APPENDIX I — FURTHER TERMS AND PROCEDURES FOR ACCEPTANCE OF THE OFFER</b> .....	I-1
<b>APPENDIX II — FINANCIAL INFORMATION OF THE GROUP</b> .....	II-1
<b>APPENDIX III — GENERAL INFORMATION OF THE OFFEROR</b> .....	III-1
<b>APPENDIX IV — GENERAL INFORMATION OF THE GROUP</b> .....	IV-1

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## EXPECTED TIMETABLE

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The timetable set out below is indicative only and may be subject to changes. Any changes to the timetable will be announced by the Offeror and the Company as and when appropriate.

<b>Event</b>	<b>Hong Kong Time</b>
Despatch date of this Composite Document and the accompanying Form of Acceptance and commencement date of the Offer ( <i>Note 1</i> ) .....	Friday, 16 July 2021
Latest time and date for acceptance of the Offer ( <i>Notes 2, 3 and 5</i> ) .....	4:00 p.m. on Friday, 6 August 2021
Closing Date ( <i>Notes 2 and 3</i> ) .....	Friday, 6 August 2021
Announcement of the results of the Offer (or its extension or revision, if any) on the website of the Stock Exchange ( <i>Note 2</i> ).....	no later than 7:00 p.m. on Friday, 6 August 2021
Latest date for posting of remittances for the amounts due in respect of valid acceptances received under the Offer ( <i>Notes 4 and 5</i> ) .....	Tuesday, 17 August 2021

*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. Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except in the circumstances as set out in the section 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 Offer will be closed for acceptances on the Closing Date. The latest time and date for acceptance of the Offer will be at 4:00 p.m. on Friday, 6 August 2021 unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. The Offeror and the Company will jointly issue an announcement through the websites of the Stock Exchange no later than 7:00 p.m. on Friday, 6 August 2021, stating whether the Offer has been extended, revised or has closed for acceptance. In the event that the Offeror decides to extend or revise the Offer and the announcement does not specify the next closing date, at least 14 days’ notice by way of an announcement will be given before the Offer is closed to those Independent Shareholders who have not accepted the Offer.
3. Beneficial owners of the Disinterested Shares who hold their Disinterested Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements (set out in Appendix I to this Composite Document) for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures.
4. Remittances in respect of the cash consideration (after deducting the seller’s ad valorem stamp duty arising therefrom) payable for the Disinterested Shares tendered under the Offer will be made to the Independent Shareholders accepting the Offer by ordinary post at their own risk as soon as possible, but in any event within seven Business Days following the date of receipt by the Registrar of the duly completed Form of Acceptance together with all the valid requisite documents from the Independent Shareholders accepting the Offer.

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## EXPECTED TIMETABLE

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5. If there is a tropical cyclone warning signal number 8 or above, or a black rainstorm warning:
- (a) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the Offer and the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances, the latest time for acceptance of the Offer will remain at 4:00 p.m. on the same Business Day and the latest date for the posting of remittances will remain on the same Business Day; or
  - (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offer and the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances, the latest time for acceptance of the Offer will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m. and the posting of remittances will be next following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m..

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## **IMPORTANT NOTICES**

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### **NOTICE TO INDEPENDENT SHAREHOLDERS OUTSIDE OF HONG KONG**

The making of the Offer to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or affected by the laws of the relevant jurisdictions. Overseas Independent Shareholders should keep themselves informed about and observe at their own responsibilities, any applicable legal requirements and, where necessary, seek independent legal advice. It is the responsibility of any such person who wishes to accept the Offer to satisfy himself/herself/itself as to the full observance of the laws of the relevant overseas jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required or the compliance with other necessary formalities or legal and regulatory requirements and the payment of any issue transfer or other taxes or other required payments due by any overseas accepting Shareholders in respect of such overseas jurisdiction.

The Offeror, parties acting in concert with the Offeror, the Company, CMSHK, Draco Capital, Chanceton Capital, the Registrar or any of their respective ultimate beneficial owners, directors, officers, agents, professional advisers and associates and any other person involved in the Offer shall be entitled to be fully indemnified and held harmless by such person for any taxes as such person may be required to pay.

Please refer to the sections headed “Availability of the Offer” and “Taxation advice” of the “LETTER FROM CMSHK” and the paragraph headed “7. OVERSEAS INDEPENDENT SHAREHOLDERS” in Appendix I to this Composite Document for further information.

### **CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This Composite Document contains forward-looking statements, which may be identified by words such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “seek”, “estimate”, “will”, “would” or words of similar meaning, that involve risks and uncertainties, as well as assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. The forward-looking statements included herein are made only as at the Latest Practicable Date. The Offeror and the Company assume no obligation to correct or update the forward-looking statements or opinions contained in this Composite Document, except as required pursuant to applicable laws or regulations, including but not limited to the Listing Rules and/or the Takeovers Code.

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## DEFINITIONS

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

“acting in concert” and “associate(s)”	has the meaning ascribed to it in the Takeovers Code
“Board”	the board of Directors
“Business Day”	a day on which the Stock Exchange is open for transaction of business
“Cayman Islands Companies Act”	the Companies Act (2021 Revision) of the Cayman Islands, as revised, amended, supplemented or otherwise modified from time to time
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Closing Date”	the date stated in this Composite Document as the First Closing Date of the Offer or any subsequent closing date as may be announced by the Offeror and the Company and approved by the Executive in accordance with the Takeovers Code
“CMG”	China Merchants Group Limited, a state wholly-owned enterprise established under the laws of the PRC under the direct control of the SASAC, which is an indirect controlling shareholder of the Offeror
“CMPOS”	China Merchants Property Operation and Service Co., Ltd.* (招商局積餘產業運營服務股份有限公司), a company incorporated under the laws of the PRC and the shares of which are listed on the Shenzhen Stock Exchange (Stock Code: 001914.SZ)
“CMSHK” or “Financial Adviser to the Offeror”	China Merchants Securities (HK) Co., Limited, a registered institution under the SFO, registered to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities and the financial adviser to the Offeror in respect of the Offer
“Company”	Creative Enterprise Holdings Limited (創毅控股有限公司), an exempted company incorporated under the laws of the Cayman Islands with limited liability on 16 May 2018, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 3992)

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## DEFINITIONS

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“Composite Document”	this composite offer and response document in respect of the Offer jointly despatched by the Offeror and the Company in accordance with the Takeovers Code containing, among other things, the detailed terms of the Offer
“Compulsory Acquisition Entitlement Period”	the period commencing on the date of the Composite Document and ending on the date falling four months after the date of the Composite Document (or such later date as the Executive may permit for the requisite level of acceptances to be reached in order for the Offeror to exercise the right of compulsory acquisition)
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Despatch Date”	16 July 2021, the date of despatch of this Composite Document
“Director(s)”	director(s) of the Company from time to time
“Disinterested Share(s)”	Shares that are subject to the Offer, being 232,437,500 Shares as at the Latest Practicable Date
“Draco Capital”	Draco Capital Limited, a corporation licensed under the SFO to carry out Type 6 (advising on corporate finance) regulated activity, the financial adviser to the Company in relation to the Offer
“Encumbrance(s)”	any mortgage, charge, pledge, lien, option, restriction, right of first refusal, right of pre-emption, third-party right or interest, other encumbrance or security interest of any kind, or another type of preferential arrangement (including, without limitation, a title transfer or retention arrangement) having similar effect and any agreement or obligation to create or grant any of the aforesaid
“Escrow Agreement”	the escrow agreement dated 30 June 2021 entered into by and among the escrow agent, the Offeror, Genesis Group and the Guarantors in relation to the Retention Amount and the Further Retention Amount payable under the Share Purchase Agreement and the Second Supplemental Agreement
“Escrow Arrangement Announcement”	the announcement jointly published by the Offeror and the Company on 30 June 2021 in relation to, among other things, the entering into of the Second Supplemental Agreement and the Escrow Agreement

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## DEFINITIONS

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“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“First 3.7 Announcement”	the announcement of the Company issued on 14 December 2020 pursuant to Rule 3.7 of the Takeovers Code
“First Closing Date”	6 August 2021, the first closing date of the Offer
“First Supplemental Agreement”	the first supplemental agreement to the Share Purchase Agreement dated 31 May 2021 entered into by and among the Offeror, Genesis Group and the Guarantors in relation to, among other things, the extension of the long stop date of the Share Purchase Agreement
“Form of Acceptance”	the form of acceptance and transfer of Disinterested Shares in respect of the Offer
“Further Retention Amount”	has the meaning ascribed to it under the section headed “THE SHARE PURCHASE AGREEMENT — Manner of payment of the Consideration” in the Joint Announcement
“Genesis Group”	Genesis Group Limited, a company incorporated in the British Virgin Islands with limited liability on 3 May 2018 and owned as to 17.17%, 16.26%, 14.02%, 11.21%, 10.51%, 7.00%, 7.00%, 6.31%, 5.61% and 4.91% by Mr. Lee Siu Wah Albert, Mr. Poon Kin Leung, Mr. Wu Ka Chai, Mr. Lai Wai Man, Mr. Wong Wai Hung, Mr. Ho Io Tong, Mr. Lam Siu Hung Christopher, Mr. Tang Kin Sing, Mr. Wong King Cheung and Mr. Poon Sing Chit, respectively, as at the date of the Share Purchase Agreement. Genesis Group Limited was the controlling shareholder of the Company immediately prior to Share Sale Completion
“Group”	the Company and its subsidiaries
“Guarantors”	collectively, Mr. Poon Kin Leung, Mr. Lee Siu Wah Albert, Mr. Lai Wai Man, and Mr. Wong King Cheung, and each a “Guarantor”
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China



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## DEFINITIONS

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“Independent Board Committee”	the independent board committee of the Board, comprising all the independent non-executive Directors (namely Mr. Wong Chung Kin Quentin, Mr. Tang Yiu Ming and Mr. Wong Si Yuen), formed to advise the Independent Shareholders in respect of the Offer
“Independent Financial Adviser” or “Chanceton Capital”	Chanceton Capital Partners Limited, a registered institution under the SFO registered to conduct Type 6 (advising on corporate finance), the independent financial adviser appointed by the Company in relation to the Offer
“Independent Shareholder(s)”	holder(s) of the Disinterested Shares, which for the avoidance of doubt exclude(s) the Offeror and parties acting in concert with it
“investor participant”	the persons admitted to participate in CCASS as investor participants
“Joint Announcement”	the joint announcement issued by the Offeror and the Company on 8 March 2021 in relation to, among other things, the sale and purchase of the Sale Shares and the Offer
“Last Trading Day”	5 March 2021, being the last trading day immediately prior to the publication of the Joint Announcement
“Latest Practicable Date”	13 July 2021, being the latest practicable date prior to the printing of this Composite Document for the purpose of ascertaining certain information for inclusion in this Composite Document
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Offer”	the mandatory unconditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) (being the Disinterested Shares) being made by CMSHK on behalf of the Offeror at the Offer Price
“Offer Period”	the period commencing from 14 December 2020, being the date of the First 3.7 Announcement and ending on the Closing Date
“Offer Price”	HK\$1.456 per Disinterested Share

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## DEFINITIONS

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“Offeror”	Sinotrans Shipping Limited (中外運航運有限公司), a company incorporated in Hong Kong with limited liability, which is ultimately wholly-owned by CMG
“Possible Compulsory Acquisition”	has the meaning ascribed to it under the section headed “POSSIBLE COMPULSORY ACQUISITION AND WITHDRAWAL OF LISTING OF THE COMPANY” in the “LETTER FROM CMSHK” in this Composite Document
“PRC”	the People’s Republic of China (for the purpose of this Composite Document, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan)
“Registrar”	Tricor Investor Services Limited, being the Hong Kong branch share registrar and transfer office of the Company, whose address is at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Relevant Period”	the period from 14 June 2020, being the date six months before the date of the commencement of the Offer Period, up to and including the Latest Practicable Date
“Retention Amount”	has the meaning ascribed to it under the section headed “THE SHARE PURCHASE AGREEMENT — Manner of payment of the Consideration” in the Joint Announcement
“Sale Share(s)”	267,562,500 Shares legally and beneficially owned by Genesis Group immediately prior to Share Sale Completion, representing an aggregate of approximately 53.51% of the entire issued share capital of the Company immediately prior to Share Sale Completion, and each a “Sale Share”
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council of the PRC
“Second Supplemental Agreement”	the second supplemental agreement to the Share Purchase Agreement dated 30 June 2021 entered into by and among the Offeror, Genesis Group and the Guarantors in relation to, among other things, the escrow arrangement relating to the Retention Amount and the Further Retention Amount under the Share Purchase Agreement
“SFC”	the Securities and Futures Commission of Hong Kong

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## DEFINITIONS

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“SFO”	the Securities and Futures Ordinances (Chapter 571 of the laws of Hong Kong)
“Share(s)”	share(s) of nominal value of HK\$0.01 each in the share capital of the Company
“Share Purchase Agreement”	the conditional share purchase agreement dated 5 March 2021 entered into by and among the Offeror, Genesis Group and the Guarantors in relation to the sale and purchase of the Sale Shares
“Share Sale Completion”	the completion of the Share Purchase Agreement pursuant to the terms and conditions contained therein, which took place on 9 July 2021
“Shareholder(s)”	holder(s) of the Share(s)
“SSH”	Sinotrans Shipping (Holdings) Limited, a limited liability company incorporated in the British Virgin Islands which is ultimately wholly-owned by CMG
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it in the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers issued by the SFC
“%”	per cent.

1. All time and date references contained in this Composite Document and the accompanying Form of Acceptance refer to Hong Kong times and dates.
2. Certain amounts and percentage figures in this Composite Document have been subject to rounding adjustments.
3. Certain English translations of Chinese names or words or Chinese translations of English names or words marked with “\*” in this Composite Document are included for information and identification purposes only and should not be regarded as the official English translation of such Chinese names or words or official Chinese translation of such English names or words, respectively.
4. The singular includes the plural and vice versa, unless the context otherwise requires.

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## DEFINITIONS

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5. References to any Appendix, paragraph and any sub-paragraphs of them are references to the Appendices to, and paragraphs of, this Composite Document and any sub-paragraphs of them respectively.
6. References to any statute or statutory provision include a statute or statutory provision which amends, consolidates or replaces the same whether before or after the date of this Composite Document.
7. Reference to one gender is a reference to all or any genders.



16 July 2021

*To the Independent Shareholders*

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY  
CHINA MERCHANTS SECURITIES (HK) CO., LIMITED  
FOR AND ON BEHALF OF SINOTRANS SHIPPING LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES OF  
CREATIVE ENTERPRISE HOLDINGS LIMITED (OTHER THAN THOSE SHARES  
ALREADY OWNED AND/OR AGREED TO BE ACQUIRED BY  
SINOTRANS SHIPPING LIMITED  
AND PARTIES ACTING IN CONCERT WITH IT) (BEING THE  
DISINTERESTED SHARES)**

**INTRODUCTION**

References are made to (1) the Joint Announcement dated 8 March 2021, where the Offeror and the Company jointly announced, among other things, that Genesis Group (as seller), the Offeror (as purchaser), and the Guarantors entered into the Share Purchase Agreement on 5 March 2021, pursuant to which the Offeror has conditionally agreed to acquire, and Genesis Group has conditionally agreed to sell, the Sale Shares for a total consideration of HK\$389,571,000, equivalent to HK\$1.456 per Sale Share; (2) the joint announcement dated 31 May 2021 in relation to, among other things, the revised long stop date under the Share Purchase Agreement; and (3) the Escrow Arrangement Announcement dated 30 June 2021 in relation to, among other things, the entering into of the Second Supplemental Agreement and the Escrow Agreement in relation to the escrow arrangement in respect of the Retention Amount and the Further Retention Amount.

The Share Sale Completion took place on 9 July 2021. Upon Share Sale Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it were interested in an aggregate of 267,562,500 Shares, representing approximately 53.51% of the entire issued share capital of the Company. Accordingly, the Offeror is required to make the Offer pursuant to Rule 26.1 of the Takeovers Code for all the issued Shares which are not owned or have been agreed to be acquired by the Offeror and parties acting in concert with it (being the Disinterested Shares). CMSHK is making the Offer for and on behalf of the Offeror.

This letter forms part of this Composite Document and sets out, among other matters, principal terms of the Offer, information on the Offeror and the intention of the Offeror regarding the Group. The procedures for acceptance and other related information of the Offer are set out in

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## LETTER FROM CMSHK

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this letter, Appendix I to this Composite Document and the accompanying Form of Acceptance. Terms used in this letter shall have the same meanings as those defined in this Composite Document unless the context otherwise requires.

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

The Offer is being made by CMSHK for and on behalf of the Offeror in compliance with the Takeovers Code on the following basis:

**For each Disinterested Share . . . . . HK\$1.456 in cash**

The Offer Price of HK\$1.456 per Disinterested Share equals the purchase price per Sale Share payable by the Offeror under the Share Purchase Agreement. The Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number of Shares or any other conditions.

The Disinterested Shares to be acquired shall be fully paid and free from all liens, charges and Encumbrances together with all rights and entitlements attached or accrued thereto, including but not limited to all rights to any dividend (if any) or other distribution declared (if any), made or paid on or after the date on which the Offer is made, being the Despatch Date. The Company confirmed that as at the Latest Practicable Date, (i) it did not declare any dividend, the record date of which falls on or after the Despatch Date; and (ii) it did not have any intention to make, declare or pay any future dividend or make other distributions until after the Closing Date. For the avoidance of doubt, in the event that the relevant Disinterested Shares are acquired by the Offeror under the Offer on or before such record date, the declared dividend or other distributions in respect of such Disinterested Shares will become the entitlement of the Offeror and the Offer Price of HK\$1.456 will become the consideration for each Disinterested Share. In the event that the relevant Disinterested Shares are acquired by the Offeror under the Offer after the said record date, the declared dividend or other distributions in respect of such Disinterested Shares will become the entitlement of the Independent Shareholders whose names appear on the register of members of the Company on such record date and the Offer Price, after deducting the net dividend or other distributions, will become the consideration for each Disinterested Share for such Independent Shareholders.

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## LETTER FROM CMSHK

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### **Total value of the Offer**

As at the Latest Practicable Date, the total number of issued shares of the Company was 500,000,000 Shares. Based on the Offer Price of HK\$1.456 per Disinterested Share, the entire issued share capital of the Company is valued at HK\$728,000,000.

As the Offeror and parties acting in concert with it owned 267,562,500 Shares after Share Sale Completion and as at the Latest Practicable Date, the total number of issued Shares subject to the Offer will be 232,437,500 Shares, being the Shares held by the Independent Shareholders. In the event that the Offer is accepted in full, the maximum aggregate amount payable by the Offeror under the Offer will be HK\$338,429,000.

### **Offer Price**

The Offer Price of HK\$1.456 per Disinterested Share represents:

- (i) a discount of approximately 23.4% to the closing price of HK\$1.90 per Share as quoted on the Stock Exchange on 11 December 2020, the last trading day prior to the publication of the First 3.7 Announcement;
- (ii) a discount of approximately 5.5% to the closing price of HK\$1.54 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 4.0% over the average closing price of approximately HK\$1.40 per Share for the last 10 trading days immediately prior to and including the Last Trading Day;
- (iv) a premium of approximately 3.3% over the average closing price of approximately HK\$1.41 per Share for the last 30 trading days immediately prior to and including the Last Trading Day;
- (v) a premium of approximately 7.1% over the average closing price of approximately HK\$1.36 per Share for the last 90 trading days immediately prior to and including the Last Trading Day;
- (vi) a discount of approximately 0.3% to the closing price of HK\$1.46 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (vii) a premium of approximately 155.4% over the audited net asset value of the Group attributable to the Shareholders of approximately HK\$0.57 per Share as at 31 March 2020;
- (viii) a premium of approximately 111.0% over the audited net asset value of the Group attributable to the Shareholders of approximately HK\$0.69 per Share as at 31 March 2021; and

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## LETTER FROM CMSHK

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- (ix) a premium of approximately 124.0% over the unaudited net asset value of the Group attributable to the Shareholders of approximately HK\$0.65 per Share as at 30 September 2020.

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

During the Relevant Period, the lowest closing price per Share as quoted on the Stock Exchange was HK\$0.86 on 16 July 2020 and the highest closing price per Share as quoted on the Stock Exchange was HK\$1.90 on 11 December 2020.

### **Confirmation of Financial Resources**

The maximum aggregate of the cash amount paid/payable to Genesis Group as consideration for the Sale Shares under the Share Purchase Agreement is HK\$389,571,000. Upon the Share Sale Completion, the Offeror paid Genesis Group HK\$339,419,267.51 and deposited the Retention Amount and the Further Retention Amount with an independent escrow agent as detailed in the Escrow Arrangement Announcement. The maximum cash amount to be paid to the Independent Shareholders in respect of acceptances under the Offer is HK\$338,429,000, which is based on the Offer Price of HK\$1.456 per Disinterested Share and 232,437,500 Disinterested Shares and subject to the rounding up of payment to the nearest cent as described below. The total cash consideration (i) paid for the Sale Shares under the Share Purchase Agreement; and (ii) payable for the Offer has been and will be respectively funded by internal resources of the Offeror.

CMSHK, the Financial Adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the amount of funds required for the full acceptance of the Offer.

### **Effect of Accepting the Offer**

The Offer is unconditional in all respects. By accepting the Offer, the Independent Shareholders will sell their Shares fully paid and free from all liens, charges, Encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them including the right to receive in full all dividends and other distributions, and/or as the case maybe, return of capital, if any, declared, made or paid on or after the date on which the Offer is made, being the Despatch Date. The Company confirmed that as at the Latest Practicable Date, (i) it did not declare any dividend, the record date of which falls on or after the Despatch Date; and (ii) it did not have any intention to make, declare or pay any future dividend or make other distributions until after the Closing Date. For the avoidance of doubt, in the event that the relevant Disinterested Shares are acquired by the Offeror under the Offer on or before such record date, the declared dividend or other distributions in respect of such Disinterested Shares will become the entitlement of the Offeror and the Offer Price of HK\$1.456 will become the consideration for each Disinterested Share. In the event that the relevant Disinterested Shares are acquired by the Offeror under the Offer after the said record date, the declared dividend or other distributions in respect of such Disinterested Shares will become the entitlement of the Independent Shareholders whose



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## LETTER FROM CMSHK

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names appear on the register of members of the Company on such record date and the Offer Price, after deducting the net dividend or other distributions, will become the consideration for each Disinterested Share for such Independent Shareholders.

Acceptance of the Offer by any Independent Shareholder will be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

### **Availability of the Offer**

The availability of the Offer to any persons not resident in Hong Kong may be prohibited or affected by the applicable laws of the relevant jurisdictions. Any Independent Shareholders who are not resident in Hong Kong and who wish to accept the Offer should keep themselves informed about and observe any applicable legal and regulatory requirements. It is the responsibility of the Independent Shareholders who are not resident in Hong Kong who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities or legal and regulatory requirements and the payment of any issue, transfer or other taxes due by accepting overseas shareholders in respect of such jurisdictions) and, where necessary, consult their own professional advisers.

As at the Latest Practicable Date, there were no Independent Shareholders with a registered address in jurisdictions outside Hong Kong.

**Acceptance of the Offer by any overseas Independent Shareholder will be deemed to constitute a representation and warranty from such overseas Independent Shareholder to the Offeror that the local laws and requirements have been complied with. The overseas Independent Shareholders should consult their own professional advisers if in doubt.**

### **Hong Kong Stamp Duty**

The seller's Hong Kong ad valorem stamp duty on acceptances of the Offer at a rate of 0.1% (or (where applicable) 0.13% which is expected to be effective from 1 August 2021) of the amount of the consideration payable in respect of the relevant acceptances by the Shareholders or if higher, the market value of the Shares, will be deducted from the amount payable to the Shareholders who accept the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Independent Shareholders accepting the Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Offer.

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

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## LETTER FROM CMSHK

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### **Payment**

Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty arising therefrom) payable for the Disinterested Shares tendered under the Offer will be made to the Independent Shareholders accepting the Offer by ordinary post at their own risk as soon as possible, but in any event within seven Business Days following the date of receipt by the Registrar of the duly completed Form of Acceptance together with all the valid requisite documents from the Independent Shareholders accepting the Offer.

No fractions of a cent will be payable and the amount of the consideration payable to an Independent Shareholder who accepts the Offer will be rounded up to the nearest cent.

### **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 and/or the parties acting in concert with it, CMSHK, the Company, Draco Capital, Chanceton Capital, the Registrar or any of their respective ultimate beneficial owners, and their respective directors, officers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

### **Arrangements and Dealing in Securities**

Your attention is drawn to the sections headed "3. Interests in the Company and the Offeror and Arrangements in connection with the Offer" and "4. Dealings in Securities and Arrangements in relation to Dealings" in Appendix III to this Composite Document.

### **INFORMATION OF THE GROUP**

Your attention is drawn to the section headed "Information of the Group" in the "LETTER FROM THE BOARD" in this Composite Document.

### **INFORMATION OF THE OFFEROR**

The Offeror is a company incorporated in Hong Kong with limited liability which is indirectly, through SSH, Sinomarine Limited and China Merchants Investment Development Company Limited, wholly-owned by CMG. The Offeror and its subsidiaries are principally engaged in provision of investing services, provision of ship management services, investment holding, and chartering of vessels. As part of the business development plan of the Offeror, there was a change in directorship of the Offeror. Accordingly, Mr. Wang Youliang and Mr. Ding Lei resigned. On 9 March 2021, the board of directors of the Offeror nominated and appointed Dr. Deng Wei Dong and Mr. Zhang Yi to the board of directors of the Offeror. Save for this, as at the Latest Practicable Date, there was no other change in directorship and shareholding of the Offeror.

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## LETTER FROM CMSHK

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SSH is a company incorporated in the British Virgin Islands with limited liability. It is principally engaged in investment holding.

Sinomarine Limited is a limited liability company established in the PRC. It is principally engaged in ship trading, ship maintenance, ship leasing and consultation service, international freight forwarding and shipping information consultation service.

China Merchants Investment Development Company Limited is a limited liability company established in the PRC. It is principally engaged in industrial investment, corporate acquisition and re-structuring, consultation relating to investment, corporate management and business information, leasing of self-owned properties, development of computer software and system, sale of computer hardware and equipment, data processing and database technology services.

CMG is a state wholly-owned enterprise established under the laws of the PRC on 14 October 1986 under the direct control of the SASAC. CMG is a large-scale conglomerate with diversified businesses that mainly focus on three core industries, namely comprehensive transportation, featured finance, holistic development and operation of residential communities and industrial parks. It has also been engaging in the transformation from these three primary industries to the three platforms of industrial management, financial services, and investment and capital operation.

The Offeror, SSH, Sinomarine Limited, China Merchants Investment Development Company Limited, CMG and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons and not a party acting in concert with any of them.

### **REASONS FOR ACQUIRING THE SALE SHARES AND THE INTENTION OF THE OFFEROR IN RELATION TO THE GROUP**

Having considered the market potential offered by the property management industry, the acquisition enables the Offeror to tap into the property management market in Hong Kong. Through the acquisition, the Offeror can leverage on the property management experience of the Group which can in turn facilitate the Offeror in diversifying its business scope into the property management market in Hong Kong.

In order to leverage on the property management experience of the Group, following the close of the Offer, the Offeror intends to continue the existing principal businesses of the Group. The Offeror has no intention to (i) introduce any major changes to the existing business and operations of the Group following the close or lapse of the Offer; (ii) discontinue the employment of any employees of the Group; or (iii) dispose of or re-deploy the fixed assets of the Company other than in its ordinary and usual course of business. The Offeror will continue to ensure good corporate governance, monitor and review the Group's business and operations from time to time, and may take steps that it deems necessary or appropriate to optimise the value of the Group. However, the Offeror reserves the right to make any changes that it deems necessary or appropriate to the Group's business and operations to optimise the value of the Group.

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## LETTER FROM CMSHK

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Furthermore, as disclosed in the announcement of the Company dated 2 March 2021, SSH would not nominate CMPOS to be the potential purchaser under the Share Purchase Agreement. Nevertheless, if CMPOS subsequently proposes to acquire any of the Shares that may be acquired/held by the Offeror in the future, CMG, SSH, the Offeror and CMPOS will liaise and coordinate with one another to discuss the feasibility of such proposal and (where applicable) ensure that such proposal will be implemented in compliance with the applicable laws and regulations.

### PROPOSED CHANGE OF BOARD COMPOSITION OF THE COMPANY

The Board is currently made up of nine Directors, comprising six executive Directors (namely Mr. Poon Kin Leung, Mr. Lee Siu Wah Albert, Mr. Lam Siu Hung Christopher, Mr. Wong King Cheung, Mr. Lai Wai Man and Mr. Wu Ka Chai), and three independent non-executive Directors (namely, Mr. Wong Chung Kin Quentin, Mr. Tang Yiu Ming and Mr. Wong Si Yuen). Save for Mr. Poon Kin Leung, all the existing executive Directors will resign pursuant to the terms of the Share Purchase Agreement with effect from a date which is no earlier than such date as permitted under Rule 7 of the Takeovers Code.

The Offeror intends to nominate Dr. Deng Wei Dong, Mr. Zhong Tao, Mr. Wong For Yam and Dr. Jing Tao as new non-executive Directors to the Board for appointment and Dr. Deng Wei Dong would be designated as the chairman of the Board with effect after the posting of this Composite Document. The biographical details of these nominated directors are set out below:

**Dr. Deng Wei Dong**, aged 54, has been appointed as a non-executive director of the Company and chairman of the Board with effect after the posting of the Composite Document. Dr. Deng currently serves as the Head of the Capital Investment and Management Department of CMG and has been a director of the Offeror since 9 March 2021. Dr. Deng obtained his doctor's degree in physical geography from Nanjing University in the PRC in 1994. Subsequently, he obtained a master's degree in marine management from Dalhousie University in Canada in 2002.

**Mr. Zhong Tao**, aged 50, has been appointed as a non-executive director of the Company with effect after the posting of the Composite Document. Mr. Zhong joined the CMG group in 1993 and has served as Deputy General Manager of Finance Department at CMG since 2015, General Manager of China Merchants International Finance Company Limited since 2005 and a director at China Merchants Group Finance Co., Ltd.\* (招商局集團財務有限公司) since 2017. Mr. Zhong is primarily responsible for formulating financing strategies for the CMG group and maintaining and managing financial institution relationships.

**Mr. Wong For Yam**, aged 56, has been appointed as non-executive director of the Company with effect after the posting of the Composite Document. Mr. Wong has served as the Deputy Head of the Human Resources Department of CMG since August 2015. Mr. Wong obtained his bachelor's degree in business administration from Asia International Open University (Macau) in 1995.

**Dr. Jing Tao**, aged 49, has been appointed as a non-executive director of the Company with effect after the posting of this Composite Document. Dr. Jing joined CMG in June 2012 where she currently serves as the Senior Managing Director of the Capital Investment and Management

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## LETTER FROM CMSHK

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Department. Dr. Jing has been a qualified lawyer in the PRC since 1994 and a fellow of the Taxation Institute of Hong Kong since 2010. Dr. Jing obtained her bachelor's degree in law and master's degree in civil law from Southwest University of Political Science and Law in the PRC in 1992 and 1995, respectively. Subsequently, she obtained a master's degree in common law from The University of Hong Kong in 2000, a master's degree in comparative European law from Ghent University in Belgium in 2003 and a doctor's degree in law from Peking University in the PRC in 2000.

Each of Dr. Deng Wei Dong, Mr. Zhong Tao, Mr. Wong For Yam and Dr. Jing Tao has confirmed that there is no other information which is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

The Offeror does not intend to change the composition of the independent non-executive Directors during the Offer Period. The Offeror will re-consider its composition subsequent to the Offer Period. Further announcement(s) will be made by the Company in accordance with the Listing Rules as and where applicable.

### **POSSIBLE COMPULSORY ACQUISITION AND WITHDRAWAL OF LISTING OF THE COMPANY**

The Offeror intends (but is not obliged) to exercise the right to compulsorily acquire those Disinterested Shares not acquired by the Offeror pursuant to the Offer under Section 88 of the Cayman Islands Companies Act if it acquires not less than 90% of the Disinterested Shares within four months of the posting of the Composite Document as required by Rule 2.11 of the Takeovers Code (the "**Possible Compulsory Acquisition**"). Section 88 of the Cayman Islands Companies Act also requires the Offer to be accepted by the holders of not less than 90% of the Disinterested Shares. Should compulsory acquisition rights arise and be exercised in full, the Company will become a wholly-owned subsidiary of the Offeror and an application will be made for the withdrawal of the listing of the Shares from the Stock Exchange pursuant to Rule 6.15(1) of the Listing Rules. Nevertheless, if the Offeror does not effect the Possible Compulsory Acquisition, the Offeror intends to continue the listing of the Company.

Pursuant to Rule 2.11 of the Takeovers Code, except with the consent of the Executive, where the Offeror seeks to acquire or privatise the Company by means of the Offer and the use of compulsory acquisition rights, such rights may only be exercised if, in addition to satisfying any requirement imposed by the Cayman Islands Companies Act, acceptance of the Offer and purchases made by the Offeror and the parties acting in concert with it during the four months after posting of the Composite Document total 90% or more of the Disinterested Shares.

If the Disinterested Shares validly tendered for acceptance under the Offer are less than 90% of the Disinterested Shares during the Compulsory Acquisition Entitlement Period, the Offeror will not be entitled to exercise the compulsory acquisition right and therefore the Company will not be delisted from the Stock Exchange.

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## LETTER FROM CMSHK

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### **PUBLIC FLOAT OF THE COMPANY**

If the Offeror does not effect the Possible Compulsory Acquisition as set out above (whether by reason of not acquiring 90% of the Disinterested Shares or otherwise) and the Company remains listed on the Stock Exchange, the Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the listed issuer, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of the Shares; or
- 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.

If the Offeror does not effect the Possible Compulsory Acquisition, the Offeror intends the Company to remain listed on the Stock Exchange. The directors of the Offeror and the new directors to be appointed to the Board have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in Shares after the close of Offer.

### **ACCEPTANCE AND SETTLEMENT**

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

### **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 of Hong Kong.

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

All documents and remittances will be sent to the Independent Shareholders by ordinary post at their own risk. Such documents and remittances will be sent to them at their respective addresses as they appear in the register of members, or, in case of joint holders, to the Independent Shareholder whose name appears first in the said register of members, unless otherwise specified in the accompanying Form of Acceptance completed, returned and received by the Registrar. None of the Offeror and parties acting in concert with it, the Company, CMSHK, Draco Capital, Chanceton

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## LETTER FROM CMSHK

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Capital, or any of their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offer will be responsible for any loss or delay in transmission of such documents and remittances or any other liabilities that may arise as a result thereof or in connection therewith.

### **ADDITIONAL INFORMATION**

Your attention is drawn to the additional information set out in the appendices to this Composite Document which form part of this Composite Document. You are reminded to carefully read the “LETTER FROM THE BOARD”, the “LETTER FROM THE INDEPENDENT BOARD COMMITTEE”, the “LETTER FROM THE INDEPENDENT FINANCIAL ADVISER” and other information about the Group which are set out in this Composite Document and to consult your professional advisers if in doubt before deciding whether or not to accept the Offer.

Yours faithfully,  
For and on behalf of  
**China Merchants Securities (HK) Co., Limited**  
**FONG Chung Bo**  
*Managing Director*

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LETTER FROM THE BOARD

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**Creative Enterprise Holdings Limited**  
**創毅控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 3992)**

*Executive Directors:*

Mr. Poon Kin Leung (*Chairman*)  
Mr. Lee Siu Wah Albert (*Chief Executive Officer*)  
Mr. Lam Siu Hung Christopher  
Mr. Wong King Cheung  
Mr. Lai Wai Man  
Mr. Wu Ka Chai

*Registered office:*

Cricket Square  
Hutchins Drive  
PO Box 2681  
Grand Cayman  
KY1-1111  
Cayman Islands

*Independent Non-executive Directors:*

Mr. Wong Chung Kin Quentin  
Mr. Tang Yiu Ming  
Mr. Wong Si Yuen

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

Units E & F, 25/F, Block 2  
Vigor Industrial Building  
49–53 Ta Chuen Ping Street  
Kwai Chung  
New Territories  
Hong Kong

16 July 2021

*To the Independent Shareholders*

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY  
CHINA MERCHANTS SECURITIES (HK) CO., LIMITED  
FOR AND ON BEHALF OF SINOTRANS SHIPPING LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES OF  
CREATIVE ENTERPRISE HOLDINGS LIMITED (OTHER THAN THOSE SHARES  
ALREADY OWNED AND/OR AGREED TO BE ACQUIRED BY  
SINOTRANS SHIPPING LIMITED  
AND PARTIES ACTING IN CONCERT WITH IT) (BEING THE  
DISINTERESTED SHARES)**

**INTRODUCTION**

References are made to (1) the Joint Announcement; (2) the joint announcement dated 31 May 2021 in relation to, among other things, the revised long stop date under the Share Purchase Agreement; and (3) the Escrow Arrangement Announcement dated 30 June 2021 in relation to, among other things, the entering into of the Second Supplemental Agreement and the Escrow Agreement.



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## LETTER FROM THE BOARD

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On 5 March 2021 (after trading hours), Genesis Group, the Offeror, and the Guarantors entered into the Share Purchase Agreement, pursuant to which the Offeror has conditionally agreed to acquire, and Genesis Group has conditionally agreed to sell, the Sale Shares, being 267,562,500 Shares for a total consideration of HK\$389,571,000, equivalent to HK\$1.456 per Sale Share, which was agreed between the Offeror and Genesis Group after arm's length negotiations. The Share Sale Completion took place on 9 July 2021. The Sale Shares, being all the Shares held by Genesis Group, represent approximately 53.51% of the total issued share capital of the Company as at the date of the Share Purchase Agreement. On 30 June 2021, Genesis Group, the Offeror, and the Guarantors entered into the Second Supplemental Agreement and the Escrow Agreement, in relation to the escrow arrangement relating to the Retention Amount and the Further Retention Amount under the Share Purchase Agreement. Immediately after Share Sale Completion, Genesis Group ceased to be a Shareholder.

Immediately following the Share Sale Completion and as at the Latest Practicable Date, the Offeror and the parties acting in concert with it were interested in an aggregate of 267,562,500 Shares, representing approximately 53.51% of the entire issued share capital of the Company.

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

### **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

Under Rules 2.1 and 2.8 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 the independent non-executive Directors, namely Mr. Wong Chung Kin Quentin, Mr. Tang Yiu Ming and Mr. Wong Si Yuen, who have no direct or indirect interest in the Offer, has been formed to advise the Independent Shareholders in respect of the Offer.

In addition, Chanceton Capital has been appointed as the Independent Financial Adviser with the approval of the Independent Board Committee to advise the Independent Board Committee in respect of the Offer, and in particular, as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

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## LETTER FROM THE BOARD

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

### THE OFFER

As disclosed in the “LETTER FROM CMSHK”, CMSHK is making the Offer for and on behalf of the Offeror in compliance with the Takeovers Code on the following basis:

**For each Disinterested Share . . . . . HK\$1.456 in cash**

The Offer Price of HK\$1.456 per Disinterested Share equals the purchase price per Sale Share payable by the Offeror under the Share Purchase Agreement. The Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number of Shares or any other conditions.

The Disinterested Shares to be acquired shall be fully paid and free from all liens, charges and Encumbrances together with all rights and entitlements attached or accrued thereto, including but not limited to all rights to any dividend (if any) or other distribution declared (if any), made or paid on or after the date on which the Offer is made, being the Despatch Date. The Company confirmed that as at the Latest Practicable Date, (i) it did not declare any dividend, the record date of which falls on or after the Despatch Date; and (ii) it did not have any intention to make, declare or pay any future dividend or make other distributions until after the Closing Date. For the avoidance of doubt and for illustrative purpose only, in the event that the relevant Disinterested Shares are acquired by the Offeror under the Offer on or before such record date, the declared dividend or other distributions in respect of such Disinterested Shares will become the entitlement of the Offeror and the Offer Price of HK\$1.456 will become the consideration for each Disinterested Share. In the event that the relevant Disinterested Shares are acquired by the Offeror under the Offer after the said record date, the declared dividend or other distributions in respect of such Disinterested Shares will become the entitlement of the Independent Shareholders whose names appear on the register of members of the Company on such record date and the Offer Price, after deducting the net dividend or other distributions, will become the consideration for each Disinterested Share for such Independent Shareholders.

Further details of the Offer are set out in the “LETTER FROM CMSHK” and the additional information contained in appendices to the Composite Document and the accompanying Form of Acceptance.

### Total value of the Offer

As at the Latest Practicable Date, the total number of issued shares of the Company was 500,000,000 Shares. Based on the Offer Price of HK\$1.456 per Disinterested Share, the entire issued share capital of the Company is valued at HK\$728,000,000.

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## LETTER FROM THE BOARD

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### Offer Price

The Offer Price of HK\$1.456 per Disinterested Share represents:

- (i) a discount of approximately 23.4% to the closing price of HK\$1.90 per Share as quoted on the Stock Exchange on 11 December 2020, the last trading day prior to the publication of the First 3.7 Announcement;
- (ii) a discount of approximately 5.5% to the closing price of HK\$1.54 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 4.0% over the average closing price of approximately HK\$1.40 per Share for the last 10 trading days immediately prior to and including the Last Trading Day;
- (iv) a premium of approximately 3.3% over the average closing price of approximately HK\$1.41 per Share for the last 30 trading days immediately prior to and including the Last Trading Day;
- (v) a premium of approximately 7.1% over the average closing price of approximately HK\$1.36 per Share for the last 90 trading days immediately prior to and including the Last Trading Day;
- (vi) a discount of approximately 0.3% to the closing price of HK\$1.46 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (vii) a premium of approximately 155.4% over the audited net asset value of the Group attributable to the Shareholders of approximately HK\$0.57 per Share as at 31 March 2020;
- (viii) a premium of approximately 111.0% over the audited net asset value of the Group attributable to the Shareholders of approximately HK\$0.69 per Share as at 31 March 2021; and
- (ix) a premium of approximately 124.0% over the unaudited net asset value of the Group attributable to the Shareholders of approximately HK\$0.65 per Share as at 30 September 2020.

### Further details of the Offer

Further details of the Offer, including, among other things, its extension to the overseas Independent 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 CMSHK” and Appendix I “FURTHER TERMS AND PROCEDURES FOR THE ACCEPTANCE OF THE OFFER” to this Composite Document and the accompanying Form of Acceptance.

## LETTER FROM THE BOARD

### INFORMATION OF THE GROUP

The Group is principally engaged in providing property management services for residential and commercial buildings, shopping centres and factories and other related services in Hong Kong for both public and private properties.

Financial and general information in relation to the Group are set out in Appendix II “FINANCIAL INFORMATION OF THE GROUP” and Appendix IV “GENERAL INFORMATION OF THE GROUP” to this Composite Document.

### Shareholding structure of the Company

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

	Immediately prior to Share Sale Completion		Immediately upon Share Sale Completion and as at the Latest Practicable Date	
	No. of Shares	Approximate	No. of Shares	Approximate
		%		%
<b>The Offeror and parties acting in concert with it</b>				
The Offeror (Note 12)	—	—	267,562,500	53.51%
<b>Non-public Shareholders</b>				
Genesis Group (Notes 1 to 11 and 12)	267,562,500	53.51%	—	—
Ms. So Yee Nga, Eva	<u>32,812,500</u>	<u>6.56%</u>	<u>32,812,500</u>	<u>6.56%</u>
<b>Sub-total</b>	300,375,000	60.07%	300,375,000	60.07%
<b>Public Shareholders</b>	<u>199,625,000</u>	<u>39.93%</u>	<u>199,625,000</u>	<u>39.93%</u>
<b>Total</b>	<u><u>500,000,000</u></u>	<u><u>100.00%</u></u>	<u><u>500,000,000</u></u>	<u><u>100.00%</u></u>

Notes:

- The issued shares of Genesis Group are owned as to approximately 17.17%, 16.26%, 14.02%, 11.21%, 10.51%, 7.00%, 7.00%, 6.31%, 5.61% and 4.91% by Mr. Lee Siu Wah Albert, Mr. Poon Kin Leung, Mr. Wu Ka Chai, Mr. Lai Wai Man, Mr. Wong Wai Hung, Mr. Ho Io Tong, Mr. Lam Siu Hung Christopher, Mr. Tang Kin Sing, Mr. Wong King Cheung and Mr. Poon Sing Chit respectively. Pursuant to the deed of acting in concert dated 5 November 2018, each of the said persons confirm their acting-in-concert agreement. Under the

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## LETTER FROM THE BOARD

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SFO, each of Mr. Lee Siu Wah Albert, Mr. Poon Kin Leung, Mr. Wu Ka Chai, Mr. Lai Wai Man, Mr. Wong Wai Hung, Mr. Ho Io Tong, Mr. Lam Siu Hung Christopher, Mr. Tang Kin Sing, Mr. Wong King Cheung and Mr. Poon Sing Chit is taken to be interested in the Shares beneficially owned by Genesis Group.

2. Ms. Chiu Yuet Ying Jennifer is the spouse of Mr. Lee Siu Wah Albert, an executive Director. Under the SFO, she is taken to be interested in the Shares in which Mr. Lee Siu Wah Albert is interested.
3. Ms. Poon Tang Hou Chi is the spouse of Mr. Poon Kin Leung, an executive Director. Under the SFO, she is taken to be interested in the Shares in which Mr. Poon Kin Leung is interested.
4. Ms. Chiu Shuk Yi Lydia is the spouse of Mr. Wu Ka Chai, an executive Director. Under the SFO, she is taken to be interested in the Shares in which Mr. Wu Ka Chai is interested.
5. Ms. Wong Pui Yan is the spouse of Mr. Lai Wai Man, an executive Director. Under the SFO, she is taken to be interested in the Shares in which Mr. Lai Wai Man is interested.
6. Ms. Lai Kam Ho Rose is the spouse of Mr. Wong Wai Hung. Under the SFO, she is taken to be interested in the Shares in which Mr. Wong Wai Hung is interested.
7. Ms. Cheng Shun Wa Esther is the spouse of Mr. Ho Io Tong. Under the SFO, she is taken to be interested in the Shares in which Mr. Ho Io Tong is interested.
8. Ms. Kwok Kuen is the spouse of Mr. Lam Siu Hung Christopher, an executive Director. Under the SFO, she is taken to be interested in the Shares in which Mr. Lam Siu Hung Christopher is interested.
9. Ms. Ma Wai Kwan is the spouse of Mr. Tang Kin Sing. Under the SFO, she is taken to be interested in the Shares in which Mr. Tang Kin Sing is interested.
10. Ms. Lam Siu Fong is the spouse of Mr. Wong King Cheung, an executive Director. Under the SFO, she is taken to be interested in the Shares in which Mr. Wong King Cheung is interested.
11. Ms. Chan Miu Hung is the spouse of Mr. Poon Sing Chit. Under the SFO, she is taken to be interested in the Shares in which Mr. Poon Sing Chit is interested.
12. As stated in the Escrow Arrangement Announcement, after taking into consideration the provisions under the Share Purchase Agreement, the First Supplemental Agreement, the Second Supplemental Agreement and the Escrow Agreement, Genesis Group is not presumed to be acting in concert with the Offeror under class 9 of the definition of “acting in concert” under the Takeovers Code with effect from the entering into of the Escrow Agreement.

As at the Latest Practicable Date, other than disclosed above, there are no outstanding options, warrants or convertible securities issued by the Company and the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code). Upon Share Sale Completion and as at the Latest Practicable Date, Genesis Group and its shareholders (including the Guarantors and the spouse of these shareholders) are not interested in any Shares.

### INFORMATION ON THE OFFEROR

Your attention is drawn to the section headed “Information of The Offeror” in the “LETTER FROM CMSHK” and Appendix III “GENERAL INFORMATION OF THE OFFEROR” to this Composite Document.

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## **LETTER FROM THE BOARD**

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### **REASONS FOR ACQUIRING THE SALE SHARES AND THE INTENTION OF THE OFFEROR IN RELATION TO THE GROUP**

Your attention is drawn to the section headed “Reasons for acquiring the Sale Shares and the intention of the Offeror in relation to the Group” in the “LETTER FROM CMSHK” in this Composite Document.

The Board notes that, as at the Latest Practicable Date, save as disclosed in the sections headed “Reasons for acquiring the Sale Shares and the intention of the Offeror in relation to the Group” and “Proposed Change of Board Composition of the Company” as stated in the letter from CMSHK, the Offeror had no intention to introduce any changes to the Board composition of the Company, or to discontinue the employment of any employees of the Group, following the close of lapse of the Offer.

The Board also notes that the Offeror reserves the right to make any changes that it deems necessary or appropriate to the Group’s business and operations to optimise the value of the Group

The Board is pleased with the Offeror’s intentions in relation to the Group and the employees of the Group and is willing to render reasonable cooperation with the Offeror in the interests of the Group and its Shareholders as a whole.

### **PROPOSED CHANGE OF BOARD COMPOSITION OF THE COMPANY**

Your attention is drawn to the paragraph headed “Proposed change of the Board composition” in the “LETTER FROM CMSHK” in this Composite Document.

The Board is currently made up of nine Directors, comprising six executive Directors (namely Mr. Poon Kin Leung, Mr. Lee Siu Wah Albert, Mr. Lam Siu Hung Christopher, Mr. Wong King Cheung, Mr. Lai Wai Man and Mr. Wu Ka Chai), and three independent non-executive Directors (namely, Mr. Wong Chung Kin Quentin, Mr. Tang Yiu Ming and Mr. Wong Si Yuen). Save for Mr. Poon Kin Leung, all the existing executive Directors will resign pursuant to the terms of the Share Purchase Agreement with effect from a date which is no earlier than such date as permitted under Rule 7 of the Takeovers Code. Mr. Poon Kin Leung, the existing chairman of the Board and an executive Director, intends to resign as the chairman of the Board while still maintaining his position as an executive Director after the despatch of this Composite Document. The Board intends to nominate Dr. Deng Wei Dong, a proposed non-executive Director, as the new chairman of the Board. Further announcement(s) will be made by the Company in this regard as and when appropriate or required in accordance with the Listing Rules and/or the Takeovers Code.

The Offeror intends to nominate Dr. Deng Wei Dong, Mr. Zhong Tao, Mr. Wong For Yam and Dr. Jing Tao as new non-executive Directors to the Board and Dr. Deng Wei Dong would be designated as the chairman of the Board for appointment with effect after the posting of this Composite Document. For details of the biographical details of the nominated directors, please refer to the section headed “Proposed change of Board composition of the Company” in Letter from CMSHK.

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## LETTER FROM THE BOARD

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The Offeror does not intend to change the composition of the independent non-executive Directors during the Offer Period. The Offeror will re-consider its composition subsequent to the Offer Period. Further announcement(s) will be made by the Company in accordance with the Listing Rules as and where applicable.

### **POSSIBLE COMPULSORY ACQUISITION AND WITHDRAWAL OF LISTING OF THE COMPANY**

The Board notes that the Offeror intends (but is not obliged) to exercise the right to compulsorily acquire those Disinterested Shares not acquired by the Offeror pursuant to the Offer under Section 88 of the Cayman Islands Companies Act if it acquires not less than 90% of the Disinterested Shares within four months of the posting of the Composite Document as required by Rule 2.11 of the Takeovers Code (i.e. the Possible Compulsory Acquisition). Section 88 of the Cayman Islands Companies Act also requires the Offer to be accepted by the holders of not less than 90% of the Disinterested Shares. Should compulsory acquisition rights arise and be exercised in full, the Company will become a wholly-owned subsidiary of the Offeror and an application will be made for the withdrawal of the listing of the Shares from the Stock Exchange pursuant to Rule 6.15(1) of the Listing Rules. Nevertheless, if the Offeror does not effect the Possible Compulsory Acquisition, the Offeror intends to continue the listing of the Company.

Pursuant to Rule 2.11 of the Takeovers Code, except with the consent of the Executive, where the Offeror seeks to acquire or privatise the Company by means of the Offer and the use of compulsory acquisition rights, such rights may only be exercised if, in addition to satisfying any requirement imposed by the Cayman Islands Companies Act, acceptance of the Offer and purchases made by the Offeror and the parties acting in concert with it during the four months after posting of the Composite Document total 90% or more of the Disinterested Shares.

If the Disinterested Shares validly tendered for acceptance under the Offer are less than 90% of the Disinterested Shares during the Compulsory Acquisition Entitlement Period, the Offeror will not be entitled to exercise the compulsory acquisition right and therefore the Company will not be delisted from the Stock Exchange.

### **PUBLIC FLOAT OF THE COMPANY**

Your attention is drawn to the section headed “Public float of the Company” in the “LETTER FROM CMSHK” in this Composite Document.

### **RECOMMENDATION**

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 28 to 29 of this Composite Document, which contains its recommendation to the Independent Shareholders in respect of the Offer; and (ii) the “LETTER

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## LETTER FROM THE BOARD

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FROM THE INDEPENDENT FINANCIAL ADVISER” set out on pages 30 to 53 of this Composite Document, which contains its advice to the Independent Board Committee in relation to the Offer and the principal factors considered by it before arriving at its recommendation.

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

### **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 “FURTHER TERMS AND PROCEDURES FOR ACCEPTANCE OF THE OFFER” set out in 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.

Yours faithfully,  
By Order of the Board of  
**Creative Enterprise Holdings Limited**  
**POON Kin Leung**  
*Chairman and Executive Director*



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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*Set out below is the text of the letter of recommendation from the Independent Board Committee in respect of the Offer for inclusion in this Composite Document.*

### **Creative Enterprise Holdings Limited**

**創毅控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 3992)**

16 July 2021

*To the Independent Shareholders*

Dear Sir/Madam,

**MANDATORY UNCONDITIONAL CASH SHARE OFFER BY  
CHINA MERCHANTS SECURITIES (HK) CO., LIMITED FOR AND  
ON BEHALF OF SINOTRANS SHIPPING LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES OF  
CREATIVE ENTERPRISE HOLDINGS LIMITED (OTHER THAN THOSE  
SHARES ALREADY OWNED AND/OR AGREED TO BE ACQUIRED  
BY SINOTRANS SHIPPING LIMITED AND  
PARTIES ACTING IN CONCERT WITH IT) (BEING THE  
DISINTERESTED SHARES)**

#### **INTRODUCTION**

We refer to the composite offer and response document dated 16 July 2021 jointly issued by the Offeror and the Company (the “**Composite Document**”) of which this letter forms a part. Capitalised terms used in this letter have the same meanings as those defined in the Composite Document, unless the context requires otherwise.

We have been appointed by the Board to form the Independent Board Committee to consider the terms of the Offer and to make a recommendation to you as to whether, in our opinion, the respective terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned, and as to acceptance thereof. We have declared that we are independent and have no direct or indirect interest in the Offer, and therefore are able to consider the terms of the Offer, to make recommendations and express our views on the Offer to the Independent Shareholders.

Chanceton Capital has been appointed, with our approval, as the independent financial adviser to advise us in respect of the terms of the Offer and as to acceptance thereof. Details of its advice and the principal factors considered by it in arriving at its advice and recommendation are set out in the “LETTER FROM THE INDEPENDENT FINANCIAL ADVISER” in the Composite Document which contains the details of its advice and the principal factors and reasons taken into consideration in arriving at its recommendations in respect of the Offer.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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We also wish to draw your attention to the “LETTER FROM THE BOARD”, the “LETTER FROM CMSHK” and the additional information set out in the appendices to the Composite Document.

### RECOMMENDATION

Taking into account the terms of the Offer and the independent advice from Chanceton Capital, and the principal factors and reasons taken into account in arriving at its recommendation, we consider that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned, and recommend the Independent Shareholders to accept the Offer.

However, for those Independent Shareholders who are considering to realise all or part of their holdings in the Shares, they should monitor the Share price movement until near the end of the Offer Period. If the market price of the Shares exceeds the Offer Price and the sale proceeds net of all transaction costs exceed the net proceeds receivable under the Offer, the Independent Shareholders should consider selling their Shares in the open market instead of accepting the Offer.

The Independent Shareholders are recommended to read the full text of the “LETTER FROM THE INDEPENDENT FINANCIAL ADVISER” in this Composite Document. Notwithstanding our recommendation, the Independent Shareholders should consider carefully the terms and conditions of the Offer.

Yours faithfully,

Independent Board Committee of

**CREATIVE ENTERPRISE HOLDINGS LIMITED**

**Mr. Wong Chung Kin Quentin   Mr. Tang Yiu Ming   Mr. Wong Si Yuen**

*Independent non-executive Directors*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the text of a letter of advice from the Independent Financial Adviser to the Independent Board Committee, which has been prepared for the purpose of inclusion in the Composite Document.*

 川盟融資有限公司  
Chanceton Capital Partners Limited

16 July 2021

*To: The Independent Board Committee  
and the Independent Shareholders*

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY  
CHINA MERCHANTS SECURITIES (HK) CO., LIMITED  
FOR AND ON BEHALF OF SINOTRANS SHIPPING LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES OF  
CREATIVE ENTERPRISE HOLDINGS LIMITED (OTHER THAN THOSE SHARES  
ALREADY OWNED AND/OR AGREED TO BE ACQUIRED BY  
SINOTRANS SHIPPING LIMITED  
AND PARTIES ACTING IN CONCERT WITH IT)  
(BEING THE DISINTERESTED SHARES)**

### INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders with respect to the Offer, details of which are set out in Composite Document dated 16 July 2021 jointly issued by the Company and the Offeror to the Shareholders, of which this letter forms part. Unless otherwise stated, terms defined in the Composite Document have the same meanings in this letter.

As set out in the Composite Document, Genesis Group, the Offeror, and the Guarantors entered into the Share Purchase Agreement, pursuant to which the Offeror has conditionally agreed to acquire, and Genesis Group has conditionally agreed to sell, the Sale Shares, being 267,562,500 Shares (representing approximately 53.51% of the entire issued share capital of the Company as at the date of the Joint Announcement), for a total Consideration of HK\$389,571,000, equivalent to HK\$1.456 per Sale Share. The Share Sale Completion took place on 9 July 2021.

Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make the Offer to acquire all the issued Shares which are not owned or have been agreed to be acquired by the Offeror and parties acting in concert with it (being the Disinterested Shares). CMSHK, on behalf of the Offeror, is making the Offer to acquire all the Disinterested Shares at the Offer Price of HK\$1.456 in cash for each Disinterested Share.

As at the Latest Practicable Date, the Company has 500,000,000 Shares in issue, and as set out in the “Letter from CMSHK”, 267,562,500 Shares of which were held by the Offeror and parties acting in concert with it. As at the Latest Practicable Date, the Company had no outstanding

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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warrants, derivatives, options or other securities which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares and the Company had not entered into any agreement of the issue of any Shares or warrants, derivatives, options or other securities which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares. Based on the Offer Price of HK\$1.456 per Disinterested Share, the entire issued share capital of the Company is valued at HK\$728,000,000.

### THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Wong Chung Kin Quentin, Mr. Tang Yiu Ming and Mr. Wong Si Yuen, who have no direct or indirect interest in the Offer, has been formed to advise the Independent Shareholders in respect of the Offer. Pursuant to Rule 2.1 of the Takeovers Code, our appointment as the Independent Financial Adviser has been approved by the Independent Board Committee. As the Independent Financial Adviser in relation to the Offer, our role is to provide the Independent Board Committee and the Independent Shareholders with an independent opinion and recommendation as to whether the terms of the Offer are fair and reasonable as far as the Independent Shareholders and whether the Independent Shareholders should, or should not accept the Offer.

As at the Latest Practicable Date, we were independent from and not connected with the Company, the Offeror, any of their respective substantial shareholders, or any party acting, or presumed to be acting in concert with any of them. Accordingly, we are qualified to give independent advice to the Independent Board Committee and the Independent Shareholders regarding the Offer. Apart from the normal advisory fee payable to us in connection with our appointment as the independent financial adviser to the Company, 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.

### BASIS OF OUR OPINION

In formulating our opinion, we have relied on the statements, information, opinions, beliefs and representations contained or referred to in the Composite Document and the information and representations as provided to us by the Group, its advisers, its management team (the “**Management**”) and/or the Directors. We have assumed that such information and statements, and any representation made to us, which we have relied upon in formulating our opinion, are true, accurate and complete in all material respects as at the Latest Practicable Date and the Shareholders will be notified of any material changes (if any) 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 Group, its advisers, the Management and/or the Directors in the Composite Document were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Composite Document, or the reasonableness of the

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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opinions expressed by the Group, its advisers, the Management and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there are no undisclosed private agreements/arrangements or implied understanding with anyone concerning the Offer. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 2 of the Takeovers Code.

We consider that we have been provided with, and we have reviewed, all currently available information and documents which are available under present circumstances to enable us to reach an informed view regarding the terms of the Offer to justify reliance on the accuracy of the information contained in the Composite Document so as to provide a reasonable basis of our opinion. We have no reasons to suspect that any material information has been withheld by the Group, its advisers, the Management and/or the Directors, or is misleading, untrue or inaccurate. We have not, however, for the purpose of this exercise, conducted any independent investigation or audit into the business or affairs or future prospects of the Company, Genesis Group, the Offeror and their respective shareholder(s)/partners and subsidiaries or affiliates, and their respective histories, experience and track records, or the prospects of the markets in which they respectively operate. Our opinion is necessarily based on financial, economic, market and other conditions in effect and the information made available to us at the Latest Practicable Date. This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely for their consideration of the Offer.

### MANDATORY UNCONDITIONAL CASH OFFER

As set out in the Composite Document, immediately following Share Sale Completion, the Offeror and parties acting in concert with it were interested in a total of 267,562,500 Shares, representing approximately 53.51% of the entire issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is making the Offer for all the issued Shares which are not owned or have been agreed to be acquired by the Offeror and parties acting in concert with it (being the Disinterested Shares).

### PRINCIPAL TERMS OF THE OFFER

Pursuant to Composite Document, the Offer is being made by CMSHK for and on behalf of the Offeror in compliance with the Takeovers Code on the following basis:

**For each Disinterested Share . . . . . HK\$1.456 in cash**

The Offer Price of HK\$1.456 per Offer Share equals the purchase price per Sale Share payable by the Offeror under the Share Purchase Agreement. The Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number of Shares or any other conditions.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As set out in the “Letter from CSMHK” to the Composite Document, the Offer Price of HK\$1.456 per Offer Share paid by the Offeror represents:

- (i) a discount of approximately 23.4% to the closing price of HK\$1.90 per Share as quoted on the Stock Exchange on 11 December 2020, the last trading day prior to the publication of the First 3.7 Announcement;
- (ii) a discount of approximately 5.5% to the closing price of HK\$1.54 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 4.0% over the average closing price of approximately HK\$1.40 per Share for the last 10 trading days immediately prior to and including the Last Trading Day;
- (iv) a premium of approximately 3.3% over the average closing price of approximately HK\$1.41 per Share for the last 30 trading days immediately prior to and including the Last Trading Day;
- (v) a premium of approximately 7.1% over the average closing price of approximately HK\$1.36 per Share for the last 90 trading days immediately prior to and including the Last Trading Day;
- (vi) a discount of approximately 0.3% to the closing price of HK\$1.46 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (vii) a premium of approximately 155.4% over the audited net asset value of the Group attributable to the Shareholders of approximately HK\$0.57 per Share as at 31 March 2020;
- (viii) a premium of approximately 124.0% over the unaudited net asset value of the Group attributable to the Shareholders of approximately HK\$0.65 per Share as at 30 September 2020; and
- (ix) a premium of approximately 111.0% over the audited net asset value of the Group attributable to the Shareholders of approximately HK\$0.69 per Share as at 31 March 2021.

As at the Latest Practicable Date, the Company has 500,000,000 Shares in issue, 267,562,500 Shares of which were held by the Offeror and parties acting in concert with it. There were no outstanding warrants, options, derivatives or other securities convertible into the Shares and the Company has not entered into any agreement for the issue of such which may confer any rights to subscribe for, convert or exchange into of such warrants, options, derivatives or other securities convertible into Shares as at the Latest Practicable Date.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Based on the Offer Price of HK\$1.456 per Offer Share and 500,000,000 Shares in issue, the entire issued share capital of the Company is valued at HK\$728,000,000. As at the Latest Practicable Date, the total number of issued Shares subject to the Offer will be 232,437,500 Shares, being the Shares held by the Independent Shareholders. In the event that the Offer is accepted in full, the maximum aggregate amount payable by the Offeror under the Offer will be HK\$338,429,000.

The Disinterested Shares to be acquired shall be fully paid and free from all liens, charges and Encumbrances together with all rights and entitlements attached or accrued thereto, including but not limited to all rights to any dividend (if any) or other distribution (if any) declared, made or paid on or after the date on which the Offer is made, being the Despatch Date. For the avoidance of doubt, in the event that the relevant Disinterested Shares are acquired by the Offeror under the Offer on or before the relevant record date, the declared dividend or other distributions in respect of such Disinterested Shares will become the entitlement of the Offeror and the Offer Price of HK\$1.456 will become the consideration for each Disinterested Share. In the event that the relevant Disinterested Shares are acquired by the Offeror under the Offer after the said record date, the declared dividend or other distributions in respect of such Disinterested Shares will become the entitlement of the Independent Shareholders whose names appear on the register of members of the Company on such record date and the Offer Price, after deducting the net dividend or other distributions, will become the consideration for each Disinterested Share for such Independent Shareholders.

Acceptance of the Offer by any Independent Shareholder will be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion regarding the Offer, we have taken into consideration the following principal factors:

#### **1. Background information of the Group**

##### **1.1 *Information of the Group***

The Group is a company incorporated in the Cayman Islands with limited liability, and the Shares have been listed on the Main Board of the Stock Exchange since December 2018. The Group is principally engaged in providing property management services for residential and commercial buildings, shopping centres and factories and other related services in Hong Kong for both public and private properties. The Company's property management services include estate general management, tenancy management, rent and management fees collection services, security, cleaning, minor repair and maintenance, project management services, legal and administrative support services. The Group's revenue is derived from the provision of (i) property management

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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services; (ii) stand-alone security services; (iii) stand-alone cleaning services; and (iv) provision of staff (including property officers and clerks) secondment services, to the customers in Hong Kong. All the assets of the Group are also located in Hong Kong.

### 1.2 *Historical financial performance of the Group*

Set out below is a summary of the consolidated financial results of the Group for the three financial years ended 31 March 2019, 31 March 2020 and 31 March 2021 as extracted from the Group's annual reports for the year ended 31 March 2020 (the "**2020 Annual Report**") and for the year ended 31 March 2021 (the "**2021 Annual Report**").

	For the year ended 31 March		
	2021	2020	2019
	HK\$'000	HK\$'000	HK\$'000
	(audited)	(audited)	(audited)
Revenue	<u>898,154</u>	<u>783,935</u>	<u>715,807</u>
Profit before tax	64,713	36,932	18,742
Income tax expense	<u>(7,933)</u>	<u>(7,013)</u>	<u>(5,385)</u>
Profit for the year	<u>56,780</u>	<u>29,919</u>	<u>13,357</u>
Total comprehensive income for the year attributable to owners of the Company	<u>63,120</u>	<u>21,777</u>	<u>9,234</u>

#### *Financial performance for the year ended 31 March 2021*

As set out in the 2021 Annual Report, the Group's revenue increased by approximately 14.6% from approximately HK\$783.9 million for the year ended 31 March 2020 to approximately HK\$898.2 million for the year ended 31 March 2021. The increase was primarily attributable to the combine effect of (i) procurement of a number of cleaning services contracts at the quarantine facilities awarded by the Hong Kong Department of Health, to provide additional anti-epidemic cleaning services; and (ii) the organic growth of business by successfully acquiring fourteen (14) new public contracts (three (3) property management contracts, nine (9) stand-alone security services contracts, and two (2) staff secondment contracts), and four (4) new private property management contracts.

Since the Company has opportunity to enhance the growth of its business by acquiring cleaning services contracts for quarantine centres during the period of epidemic outbreak, adjusted operating profit (excluding one-off government subsidy of HK\$23.4 million) has largely increased by approximately 11.7% from approximately HK\$37.1 million for the year ended 31 March 2020 to



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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approximately HK\$41.5 million for the year ended 31 March 2021. The Group maintained a stable adjusted operating profit margin amounted to approximately 4.7% for the year ended 31 March 2020 and approximately 4.6% for the year ended 31 March 2021.

### *Financial performance for the year ended 31 March 2020*

As set out in the 2020 Annual Report, the Group's total revenue improved by approximately 9.5% from approximately HK\$715.8 million for the year ended 31 March 2019 to approximately HK\$783.9 million for the year ended 31 March 2020. The increase was primarily attributable to (i) the additional service fee income from the eight (8) public new contracts (one (1) property management contract, two (2) stand-alone security services contracts, four (4) stand-alone cleansing services contracts and one (1) staff secondment contract, representing a significant portion of 25.8% of the total 31 existing public contracts for the year ended 31 March 2020), as well as seven (7) new private property management contracts acquired (representing a portion of 10.9% of the 64 existing private property management services contract for the year ended 31 March 2020); and (ii) the upward adjustment on service fee for some of the Group's existing contracts in accordance with the adjustment mechanism as stipulated in those contracts.

Adjusted operating profit of the Group increased by 14.4% from approximately HK\$32.6 million (excluding one-off listing expenses of HK\$12.3 million) for the year ended 31 March 2019 to approximately HK\$37.3 million for the year ended 31 March 2020. The Group maintained a stable adjusted operating profit margin amounted to approximately 4.6% for the year ended 31 March 2019 and approximately 4.8% for the year ended 31 March 2020.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 1.3 Historical financial position of the Group

Set out below is a summary of the consolidated financial position of the Group as at 31 March 2019, 31 March 2020 and 31 March 2021 as extracted from the 2020 Annual Report and the 2021 Annual Report.

	As at 31 March 2021		As at 31 March 2020		As at 31 March 2019	
	(audited) HK\$'000	% of total assets	(audited) HK\$'000	% of total assets	(audited) HK\$'000	% of total assets
<b>Non-current assets</b>						
Property, plant and equipment	23,176	5.3%	20,754	5.3%	21,426	5.9%
Right-of-use assets	573	0.1%	1,102	0.3%	—	—
Investment in insurance contracts	28,000	6.4%	27,119	6.9%	24,278	6.7%
Trade and other receivables	2,698	0.6%	3,604	0.9%	2,373	0.7%
Deferred tax assets	201	0.0%	192	0.0%	87	0.0%
	<u>54,648</u>	<u>12.4%</u>	<u>52,771</u>	<u>13.4%</u>	<u>48,164</u>	<u>13.4%</u>
<b>Current assets</b>						
Trade and other receivables	208,604	47.4%	205,166	52.2%	173,988	48.3%
Tax recoverable	—	—	—	—	1,621	0.4%
Pledged bank deposits	53,754	12.2%	45,212	11.5%	39,095	10.8%
Cash and bank balances	122,981	28.0%	89,664	22.8%	97,689	27.1%
	<u>385,339</u>	<u>87.6%</u>	<u>340,042</u>	<u>86.6%</u>	<u>312,393</u>	<u>86.6%</u>
<b>Total assets</b>	<u><u>439,987</u></u>	<u><u>100.0%</u></u>	<u><u>392,813</u></u>	<u><u>100.0%</u></u>	<u><u>360,557</u></u>	<u><u>100.0%</u></u>

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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	<b>As at 31 March 2021</b>		<b>As at 31 March 2020</b>		<b>As at 31 March 2019</b>	
	(audited)		(audited)		(audited)	
	<i>HK\$'000</i>	<i>% of total liabilities</i>	<i>HK\$'000</i>	<i>% of total liabilities</i>	<i>HK\$'000</i>	<i>% of total liabilities</i>
<b>LIABILITIES</b>						
Non-current liabilities						
Borrowings	—	—	—	—	277	0.3%
Lease liabilities	159	0.2%	543	0.5%	—	—
Long service payment liabilities	13,925	14.8%	20,066	18.2%	13,149	13.2%
Deferred tax liabilities	14	0.0%	21	0.0%	—	—
	<u>14,098</u>	<u>14.9%</u>	<u>20,630</u>	<u>18.7%</u>	<u>13,426</u>	<u>13.5%</u>
<b>Current liabilities</b>						
Trade and other payables	71,578	75.9%	66,829	60.6%	57,634	57.7%
Borrowings	6,919	7.3%	21,269	19.3%	27,778	27.8%
Lease liabilities	384	0.4%	506	0.5%	—	—
Tax payable	1,099	1.2%	790	0.7%	441	0.4%
Amounts due to related parties	258	0.3%	258	0.2%	524	0.5%
	<u>80,238</u>	<u>85.1%</u>	<u>89,652</u>	<u>81.3%</u>	<u>86,377</u>	<u>86.5%</u>
<b>Total liabilities</b>	<u><u>94,336</u></u>	<u><u>100.0%</u></u>	<u><u>110,282</u></u>	<u><u>100.0%</u></u>	<u><u>99,803</u></u>	<u><u>100.0%</u></u>
<b>EQUITY</b>						
Share capital	5,000		5,000		5,000	
Share premium	111,783		111,783		111,783	
Reserves	<u>228,868</u>		<u>165,748</u>		<u>143,971</u>	
<b>Total equity</b>	<u><u>345,651</u></u>		<u><u>282,531</u></u>		<u><u>260,754</u></u>	

As at 31 March 2021, the Group's total assets amounted to approximately HK\$440.0 million, which mainly comprised (i) trade and other receivables of approximately 47.4%; (ii) cash and bank balances of approximately 28.0%; and (iii) pledged bank deposits of approximately 12.2%, of total assets.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As at 31 March 2021, the Group's total liabilities amounted to approximately HK\$94.3 million, which mainly comprised (i) trade and other payables of approximately 75.9%; (ii) long service payment liabilities of approximately 14.8%; and (iii) short term borrowings of approximately 7.3%, of total liabilities.

As at 31 March 2021, the Group recorded net assets attributable to equity holders of approximately RMB345.7 million.

As at 31 March 2020, the Group's total assets amounted to approximately HK\$392.8 million, which mainly comprised (i) trade and other receivables of approximately 52.2%; (ii) cash and bank balances of approximately 22.8%; and (iii) pledged bank deposits of approximately 11.5%, of total assets.

As at 31 March 2020, the Group's total liabilities amounted to approximately HK\$110.3 million, which mainly comprised (i) trade and other payables of approximately 60.6%; (ii) long service payment liabilities of approximately 18.2%; and (iii) short term borrowings of approximately 19.3%, of total liabilities.

As at 31 March 2020, the Group recorded net assets attributable to equity holders of approximately RMB282.5 million.

As at 31 March 2019, the Group's total assets amounted to approximately HK\$360.6 million, which mainly comprised (i) trade and other receivables of approximately 48.3%; (ii) cash and bank balances of approximately 27.1%; and (iii) pledged bank deposits of approximately 10.8%, of total assets.

As at 31 March 2019, the Group's total liabilities amounted to approximately HK\$99.8 million, which mainly comprised (i) trade and other payables of approximately 57.7%; (ii) long service payment liabilities of approximately 13.2%; and (iii) short term borrowings of approximately 27.8%, of total liabilities.

As at 31 March 2019, the Group recorded net assets attributable to equity holders of approximately RMB260.8 million.

The total assets of the Group has been increased from approximately HK\$360.6 million as at 31 March 2019 to approximately HK\$392.8 million as at 31 March 2020 and further to approximately HK\$440.0 million as at 31 March 2021. The proportion of different assets to the total assets of the Group remained relatively stable for each date. The total liabilities of the Group has been increased from approximately HK\$99.8 million as at 31 March 2019 to approximately HK\$110.3 million as at 31 March 2020 and reduced to approximately HK\$94.3 million as at 31 March 2021. Save for (i) the short term borrowing, which has been decreased across each period; and (ii) trade and other payables, which have its proportion increased due to the decrease in total liabilities as at 31 March 2021, the proportion of other liabilities to the total liabilities of the Group remained relatively stable for each date. Attributable to the financial performance

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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of the Group as mentioned under paragraph headed “1.2 Historical financial performance of the Group” above, the net assets attributable to equity holders of the Group has been increased from approximately HK\$260.8 million as at 31 March 2019 to approximately HK\$282.5 million as at 31 March 2020 and further to approximately HK\$345.7 million as at 31 March 2021. Having considered all the above, we are of the view that the financial position of the Group has been improved from 31 March 2019 to 31 March 2021.

### ***1.4 Prospects of the Group***

As disclosed in the 2021 Annual Report, since the outbreak of Coronavirus Disease 2019 (“**Covid-19**”), the Group has continuously deployed additional resources for funding the necessary manpower and resources. For the year ended 31 March 2021, the Group provided daily essential protective gears, including face masks and sanitising products for over 5,000 employees (office, cleaning and security staff) and disinfection/cleaning materials for the intensified cleaning tasks. As the pandemic is expected to persist for a considerable period, the Group would continue to reserve sufficient funds to meet the additional manpower and resource requirements. The Group will continue to observe the development of the pandemic and evaluate its impact on our financial position and operation.

As discussed with the Management, the Group have strived to continue expanding the client base, albeit the outbreak of the Covid-19 throughout the year. For the year ended 31 March 2021, the Group successfully acquired one (1) new public property management contract, two (2) new public staff secondment contracts, five (5) new stand-alone security services contracts, four (4) new private property management contracts, one (1) new Home Ownership Scheme (“**HOS**”) property management contract, and fifty-one (51) monthly short-term quarantine cleaning services contracts. The Group successfully re-tendered for two (2) public property management contracts and four (4) public stand-alone security services contracts, and have five (5) private property management contracts renewed.

As at 31 March 2021, the Hong Kong Housing Authority (“**HKHA**”) remains as the Group’s largest customer, and the Group’s existing property management portfolio comprised thirty-two (32) HKHA contracts (including fourteen (14) property management services contracts, thirteen (13) stand-alone security services contracts, three (3) stand-alone cleaning services contracts, and two (2) staff secondment contracts); one (1) Urban Renewal Authority stand-alone security services contract; two (2) HOS property management contracts; seventy (70) private property management services contracts; three (3) private stand-alone cleaning services contracts; as well as five (5) monthly short-term Department of Health cleaning services (at quarantine centres) contracts.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We have compared the Group's revenue and the year-over-year change (the "YoY") by contract type for the year ended 31 March 2019, 2020 and 2021 as set out below:

	2021		2020		2019
	HK\$'000	YoY%	HK\$'000	YoY%	HK\$'000
Property management services	649,812	5.4%	616,330	8.4%	568,629
Stand-alone security services	143,273	-3.5%	148,454	6.0%	140,090
Stand-alone cleaning services	74,153	305.0%	18,311	355.0%	4,024
Staff secondment service income	30,916	3,580.5%	840	-72.6%	—
Window inspection services (Note)	—	—	—	-100.0%	3,064
<b>Total</b>	<b>898,154</b>	<b>14.6%</b>	<b>783,935</b>	<b>9.5%</b>	<b>715,807</b>

*Note:* the Group had ceased to provide window inspection services for the year ended 31 March 2020 and 31 March 2021.

As discussed with the Management, the Group generated its revenue mainly from the property management services and they were able to maintain a stable growth in revenue from the property management services. Attributable to the new contracts acquired as mentioned above, the revenue from property management services increased by approximately 5.4% from approximately HK\$616.3 million for the year ended 31 March 2020 to approximately HK\$649.8 million for the year ended 31 March 2021, which did not deviate much from the 8.4% growth of 2020. Other than a slight decrease in the revenue from stand-alone security services for the year ended 31 March 2021, the Group was able to maintain its robust growth in revenue from stand-alone cleaning services and recorded an exceptional growth of 3,580.5% in revenue from staff secondment service income.

Despite of the outbreak of the Covid-19, for the year ended 31 March 2021, the Group was able to capture new contracts as mentioned above and the growth in total revenue of 14.6% outperformed the growth in total revenue of 9.5% for the year ended 31 March 2020. The adjusted net profit (excluding one-off listing expenses and one-off government subsidy) of the Group has increased from approximately HK\$25.7 million for the year ended 31 March 2019 to approximately HK\$29.7 million for the year ended 31 March 2020 and further to approximately HK\$33.4 million for the year ended 31 March 2021.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As indicated by stable growth in the revenues, adjusted operating and net profit, total assets and total equity of the Group (details set out under paragraphs headed “1.2 Historical financial performance of the Group” and “1.3 Historical financial position of the Group” above), the Management has proven its ability to capitalise profitability and growth in the Group’s business in Hong Kong. We are of the view that the prospect of the Group is positive and stable in spite of the continued Covid-19 pandemic.

Even so the Group has been continuously making profit since its listing in the Main Board of the Stock Exchange in December 2018, however, the Company has not declared nor distributed any dividends to its shareholders since its listing in the Main Board of the Stock Exchange, the Offer presents an immediate opportunity for those holders of the Shares to realise their investments in the Shares for cash and redeploy the cash received from accepting the Offer into other investment opportunities.

### **2. Information of the Offeror**

As set out in the “Letter from CMSHK”, the Offeror is a company incorporated in Hong Kong with limited liability which is indirectly, through SSH, Sinomarine Limited and China Merchants Investment Development Company Limited, wholly-owned by CMG. The Offeror and its subsidiaries are principally engaged in provision of investing services, provision of ship management services, investment holding, and chartering of vessels.

As part of the business development plan of the Offeror, there was a change in directorship of the Offeror. Accordingly, Mr. Wang Youliang and Mr. Ding Lei resigned. On 9 March 2021, the board of directors of the Offeror nominated and appointed Dr. Deng Wei Dong and Mr. Zhang Yi to the board of directors of the Offeror. Save for this, as at the Latest Practicable Date, there was no other change in directorship and shareholding of the Offeror.

For further information on the Offeror, please refer to the paragraph headed “Information of the Offeror” as set out in the “Letter from CMSHK”.

### **3. Intentions of the Offeror in relation to the Group and proposed change of Board composition**

The following information of the intentions of the Offeror in relation to the Group has been extracted from the “Letter from CMSHK”. It is stated that the Offeror intends to continue the existing principal businesses of the Group, following the close of the Offer. The Offeror has no intention to (i) introduce any major changes to the existing business and operations of the Group following the close of the Offer; (ii) discontinue the employment of any employees of the Group; or (iii) dispose of or re-deploy the fixed assets of the Company other than in its ordinary and usual course of business.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Offeror will continue to ensure good corporate governance, monitor and review the Group's business and operations from time to time, and may take steps that it deems necessary or appropriate to optimise the value of the Group. However, the Offeror reserves the right to make any changes that it deems necessary or appropriate to the Group's business and operations to optimise the value of the Group. For further details, please refer to the paragraph headed "Reasons for acquiring the Sale Shares and the intention of the Offeror in relation to the Group" as set out in the "Letter from CMSHK".

The "Letter from CMSHK" also sets out that save for Mr. Poon Kin Leung, all the existing executive Directors will resign pursuant to the terms of the Share Purchase Agreement with effect from a date which is no earlier than such date as permitted under Rule 7 of the Takeovers Code.

The Offeror intends to nominate Dr. Deng Wei Dong, Mr. Zhong Tao, Mr. Wong For Yam and Dr. Jing Tao as new non-executive Directors to the Board for appointment with effect after the posting of the Composite Document.

The Offeror does not intend to change the composition of the independent non-executive Directors during the Offer Period. The Offeror will re-consider its composition subsequent to the Offer Period. Further announcement(s) will be made by the Company in accordance with the Listing Rules as and where applicable.

Having reviewed the above-mentioned extracts from the "Letter from CMSHK", we noted that there are uncertainties in the future development strategy of the Company as (i) all the existing executives Directors, except Mr. Poon Kin Leung, will resign, (ii) it is noted that the Offeror does not have prior experiences nor backgrounds in the business and industry of the Group, and (iii) the backgrounds of the new directors nominated by the Offeror seemingly are not entirely relevant to the current business of the Group.

#### **4. Analysis on Offer Price**

##### ***4.1 Historical price performance of the Shares***

We have reviewed and analysed the closing prices of the Shares over the 12 months period immediately prior to the Joint Announcement dated 8 March 2021. Such review period commenced on 9 March 2020 and ended on the Latest Practicable Date (the "**Review Period**"). The Review Period is further divided into two periods, (i) the first period commenced from 9 March 2020 and ended on 14 December 2020 (inclusive of both dates), being the date of the First 3.7 Announcement issued by the Company in



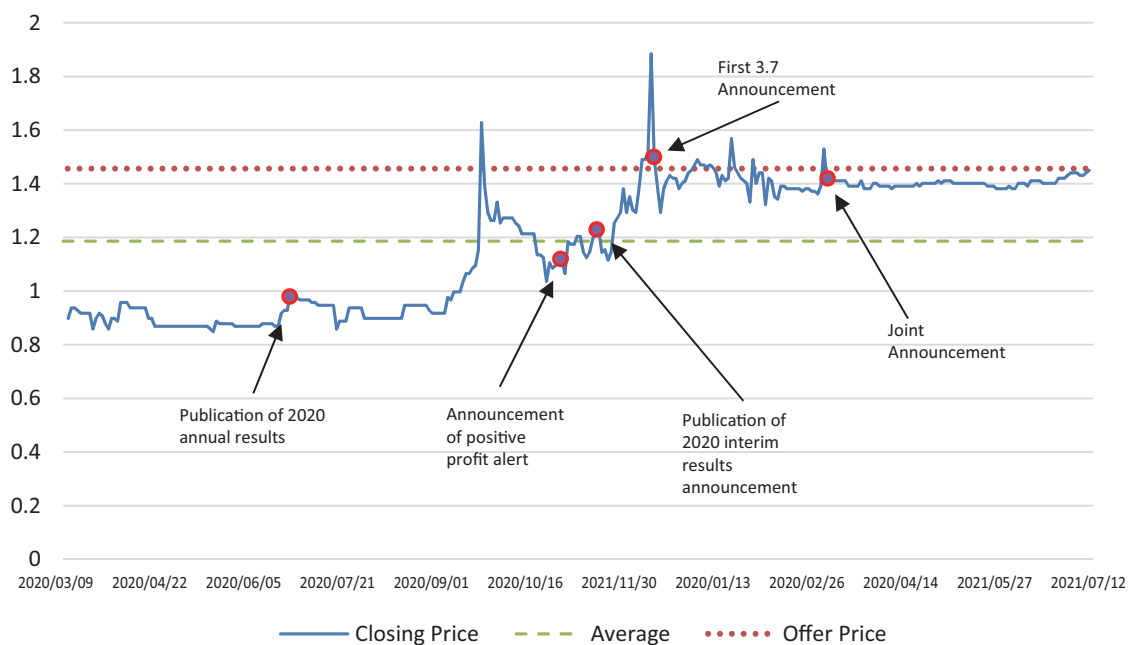
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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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relation to the possible offer (the “**First Review Period**”); and (ii) the second period commenced from 15 December 2020, being the trading day immediately after the date of the First 3.7 Announcement and ended on the Latest Practicable Date (inclusive of both dates) (the “**Second Review Period**”). Details of our analysis are set out below:

### Historical daily closing price of Shares during the Review Period



Source: Stock Exchange

During the Review Period, the Offer Price of HK\$1.456 is higher than the average closing prices of the Shares of HK\$1.189. The Offer Price was also higher than the closing price of the Shares in 313 out of 332 trading days during the Review Period, despite of the stable growth in financial performance and continuous profit-making of the Group as set out under paragraphs headed “1.2 Historical financial performance of the Group”, “1.3 Historical financial position of the Group” and “1.4 Prospects of the Group” above.

During the First Review Period, the closing price of the Shares ranged from HK\$0.85 (19 May 2020) to HK\$1.9 (11 December 2020). The average closing price of the Shares during the First Review Period was approximately HK\$1.021 (the “**First Review Period Average Closing Price**”). From the commencement of the First Review Period up to the date of the publication of the 2020 annual results announcement on 26 June 2020 (the “**2020 Annual Results Announcement**”), the closing price of the Shares fluctuated between the range from HK\$0.85 to HK\$0.99. The Group’s annual results for the year ended 31 March 2020 recorded a profit attributable to owners of the Company of approximately HK\$29.9 million compared to approximately HK\$13.4 million recorded during the prior corresponding year. The closing price per Share was HK\$0.9 on 9 March

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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2020 (i.e. the commencement of the First Review Period) and HK\$0.97 on 29 June 2020, being the trading day after the publication of the 2020 Annual Results Announcement, representing an increase of approximately 7.8%.

From 29 June 2020 to 3 September 2020, the closing price of Shares hovered between HK\$0.86 and HK\$0.97. Since then, the closing price of Shares continued to increase until the closing price of Shares reached HK\$1.64 on 21 September 2020. We have discussed with the Management regarding the possible reasons for such price surge and they were not aware of any specific reasons which may lead to the aforesaid increase in Share price.

Subsequently on 2 November 2020, the Company issued an announcement of positive profit alert that the Group was expected to record a significant increase of not less than 100% in its unaudited consolidated net profit for the six months ended 30 September 2020 as compared to a net profit of approximately HK\$17.1 million for the six months ended 30 September 2019. The closing price of the Shares on that day was HK\$1.12.

On 18 November 2020, the Company published the 2020 interim results announcement (the “**2020 Interim Results Announcement**”). The Group’s interim results for the six months ended 30 September 2020 recorded an unaudited profit of approximately HK\$40.6 million compared to approximately HK\$17.1 million recorded in the corresponding six months ended 30 September 2019. Followed by a short period of decrease in the closing price of Shares after the publication of the 2020 Interim Results Announcement, the closing price of Shares surged to HK\$1.9 on 11 December 2020.

We have enquired about the possible reason for the fluctuations in the Shares price since the publication of the 2020 Interim Results Announcement and the Management advised that save for the information as set out in the 2020 Interim Results Announcement, the Management was not aware of any matters which may have a material impact on the Share price. On this basis, the notable movement in the price of the Shares may be attributable to the market reaction to the 2020 Interim Results Announcement.

On 14 December 2020, the Company published the First 3.7 Announcement pursuant to, among others, Rule 13.09 of the Listing Rules and Rule 3.7 of the Takeover Code, the Company was informed by its controlling shareholder, namely Genesis Group, that Genesis Group had entered into a memorandum of understanding (the “**MOU**”) with an independent third party as the offeror in respect of a possible disposal of the 267,562,500 Shares held by Genesis Group (the “**Possible Disposal**”) (representing approximately 53.51% of the total issued share capital of the Company as at the date of the First 3.7 Announcement), which, if materialised, may lead to a change in control of the Company and a mandatory general offer under the Takeovers Code for all the issued shares of the Company by the Offeror. Pursuant to the MOU, there is an exclusivity period of five months from and inclusive of the date of the MOU during which Genesis

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Group can only discuss the Possible Disposal with the potential purchaser. The closing price per Share on (i) the trading day of the publication of the First 3.7 Announcement was HK\$1.5 and (ii) the trading day immediately after the publication of the First 3.7 Announcement was HK\$1.4.

As set out in the Joint Announcement dated 8 March 2021, Genesis Group, the Offeror and the Guarantors entered into Share Purchase Agreement in respect of the sale and purchase of the Sale Shares. The consideration for the Sale Shares is HK\$389,571,000, equivalent to HK\$1.456 per Sale Share. The closing price per Share on (i) the trading day of the publication of the Joint Announcement was HK\$1.42; and (ii) the trading day immediately after the publication of the Joint Announcement was HK\$1.44.

During the Second Review Period, the closing price per Share ranged from HK\$1.3 to HK\$1.58. The closing price per Share as at the Latest Practicable Date was HK\$1.46. The average closing price per Share during the Second Review Period was approximately HK\$1.416 (the “**Second Review Period Average Closing Price**”).

The Offer Price represents:

- (i) a discount of approximately 23.4% over the highest closing price of the Shares of HK\$1.9 during the First Review Period and a discount of approximately 7.8% over the highest closing price of the Shares of HK\$1.58 during the Second Review Period, respectively;
- (ii) a premium of approximately 71.3% over the lowest closing price of the Shares of HK\$0.85 during the First Review Period and a premium of approximately 12.0% over the lowest closing price of the Shares of HK\$1.3 during the Second Review Period, respectively;
- (iii) a premium of approximately 42.6% over the First Review Period Average Closing Price of approximately HK\$1.021 and a premium of approximately 2.8% over the Second Review Period Average Closing Price of approximately HK\$1.416, respectively; and
- (iv) a discount of approximately 0.3% to the closing price of the Share price of HK\$1.46 as at the Latest Practicable Date.

**Shareholders should note that the information set out above is not an indicator of the future performance of the Shares and that the price of the Shares may increase or decrease from its closing price as at the Latest Practicable Date.**

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 4.2 Historical liquidity of the Shares

The following tables set out the average daily and monthly trading volume, the number of trading days in each month, as well as the percentage of average daily trading volume of the Shares compared to (i) the total number of the Shares in issue at the relevant time; (ii) total number of Shares held by the public as at the Latest Practicable Date; during the Review Period:

Month	Number of trading days	Total trading volume (number of Shares)	Average daily trading volume (number of Shares)	Approximate percentage of average daily trading volume to total number of Shares in issue (%) (Note 1)	Approximate percentage of average daily trading volume to total number of Shares held by the public as at the Latest Practicable Date (%) (Note 2)
<b>2020</b>					
March (Note 3)	17	444,000	26,118	0.005%	0.013%
April	19	448,000	23,579	0.005%	0.012%
May	20	100,000	5,000	0.001%	0.003%
June	21	9,794,000	466,381	0.093%	0.234%
July	22	1,336,000	60,727	0.012%	0.030%
August	21	2,154,000	102,571	0.021%	0.051%
September	22	8,146,000	370,273	0.074%	0.185%
October	18	13,332,000	740,667	0.148%	0.371%
November	21	9,988,000	475,619	0.095%	0.238%
December (Note 4)	10	7,317,700	731,770	0.146%	0.367%
December (Note 5)	12	7,238,000	603,167	0.121%	0.302%
<b>2021</b>					
January	20	2,576,000	128,800	0.026%	0.065%
February	18	2,826,000	157,000	0.031%	0.079%
March	13	22,272,000	968,348	0.194%	0.485%
April	19	6,062,000	319,053	0.064%	0.160%
May	20	5,828,000	291,400	0.058%	0.146%
June	21	2,870,000	136,667	0.027%	0.068%
July (up to and including the Latest Practicable Date)	8	5,074,000	634,250	0.127%	0.318%
First Review Period	191	53,059,700	277,799	0.056%	0.139%
Second Review Period	141	54,746,000	388,270	0.078%	0.194%

Source: Stock Exchange

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*Notes:*

- (1) Based on issued Shares as disclosed in the monthly return of movements in securities of the Group.
- (2) Shares held by the public Shareholders are based on information as set out under paragraph headed “Shareholding structure of the Company” in the Letter from the Board of this Composite Document.
- (3) Commencing on 9 March 2020.
- (4) Up to and including 14 December 2020, being the end of the First Review Period.
- (5) Commencing from 15 December 2020, being the commencement of the Second Review Period.

The above table demonstrates that during the First Review Period, (i) the average daily trading volume of the Shares as a percentage of the total number of the Shares in issue ranged from approximately 0.001% (May 2020) to 0.148% (October 2020) with an average of approximately 0.056%; and (ii) the average daily trading volume of the Shares as a percentage of the total number of Shares held by the public as at the Latest Practicable Date ranged from approximately 0.003% (May 2020) to 0.371% (October 2020) with an average of approximately 0.139%. During the Second Review Period, (i) the average daily trading volume of the Shares as a percentage of the total number of the Shares in issue ranged from approximately 0.026% (January 2021) to 0.194% (March 2021) with an average of approximately 0.078%; and (ii) the average daily trading volume of the Shares as a percentage of the total number of Shares held by the public as at the Latest Practicable Date ranged from approximately 0.065% (January 2021) to 0.485% (March 2021) with an average of approximately 0.194%. We have discussed with the Management regarding the possible reasons for the fluctuation in trading volume in March 2021 and save for the publication of the Joint Announcement dated 8 March 2021, they were not aware of any specific reasons which may lead to the aforesaid increase in the trading volume. The above statistics revealed that trading volume of the Shares was relatively thin during the First Review Period and the Second Review Period, and thus the Shares were generally illiquid in the open market during the Review Period. The Independent Shareholders may find it difficult to dispose of a significant number of Shares in the open market without causing a downward impact on the Share price level at the relevant time. On this basis, the Offer presents an opportunity for the Independent Shareholders to dispose of their shareholdings at the Offer Price of HK\$1.456 each.

### 4.3 *Comparison with comparable companies*

With a view to assess the fairness and reasonableness of the Offer Price, we have set out below our analysis on the price-to-earnings ratio (the “**P/E ratio(s)**”) and the price-to-book ratios (the “**P/B ratio(s)**”) of companies which are listed on the Main Board and GEM of the Stock Exchange and derived most of its revenues from its property management business for its most recent completed financial year. As set out in the 2021 Annual Report, for the year ended 31 March 2021, the Group derived its revenues primarily from its property management services business in Hong Kong, which contributed in more than a half of its revenues for the year ended 31 March 2021.

Based on the Offer Price and 500,000,000 Shares in issue as at the Latest Practicable Date, the size of the Offer and the implied market capitalisation of the Company under the Offer would be approximately HK\$728 million. Based on the profit attributable to equity holders of the Company approximately HK\$56.8 million for the year ended 31 March 2021, the implied P/E ratio under the Offer would be approximately 12.82 times. As per the audited condensed consolidated statement of financial position set out in the 2021 Annual Report, the net assets of the Company amounted to approximately HK\$345.7 million as at 31 March 2021. Based on the aforesaid, the implied P/B ratio under the Offer would be approximately 2.11 times. Having considered the principal businesses of the Group as set out above, we have set forth the following criteria for the purpose of identifying comparable companies, (i) the shares of which are listed on the Main Board or GEM of the Stock Exchange; (ii) revenues generated from their property management business including ancillary products/services represent over 50% of its total revenues for the latest completed financial year, the financial results of which have been published; (iii) they have substantial presence in Hong Kong with over 50% of revenue derived therefrom during the latest completed financial year (together the “**Criteria**”). Based on the Criteria, we identified three comparable companies, being an exhaustive list (the “**Comparable Companies**”).

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out in the table below is the analysis on the Comparable Companies:

Company name (Stock code)	Principal business(es)	Share price <i>(Note 1)</i> HK\$	Market capitalisation <i>(Note 1)</i> HK\$ million	Net asset value <i>(Note 2)</i> HK\$ million	Profit <i>(Note 3)</i> HK\$ million	P/B ratio (approximately) <i>(Note 4)</i> times	P/E ratio (approximately) <i>(Note 5)</i> times
Synergis Holdings Limited (2340)	Provision of property and facility management business and interiors and special project Business	0.248	105.4	145.5	14.2	0.72	7.41
Modern Living Investments Holdings Limited (8426)	Provision of property management service	0.150	120.0	132.7	19.4	0.90	6.17
Shi Shi Services Limited (8181)	Provision of property management service	0.164	168.3	319.0	15.9	0.53	10.62
					Average	0.72	8.07
The Company	Provision of property management services and other related services	1.456 <i>(Note 6)</i>	728 <i>(Note 7)</i>	345.7	56.8	2.11 <i>(Note 8)</i>	12.82 <i>(Note 9)</i>

*Source:* the website of the Stock Exchange and the respective annual report and results announcement of the subject listed company (where applicable)

*Notes:*

- (1) The closing share price and market capitalisation of the Comparable Companies as at the Latest Practicable Date are based on information extracted from the website of Stock Exchange. The market capitalisation of the Comparable Companies is calculated based on their respective closing share prices and number of issued shares as per the website of the Stock Exchange.
- (2) The net asset value of the Comparable Companies are extracted from their latest audited consolidated net asset value attributable to equity holders from their respective latest published annual report.
- (3) The profit of the Comparable Companies are extracted from their latest audited net profit attributable to equity holders for its completed financial year from their respective latest published annual report.
- (4) The P/B Ratios of the Comparable Companies are calculated based on their market capitalisation as at the Latest Practicable Date and their latest audited consolidated net asset value attributable to equity holders from their respective latest published annual report.
- (5) The P/E Ratios of the Comparable Companies are calculated based on their market capitalisation as at the Latest Practicable Date and their latest audited net profit attributable to equity holders for its completed financial year from their respective latest published annual report.
- (6) The Offer Price of HK\$1.456 per Share.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (7) We have taken the Offer Price and the issued share capital of the Group of 500,000,000 Shares as at the Latest Practicable Date for the purpose of determining the implied market capitalisation of the Group.
- (8) The P/B ratio of the Company is calculated based on the audited consolidated net asset value attributable to Shareholders of approximately HK\$345.7 million as at 31 March 2021 as set out in the 2021 Annual Report.
- (9) The P/E ratio of the Company is calculated based on the net profit attributable to equity holders of approximately HK\$56.8 million for the year ended 31 March 2021 as set out in the 2021 Annual Report.

As shown in the above table, the historical P/B ratio of the Comparable Companies ranged from approximately 0.53 times to 0.90 times, with an average of approximately 0.72 times. The implied P/B ratio under the Offer of approximately 2.11 times is above the maximum and the average P/B ratios of the Comparable Companies. The Group's audited net asset attributable to its equity owners of approximately HK\$345.7 million as at 31 March 2021 is closest to that of Shi Shi Services Limited's audited net asset attributable to its equity owners of approximately HK\$319.0 million as at 31 March 2021 out of the Comparable Companies. The Group's implied P/B ratio of approximately 2.11 times is higher than that of Shi Shi Services Limited's P/B ratio of approximately 0.53 times. Independent Shareholders shall be reminded that, the operation of the Group's property management services business is not capital intensive in nature, the P/B ratios analysis is not a commonly adopted valuation methodology for assessing such business and the result of the P/B ratio analysis may not be indicative of the fairness and reasonableness of the Offer Price. In this connection, we have also conducted P/E ratio analysis, being another commonly used approach for comparison purposes.

As shown in the above table, the historical P/E ratio of the Comparable Companies ranged from approximately 6.17 times to 10.62 times, with an average of approximately 8.07 times. The implied P/E ratio under the Offer of approximately 12.82 times is higher than the maximum and the average P/E ratios of the Comparable Companies.

Although the Comparable Companies exhibit differences in market capitalisation, net asset value, and financial performance as compared with the Group, the above comparison is meant to cover a list of comparable companies listed on the Stock Exchange and form a reasonable sample size to reflect the value of comparable companies in the same industry. We are thus of the view that the results of such comparison have reference value when assessing the fairness and reasonableness of the Offer Price.

Having considered the above, in particular, (i) the Offer Price of HK\$1.456 is higher than the average closing prices of the Shares of HK\$1.189 during the Review Period; (ii) the Offer Price was also higher than the closing price of the Shares in 313 out of 332 trading days during the Review Period, despite of the stable growth in financial performance and continuous profit-making of the Group as set out under paragraphs headed "1.2 Historical financial performance of the Group", "1.3 Historical



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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financial position of the Group” and “1.4 Prospects of the Group” above; (iii) the Offer Price represents a notable premium over the First Review Period Average Closing Price and a premium over the Second Review Period Average Closing Price; (iv) in general, the trading volume of the Shares has been thin historically as evidenced by the average daily trading volume of the Shares during the Review Period as analysed under paragraph headed “4.2 Historical liquidity of the Shares” above, and that the Independent Shareholders may find it difficult to dispose of a significant number of Shares in the open market without causing a downward impact on the Share price level at the relevant time. On this basis, the Offer presents an opportunity for the Independent Shareholders to dispose of their shareholdings at the Offer Price of HK\$1.456 each; and (v) the implied P/E ratio under the Offer is above the maximum and the average P/E ratio of the Comparable Companies, we are of the view that the Offer is fair and reasonable.

### RECOMMENDATION

Despite the Group has been continuously making profit since its listing in the Main Board of the Stock Exchange in December 2018, and the future prospect of the Group shall remain positive and stable as discussed under paragraph “1.4 Prospects of the Group” above, having considered the factors and reasons set out in this letter, in particular,

- (i) the Company has not declared nor distributed any dividends to its shareholders since its listing in the Main Board of the Stock Exchange, the Offer presents an immediate opportunity for those holders of the Shares to realise their investments in the Shares for cash and redeploy the cash received from accepting the Offer into other investment opportunities;
- (ii) there are uncertainties in the future development strategy of the Company as (i) all the existing executive Directors, except Mr. Poon Kin Leung, will resign, (ii) it is noted that the Offeror does not have prior experiences nor backgrounds in the business and industry of the Group, and (iii) the backgrounds of the new directors nominated by the Offeror seemingly are not entirely relevant to the current business of the Group;
- (iii) the Offer Price of HK\$1.456 is higher than the average closing prices of the Shares of HK\$1.189 during the Review Period;
- (iv) the Offer Price was also higher than the closing price of the Shares in 313 out of 332 trading days during the Review Period, despite of the stable growth in financial performance and continuous profit-making of the Group as set out under paragraphs headed “1.2 Historical financial performance of the Group”, “1.3 Historical financial position of the Group” and “1.4 Prospects of the Group” above;
- (v) the Offer Price represents a notable premium over the First Review Period Average Closing Price and a premium over the Second Review Period Average Closing Price;

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (vi) in general, the trading volume of the Shares has been thin historically as evidenced by the average daily trading volume of the Shares during the Review Period as analysed under paragraph headed “4.2 Historical liquidity of the Shares” above, and that the Independent Shareholders may find it difficult to dispose of a significant number of Shares in the open market without causing a downward impact on the Share price level at the relevant time. On this basis, the Offer presents an opportunity for the Independent Shareholders to dispose of their shareholdings at the Offer Price of HK\$1.456 each.; and
- (vii) the implied P/E ratio under the Offer is above the maximum and the average P/E ratio of the Comparable Companies,

we consider the terms of the Offer to be 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.

Nevertheless, Independent Shareholders who, after reading through the 2021 Annual Report and the Composite Document, are optimistic about the future financial performance of the Group after the Offer, may, having regard to their own circumstances, consider retaining all or any part of their Shares.

**Independent Shareholders, in particular those who intend to accept the Offer, are reminded that market price of the Shares have been traded above the Offer Price during certain periods since the publication of the Joint Announcement and that Independent Shareholders should continue to monitor the fluctuations in the price of the Shares. There is no guarantee that the Share price will or will not sustain and will or will not be higher than the Offer Price during and after the period for the acceptance of the Offer. The Independent Shareholders who intend to accept the Offer are also reminded to closely monitor the market price and the liquidity of the Shares during the period for the acceptance of the Offer and shall, having regard to their own circumstances, investment objectives and risk preference, consider selling their Shares in the open market, instead of accepting the Offer, if the net proceeds from the sale of such Shares would be higher than that receivable under the Offer.**

The Independent Shareholders should read carefully the procedures for accepting the Offer as detailed in the Composite Document, the appendices to the Composite Document and the Form of Acceptance, if they wish to accept the Offer.

Yours faithfully  
For and on behalf of  
**Chanceton Capital Partners Limited**  
**Wong Kam Wah**  
*Managing Director*

*Mr. Wong Kam Wah is a licensed person registered with the SFC and regarded as a responsible officer of Chanceton Capital Partners Limited to carry out type 6 (advising on corporate finance) regulated activities under the SFO and has over 10 years of experience in corporate finance industry.*

**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 instructions form part 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, you must lodge the Form of Acceptance duly completed and signed together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for not less than the number of Shares in respect of which you intend to accept the Offer, marked “Creative Enterprise Holdings Limited — Offer” on the envelope, to the Registrar, Tricor Investor Services Limited at Level 54 Hopewell Centre 183 Queen’s Road East Hong Kong, by post or by hand as soon as practicable and in any event not later than 4:00 p.m., on the Closing Date (or such later time and/or date as the Offeror may determine and announce with the consent of the Executive in accordance with the Takeovers Code).
- (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 whether in full or in part of your Shares, you must either:
  - (i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Offer on your behalf and requesting it to deliver in an envelope marked “Creative Enterprise Holdings Limited — Offer” the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or
  - (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver in an envelope marked “Creative Enterprise Holdings Limited — Offer” the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or
  - (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise

HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or

- (iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.
  
- (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 and you wish to accept the Offer in respect of your Shares, the Form of Acceptance should nevertheless be duly completed and signed and delivered in an envelope marked "Creative Enterprise Holdings Limited — Offer" to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s), you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.
  
- (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 in an envelope marked "Creative Enterprise Holdings Limited — Offer" to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable instruction and authority to CSMHK and/or the Offeror and/or any of their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such certificate(s) to the Registrar and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Offer, as if it was/they were delivered to the Registrar with the Form of Acceptance.

- (e) Acceptance of the Offer will be treated as valid only if the duly completed and signed Form of Acceptance is received by the Registrar by no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code and the Registrar has recorded that the Form of Acceptance and any relevant documents required have been so received, and is:
- (i) accompanied by the relevant share certificate(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if those Share certificate(s) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in your favour executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or
  - (ii) from a registered Shareholder or his/her/its personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under the other sub-paragraph of this paragraph (e)); or
  - (iii) inserted in the Form of Acceptance, the total number of Shares equal to that represented by the certificates for Shares tendered for acceptance of the Offer. If no number is inserted or a number inserted is in excess or smaller than that represented by the Share certificate(s) tendered for acceptance of the Offer and you have signed the Form of Acceptance, the Form of Acceptance will be returned to you for correction and resubmission. Any corrected Form of Acceptance must be resubmitted and received by the Registrar on or before the latest time of acceptance of the Offer; or
  - (iv) certified by the Registrar or the Stock Exchange.

If the Form of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (such as grant of probate or certified copy of power of attorney) to the satisfaction of the Registrar must be produced.

- (f) In Hong Kong, seller's ad valorem stamp duty arising in connection with acceptances of the Offer will be payable by relevant Independent Shareholders at a rate of 0.1% (or (where applicable) 0.13% which is expected to be effective from 1 August 2021) of the market value of the Disinterested Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the cash amount payable by the Offeror to the relevant Independent Shareholder accepting the Offer (where the amount of stamp duty is a fraction of a dollar, the stamp duty will be rounded up to the nearest dollar). The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of relevant Independent Shareholders accepting the Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Shares.

- (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 is Level 54, Hopewell Centre, 183 Queen's Road, East Hong Kong.

## **2. SETTLEMENT**

- (a) Provided that valid Form of Acceptance and the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title and/or transfer receipt(s) (and/or any satisfactory indemnity or indemnities required in respect thereof) have been received by the Registrar no later than the latest time for acceptance, a cheque for the amount due to each accepting Shareholder, less the seller's ad valorem stamp duty payable by him/her/it, will be despatched to such 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 of all the relevant documents by the Registrar to render the acceptance complete under the Offer and valid.
- (b) Settlement of the consideration to which any Shareholders are entitled under the Offer will be implemented in full in accordance with the terms of the Offer (save with respect of the payment of seller's ad valorem stamp duty), without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Shareholders.

## **3. ACCEPTANCE PERIOD AND REVISIONS**

- (a) Unless the Offer has previously been revised or extended with the consent of the Executive, all acceptances of the Offer must be received by the Registrar by 4:00 p.m. on Friday, 6 August 2021, being the Closing Date. The Offer is unconditional.
- (b) If the Offer is extended or revised, the announcement of such extension or revision shall state the next Closing Date or that the Offer will remain open until further notice. For the latter case, at least 14 days' notice in writing will be given to the Shareholders who have not accepted the Offer before the Offer is closed, and an announcement in respect thereof shall be released. If the Offeror revises the terms of the Offer, all Independent Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms. The execution by or on behalf of any Independent Shareholder who has previously accepted the Offer shall be deemed to constitute acceptance of the revised Offer unless such holder becomes entitled to withdraw his/her/its acceptance and duly does so.

- (c) If the Closing Date is extended, any reference in this Composite Document and in the Form of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the Closing Date so extended.

#### **4. NOMINEE REGISTRATION**

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

#### **5. ANNOUNCEMENTS**

- (a) By 6:00 p.m. on Friday, 6 August 2021 (or such later time and/or date as the Executive may in exceptional circumstances permit) which is the Closing Date, the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the expiry, revision or extension of the Offer. The Offeror must post an announcement on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating the results of the Offer and whether the Offer has been closed, revised or extended.

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

- (i) for which acceptances of the Offer have been received;
- (ii) held, controlled or directed by the Offeror and the parties acting in concert with it before the Offer Period; and
- (iii) acquired or agreed to be acquired during the Offer Period by the Offeror and the parties acting in concert with it.

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

- (b) In computing the total number of Shares represented by acceptances, only valid acceptances that are complete, in good order and fulfill the acceptance conditions set out in paragraph 1(e) of this Appendix, and which have been received by the Registrar by no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Offer, shall be included.



- (c) As required under the Takeovers Code, all announcements in respect of the Offer must be made in accordance with the requirements of the Takeovers Code and the Listing Rules.

## **6. RIGHT OF WITHDRAWAL**

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

## **7. OVERSEAS INDEPENDENT SHAREHOLDERS**

The making of the Offer to the overseas Independent Shareholders may be prohibited or affected by the laws of the relevant jurisdictions. Overseas Independent Shareholders should obtain appropriate legal advice regarding the implications of the Offer in the relevant jurisdictions or keep themselves informed about and observe at their own responsibilities, any applicable legal or regulatory requirements. It is the responsibility of overseas Independent Shareholders if they wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant overseas jurisdictions in connection therewith (including but not limited to the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with other necessary formalities, legal and regulatory requirements and the payment of any issue, transfer or other taxes or other required payments due by the accepting overseas Shareholders in respect of such overseas jurisdiction).

Acceptance of the Offer by any overseas Independent Shareholder will be deemed to constitute a warranty by such person that such person is permitted under 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. Any such person is recommended to seek professional advice on deciding whether or not to accept the Offer.



**8. GENERAL**

- (a) All communications, notices, Form of Acceptance, share certificates, transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the 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 post at their own risk, and the Offeror, the Company, CMSHK, Draco Capital, Chanceton Capital, the Registrar or any of their respective ultimate beneficial owners, directors, officers, agents, professional advisers and associates and any other person involved in the Offer do not accept any liability for any loss or delay in postage or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the Forms of Acceptance form part of the terms 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 irrevocable instruction authority to the Offeror, CMSHK, the Registrar or such person or persons as they may direct to complete, amend and execute any document on behalf of the person or persons accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as it may direct, the Shares in respect of which such person or persons has/have accepted the Offer.
- (f) Acceptance of the Offer by any person or persons will be deemed to constitute a representation and a warranty by such person or persons to the Offeror, CMSHK, and the Company that the Shares to be sold shall be fully paid and free from all liens, charges and Encumbrances together with all rights and entitlements attached or accrued thereto, including but not limited to all rights to any dividend (if any) or other distribution declared (if any), made or paid on or after the date on which the Offer is made, being the Despatch Date.
- (g) References to the Offer in this Composite Document and the Form of Acceptance shall include any revision and/or extension thereof.
- (h) The making of the Offer to the overseas Independent Shareholders may be prohibited or affected by the laws of the relevant jurisdictions. The overseas Independent Shareholders should keep themselves informed about and observe any applicable legal or regulatory requirements. It is the responsibility of each overseas Independent Shareholder who wishes to accept the Offer to satisfy himself/herself/itself as to the full observance of the

laws and regulations of all relevant overseas jurisdictions in connection therewith, including, but not limited to the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with all necessary formalities, legal and regulatory requirements. Such overseas Independent Shareholders shall be fully responsible for the payment of any transfer or other taxes and duties due by such overseas Independent Shareholders in connection with the acceptance of the Offer in respect of the relevant jurisdictions. The overseas Independent Shareholders are recommended to seek professional advice on deciding whether or not to accept the Offer.

- (i) Acceptances of the Offer by any persons will be deemed to constitute a warranty by such persons that such persons are permitted under all applicable laws and regulations to receive and accept the Offer, and any revision thereof, and such acceptances shall be valid and binding in accordance with all applicable laws and regulations. Any such persons will be responsible for any such issue, transfer and other applicable taxes or other governmental payments payable by such persons.
- (j) Subject to the Takeovers Code, the Offeror reserves the right to notify any matter (including the making of the Offer) to all or any Independent Shareholders and with registered address(es) outside Hong Kong or whom the Offeror or CMSHK, knows to be nominees, trustees or custodians for such persons by announcement in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any such Independent Shareholders to receive or see such notice, and all references in this Composite Document to notice in writing shall be construed accordingly.
- (k) In making their decision, 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 and the parties acting in concert with it, the Company or its ultimate beneficial owners, directors, officers, agents, professional advisers or any other persons involved in the Offer. The Independent Shareholders should consult their own professional advisers for professional advices.
- (l) The English texts of this Composite Document and the Form of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation in case of inconsistency.

### 1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP FOR EACH OF THE THREE YEARS ENDED 31 MARCH 2019, 2020 AND 2021

Set out below is a summary of the audited consolidated financial information of the Group for each of the three financial years ended 31 March 2019, 2020 and 2021, as extracted from the annual reports of the Group for the two years ended 31 March 2021.

#### Results

	<b>For the year ended 31 March</b>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)	(audited)
Revenue	<u>715,807</u>	<u>783,935</u>	<u>898,154</u>
Profit before tax	18,742	36,932	64,713
Income tax expense	<u>(5,385)</u>	<u>(7,013)</u>	<u>(7,933)</u>
Profit for the year/period	<u>13,357</u>	<u>29,919</u>	<u>56,780</u>
Profit is attributable to:			
— Owners of the Company	13,357	29,919	56,780
— Non-controlling interests	—	—	—
Total comprehensive income for the year/ period attributable to			
— Owners of the Company	9,234	21,777	63,120
— Non-controlling interests	—	—	—

## Assets and liabilities

	As at 31 March		
	2019	2020	2021
	HK\$'000 (audited)	HK\$'000 (audited)	HK\$'000 (audited)
Non-current assets	48,164	52,771	54,648
Current assets	<u>312,393</u>	<u>340,042</u>	<u>385,339</u>
Total assets less current liabilities	274,180	303,161	359,749
Non-current liabilities	<u>13,426</u>	<u>20,630</u>	<u>14,098</u>
Net assets	<u>260,754</u>	<u>282,531</u>	<u>345,651</u>
Earning per share			
— Basic & diluted	3.23 cents	5.98 cents	11.36 cents
Dividend	5,000	Nil	Nil
Dividend per share	N/A <sup>(Note)</sup>	Nil	Nil

*Note:* Dividend per share is not considered meaningful due to the Group reorganisation for the year ended 31 March 2019.

PricewaterhouseCoopers, the auditors of the Group, did not issue any modified opinion nor any emphasis of matter or material uncertainty related to going concern contained in the auditors' report of the Group for any of the three financial years ended 31 March 2019, 2020 and 2021.

## 2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP FOR THE THREE YEARS ENDED 31 MARCH 2021

The Company is required to set out or refer to in this Composite Document the consolidated statements of profit or loss, the consolidated statements of financial position, the consolidated statements of cash flows, and any other primary statements as shown in the audited consolidated financial statements of the Group, together with significant accounting policies and any points from the notes to the relevant published accounts which are of major relevance to an appreciation of the above financial information for the years ended 31 March 2019 (the “**2019 Financial Statements**”), 31 March 2020 (the “**2020 Financial Statements**”) and 31 March 2021 (the “**2021 Financial Statements**”).

The 2019 Financial Statements are set out from pages 57 to 115 in the 2019 Annual Report which was published on 11 July 2020. The 2019 Annual Report is available on the websites of the Stock Exchange (<http://www.hkexnews.com>) and the Company ([www.cpsc.hk](http://www.cpsc.hk)) and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0711/ln20190711357.pdf>

The 2020 Financial Statements are set out from pages 58 to 113 in the 2020 Annual Report which was published on 10 July 2020. The 2020 Annual Report is available on the websites of the Stock Exchange (<http://www.hkexnews.com>) and the Company ([www.cpsc.hk](http://www.cpsc.hk)) and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0710/2020071000416.pdf>

The 2021 Financial Statements are set out from pages 60 to 109 in the 2021 Annual Report which was published on 9 July 2021. The 2021 Annual Report is available on the websites of the Stock Exchange (<http://www.hkexnews.com>) and the Company ([www.cpsc.hk](http://www.cpsc.hk)) and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0709/2021070901085.pdf>

The 2019, 2020 and 2021 Financial Statements (but not any other parts of the 2019 Annual Report, 2020 Annual Report and 2021 Annual Report, in which they appear) are incorporated by reference into this Composite Document and form part of this Composite Document.

### **3. MATERIAL CHANGE**

The Directors confirm that, there had been no material change in the financial or trading position or outlook of the Group since 31 March 2021, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

**4. INDEBTEDNESS**

As at 31 May 2021, being the latest practicable date for the purpose of this indebtedness statement, the Group had the following indebtedness:

	<b>As at</b> <b>31 May 2021</b> <i>HK\$'000</i> (unaudited)
Bank borrowings	6,540
Lease liabilities	<u>458</u>
Total indebtedness	<u><u>6,998</u></u>

As at 31 May 2021, bank borrowings and the banking facilities granted to the Group are secured by the Group's leasehold land and buildings of approximately HK\$15,115,682, investment in insurance contracts of approximately HK\$28,143,584, pledged bank deposits of approximately HK\$58,179,412.22 and unlimited corporate guarantee executed by the Company.

Save as disclosed above, as at the close of business on 31 May 2021, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, apart from the intra-group liabilities, the Group did not have any loan capital issued and outstanding, or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or contingent liabilities.

**1. RESPONSIBILITY STATEMENT**

The directors of the Offeror jointly and severally accepts full responsibility for the accuracy of the information contained in this Composite Document (other than those in relation to the Group, the Directors, Genesis Group and the Guarantors), and confirms, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by 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. MARKET PRICES**

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

<b>Date</b>	<b>Closing price per Share HK\$</b>
30 June 2020	0.97
31 July 2020	0.90
31 August 2020	0.92
30 September 2020	1.28
30 October 2020	1.12
30 November 2020	1.39
11 December 2020 (being the last business day immediately preceding the First 3.7 Announcement)	1.90
31 December 2020	1.46
29 January 2021	1.50
26 February 2021	1.39
5 March 2021 (being the Last Trading Day)	1.54
31 March 2021	1.40
30 April 2021	1.42
31 May 2021	1.39
30 June 2021	1.43
13 July 2021 (being the Latest Practicable Date)	1.46

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$1.90 per Share on 11 December 2020 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.86 per Share on 16 July 2020.

*Source: Website of the Stock Exchange as at the Latest Practicable Date*

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

As at the Latest Practicable Date:

- (a) save for the Sale Shares, none of the Offeror and/or the parties acting in concert with it owned or had control or direction over or have any interest in any voting rights or rights over the Shares or convertible securities, warrants, options of the Company or any derivatives in respect of such securities;
- (b) save for the Share Purchase Agreement, the First Supplemental Agreement, the Second Supplemental Agreement and the Escrow Agreement, there was no arrangement (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Shares and which might be material to the Offer;
- (c) save for the Share Purchase Agreement, the First Supplemental Agreement, the Second Supplemental Agreement and the Escrow Agreement, there was no arrangement of the kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code which existed between the Offeror, the Offeror's associates (as defined under the Takeovers Code) or any person acting in concert with it and any other person;
- (d) save for the Share Purchase Agreement, the First Supplemental Agreement, the Second Supplemental Agreement and the Escrow Agreement, there was no agreement or arrangement to which the Offeror and/or the parties acting in concert with it, was a party which related to circumstances in which the Offeror may or may not seek to invoke a pre-condition or a condition to the Offer;
- (e) none of the Offeror and/or the parties acting in concert with it had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (f) none of the Offeror and/or the parties acting in concert with it had received any irrevocable commitment to accept the Offer;
- (g) there was no outstanding derivative in respect of the securities of the Company entered into by the Offeror and/or parties acting in concert with it;
- (h) save for payment arrangement and the consideration under the Share Purchase Agreement, the Second Supplemental Agreement and the Escrow Agreement, there was no other consideration, compensation or benefit in whatever form paid or to be paid by the Offeror and/or the parties acting in concert with it to Genesis Group or any party acting in concert with any one of them in connection with the sale and purchase of the Sale Shares under the Share Purchase Agreement and the First Supplemental Agreement;



- (i) there was no agreement, arrangement or understanding (including any compensation arrangement) existing between the Offeror and/or the parties acting in concert with it and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Offer;
- (j) there was no understanding, arrangement or special deal (as defined in Rule 25 of the Takeovers Code) between Genesis Group or any party acting in concert with any of them on one hand, and the Offeror and the parties acting in concert with it on the other hand;
- (k) there was no understanding, arrangement or agreement which would constitute a special deal (as defined in Rule 25 of the Takeovers Code) between (1) any Shareholder; and (2)(a) the Offeror and any parties acting in concert with it or (b) the Company, its subsidiaries or associated companies;
- (l) no benefit (other than statutory compensation) will be given to any Director as compensation for loss of office or otherwise in connection with the Offer; and
- (m) there was no agreement, arrangement or understanding that any securities of the Company, acquired in pursuance of the Offer would be transferred, charged or pledged to any other persons.

#### **4. DEALINGS IN SECURITIES AND ARRANGEMENTS IN RELATION TO DEALINGS**

During the Relevant Period:

- (a) save for the Sale Shares, none of Offeror and/or its concert parties had dealt for value in or owned or controlled any Shares, options, derivatives, warrants or other securities convertible into Shares;
- (b) none of the Offeror and parties acting in concert with it had received any irrevocable commitment to accept or reject the Offer;
- (c) save for the Share Purchase Agreement, the First Supplemental Agreement, the Second Supplemental Agreement and the Escrow Agreement, no person with whom the Offeror and/or the parties acting in concert with it had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code and had dealt in any Shares, convertible securities, warrants, options or derivatives of the Company; and
- (d) there were no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror and/or the parties acting in concert with it had borrowed or lent.

## 5. CONSENT AND QUALIFICATION OF PROFESSIONAL ADVISER

The following are the qualifications of the expert whose letter or opinion is contained in this Composite Document:

<b>Name</b>	<b>Qualifications</b>
CMSHK	a registered institution under the SFO, registered to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities

CMSHK has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion herein of its letter, opinions or advices and references to its name in the form and context in which it appear.

As at the Latest Practicable Date, CMSHK did not have any shareholding 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.

## 6. GENERAL

As at the Latest Practicable Date:

- (a) The directors of the Offeror were Dr. Deng Wei Dong and Mr. Zhang Yi. The registered office of the Offeror is situated at 35/F, China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong.
- (b) The principal members of the Offeror's concert group were:
  - (i) the Offeror;
  - (ii) SSH, whose registered office is situated at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands and whose principal place of business in Hong Kong is situated at Room 01, 35/F, China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong. The directors of SSH are Dr. Deng Wei Dong and Mr. Zhang Yi;
  - (iii) Dr. Deng Wei Dong and Mr. Zhang Yi, whose correspondence address is at 35/F, China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong;
  - (iv) The sole director of Sinomarine Limited is Dr. Deng Wei Dong. The registered office of Sinomarine Limited is 20F, No.800, Zhangyang Road, China (Shanghai) Pilot Free Trade Zone, the PRC; and

- (v) The directors of China Merchants Investment Development Company Limited are Mr. Zhou Song, Dr. Deng Wei Dong, Mr. Liu Wei Wu, Mr. Xiong Xianliang and Mr. Yang Guolin. The registered office of China Merchants Investment Development Company Limited and the correspondence address of its directors are 30E, China Merchants Tower, No. 1166, Wanghai Road, Shekou, Nanshan District, Shenzhen, Guangdong, the PRC.
- (c) The ultimate controlling shareholder of the Offeror is CMG. The directors of CMG were Mr. Miao Jianmin, Mr. Hu Jianhua, Mr. Wang Cuijun, Mrs. Duan Xianghui, Mr. Luo Dongjiang, Mr. Pei Kerwei, Mr. Ren Binyan, Mrs. Wu Andi and Mr. Chen Zuofu. The registered office of CMG is situated at Block A, 5/F, China Merchants Tower, No. 118 Jianguo Road, Chaoyang District, Beijing, China and its principal place of business in Hong Kong is situated at 37/F, 39/F–40/F, China Merchants Tower, Shun Tak Centre, Sheung Wan, Hong Kong.
- (d) The registered office of CMSHK is situated at 48/F One Exchange Square, 8 Connaught Place, Central, Hong Kong.
- (e) The English texts of this Composite Document and Form of Acceptance shall prevail over the Chinese texts in the case of inconsistency.

## 7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (a) the Company's principal place of business in Hong Kong at Units E & F, 25/F, Block 2, Vigor Industrial Building, 49–53 Ta Chuen Ping Street, Kwai Chung, New Territories, Hong Kong from 9:30 a.m. to 5:30 p.m., Monday to Friday (except public holidays); (b) on the website of the SFC ([www.sfc.hk](http://www.sfc.hk)); and (c) the Company's website ([www.cpsc.hk](http://www.cpsc.hk)) during the period from the date of this Composite Document up to and including the Closing Date:

- (a) the Share Purchase Agreement;
- (b) the First Supplemental Agreement;
- (c) the Second Supplemental Agreement; and
- (d) the Escrow Agreement.

## 1. RESPONSIBILITY STATEMENT

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

## 2. SHARE CAPITAL

As at the Latest Practicable Date:

	Number of Shares	Amount
<b>Authorised share capital:</b>		
Ordinary Shares of HK\$0.01 each	10,000,000,000	HK\$100,000,000
<b>Issued and fully paid:</b>		
Ordinary Shares of HK\$0.01 each	500,000,000	HK\$5,000,000

All of the Shares currently in issue are fully paid up or credited as fully paid and rank *pari passu* in all respects with each other, including all rights in respect of dividends, voting rights and capital. The Shares are listed on the Stock Exchange and none of the securities of the Company is listed or dealt in on any other stock exchange and no such listing or permission to deal is being or is proposed to be sought.

No Shares have been issued by the Company since 31 March 2021 (being the date on which its latest published audited accounts were prepared) and up to and including the Latest Practicable Date.

As at the Latest Practicable Date, the Company had no outstanding warrants, derivatives, options or other securities which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares and the Company had not entered into any agreement of the issue of any Shares or warrants, derivatives, options or other securities which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares.

## 3. DISCLOSURE OF INTERESTS

### (a) Directors and chief executives' interests in securities

As at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests in the Shares, underlying shares, debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were

required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests which the Director or chief executive of the Company was taken or deemed to have under such provisions of the SFO); (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Takeovers Code, to be notified to the Company and the Stock Exchange.

**(b) Substantial shareholders**

As at the Latest Practicable Date, the interests and short positions of Shareholders (not being Directors or the chief executives of the Company) in the Shares and underlying Shares which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or required to be entered in the register maintained by the Company pursuant to section 336 of the SFO or required to be disclosed under the Takeovers Code were as follows:

Name of shareholder	Capacity	Number of Shares held	Approximate percentage of the issued share capital of the Company
The Offeror <sup>(Note 1)</sup>	Beneficial owner	267,562,500 (L) <sup>(Note 2)</sup>	53.51
SSH <sup>(Note 1)</sup>	Interest in a controlled corporation	267,562,500 (L) <sup>(Note 2)</sup>	53.51
Sinomarine Limited <sup>(Note 1)</sup>	Interest in a controlled corporation	267,562,500 (L) <sup>(Note 2)</sup>	53.51
China Merchants Investment Development Company Limited <sup>(Note 1)</sup>	Interest in a controlled corporation	267,562,500 (L) <sup>(Note 2)</sup>	53.51
CMG <sup>(Note 1)</sup>	Interest in a controlled corporation	267,562,500 (L) <sup>(Note 2)</sup>	53.51
Ms. So Yee Nga, Eva	Beneficial owner	32,812,500 (L) <sup>(Note 2)</sup>	6.56

*Notes:*

- The Offeror is indirectly, through SSH, Sinomarine Limited and China Merchants Investment Development Company Limited, wholly-owned by CMG, which is in turn under the direct control of the SASAC. Under the SFO, each of SSH, Sinomarine Limited, China Merchants Investment and CMG is deemed to be interested in the Shares held by the Offeror.
- The letter “L” denotes long position in the Shares.

Save as disclosed above, the Directors and the chief executive of the Company are not aware of any person who, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying Shares which were notified to the Company and Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or required to be entered in the register maintained by the Company pursuant to section 336 of the SFO or required to be disclosed under the Takeovers Code.

**(c) Interests in the Offeror**

As at the Latest Practicable Date, none of the Company nor any of its Directors had any interest in the shares, convertible securities, warrants, options or derivatives in respect of the shares of the Offeror.

**(d) Additional disclosure of interests in the Company and arrangements in connection with the Offer**

As at the Latest Practicable Date:

- (i) save for Share Purchase Agreement entered into among the Offeror, Genisis Group and the Guarantors, none of the Directors have dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares during the Relevant Period;
- (ii) none of the Directors and the Company have dealt for value in any shares of the Offeror or any convertible securities, warrants, options or derivatives in respect of the shares of the Offeror during the Relevant Period;
- (iii) the Directors did not have any interest in the Shares, derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into the Shares;
- (iv) the Directors did not have any beneficial shareholdings in the Company which would entitle them to accept or reject the Offer;
- (v) none of the subsidiaries of the Company, pension fund of the Company or its subsidiaries, or the person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of acting in concert or who is an associate of the Company by virtue of class (2) of the definition of associate under the Takeovers Code but excluding exempt principal traders and exempt fund managers, owned or controlled any Shares or any other convertible securities, warrants, options or derivatives in respect of Shares and none of them had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company during the Relevant Period;

- (vi) there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code between any person and the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of acting in concert or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of associate under the Takeovers Code and none of them had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company during the Relevant Period;
- (vii) no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company were managed on a discretionary basis by fund managers connected with Company and none of them had dealt for value in any relevant securities in the Company during the Relevant Period;
- (viii) none of the Company or any Directors had borrowed or lent any Shares or any other convertible securities, warrants, options or derivatives of the Company;
- (ix) there was no understanding, arrangement, agreement or special deal between any Shareholder on one hand and the Company, its subsidiaries or associate companies on the other hand;
- (x) save for the appointment of new director as disclosed in the sections headed “Proposed Change of Board Composition of the Company” as stated in the letter from CMSHK in this Composite Document, 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 therewith; and
- (xi) save for the Sale Purchase Agreement in which all the executive Directors are interested, there was no material contract entered into by the Offeror or any party acting in concert with it in which any Director had a material personal interest.

#### 4. LITIGATION

On 23 November 2017, Creative Property Services Consultants Limited, an indirectly owned subsidiary of the Offeree, as plaintiff commenced a legal action in the High Court of Hong Kong against the incorporated owners of a private housing court in Hong Kong for a sum of approximately HK\$6 million in relation to the outstanding fees for management services provided by the Offeree during the period from 1 May 2016 to 30 November 2017. As at the date hereof, there is no judgment or settlement.

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

## 5. MATERIAL CONTRACTS

There was no material contract (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by any member of the Group) entered into by any member of the Group within the two years prior to the commencement of the Offer Period and ending on the Latest Practicable Date.

## 6. QUALIFICATIONS OF EXPERT

The following are the qualifications of the expert who has been named in this Composite Document or who have given its opinion or advice, which is contained in this Composite Document:

Name	Qualification
Draco Capital	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO, and the financial adviser to the Company
Chanceton Capital	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO, and the independent financial adviser to the Independent Board Committee in respect of the Offer

## 7. DIRECTORS' SERVICE AGREEMENTS

Each of the following Directors entered into a contract of employment on 1 July 2001 with a subsidiary of the Company, with no fixed term of employment. Pursuant to the annual review of such subsidiary held in January 2021, the amount of monthly remuneration payable to the Directors was amended with effective from 1 January 2021 and was further adjusted from 1 April 2021 onwards due to the possible re-allocation of job duties and new employment arrangements:

Name of Director	Monthly remuneration prior to 1 January 2021 (HK\$)	Monthly remuneration for the period from 1 January 2021 to 31 March 2021 (HK\$)	Monthly remuneration from 1 April 2021 onwards (HK\$)
Poon Kin Leung	71,000	135,000	71,000
Lee Siu Wah Albert	55,000	110,000	55,000
Lai Wai Man	48,000	75,000	48,000
Wong King Cheung	42,500	75,000	42,500



Each of the following Directors entered into the supplemental contracts of employment with the subsidiary of the Company on 9 July 2021, which are continuous contracts with a notice period of 12 months or more, subject to the termination provision therein:

Name of Director	Term of contract	Fixed remuneration payable under the supplemental contract of employment
Poon Kin Leung (“Mr. Poon”)	The supplemental employment contract may be terminated by any of the following manners:  (1) The subsidiary of the Company to give a written termination notice of not less than one (1) month to Mr. Poon; or  (2) Mr. Poon to give a written termination notice of not less than the period specified below:  (a) for the period between 9 July 2021 and 8 July 2024, the longer of the following:  (i) thirty-six (36) months less the number of consecutive months of completed employment with the subsidiary after 9 July 2021; or  (ii) one (1) month; or  (b) one (1) month, on or after 9 July 2024.	HK\$71,000

Name of Director	Term of contract	Fixed remuneration payable under the supplemental contract of employment
Lee Siu Wah Albert (“Mr. Lee”)	The supplemental employment contract may be terminated by any of the following manners:  (1) The subsidiary of the Company to give a written termination notice of not less than one (1) month to Mr. Lee; or  (2) Mr. Lee to give a written termination notice of not less than the period specified below:  (a) for the period between 9 July 2021 and 8 July 2024, the longer of the following:  (i) thirty-six (36) months less the number of consecutive months of completed employment with the subsidiary after 9 July 2021; or  (ii) one (1) month; or  (b) one (1) month, on or after 9 July 2024.	HK\$55,000

Name of Director	Term of contract	Fixed remuneration payable under the supplemental contract of employment
Lai Wai Man ("Mr. Lai")	The supplemental employment contract may be terminated by any of the following manners:  (1) The subsidiary of the Company to give a written termination notice of not less than one (1) month to Mr. Lai; or  (2) Mr. Lai to give a written termination notice of not less than the period specified below:  (a) for the period between 9 July 2021 and 8 July 2024, the longer of the following:  (i) thirty-six (36) months less the number of consecutive months of completed employment with the subsidiary after 9 July 2021; or  (ii) one (1) month; or  (b) one (1) month, on or after 9 July 2024.	HK\$48,000

Name of Director	Term of contract	Fixed remuneration payable under the supplemental contract of employment
Wong King Cheung (“Mr. Wong”)	<p>The supplemental employment contract may be terminated by any of the following manners:</p> <p>(1) The subsidiary of the Company to give a written termination notice of not less than one (1) month to Mr. Wong; or</p> <p>(2) Mr. Wong to give a written termination notice of not less than the period specified below:</p> <p>(a) for the period between 9 July 2021 and 8 July 2024, the longer of the following:</p> <p>(i) thirty-six (36) months less the number of consecutive months of completed employment with the subsidiary after 9 July 2021; or</p> <p>(ii) one (1) month; or</p> <p>(b) one (1) month, on or after 9 July 2024.</p>	HK\$42,500

The remuneration of the abovementioned directors is determined with reference to their respective duties and responsibilities within the subsidiary and shall be subject to the annual review by such subsidiary of the Company and each of the Directors shall be entitled to a discretionary year-end bonus to be determined by the management of such subsidiary with reference to such subsidiary’s performance and their contribution. Save for the above, there is no other variable remuneration payable under the contract of employment of the Directors with the subsidiary of the Company.

Save as disclosed above, as at the Latest Practicable Date, (i) none of the Directors had any service contracts with the Company or any of its subsidiaries or associated companies in force which (a) (including both continuous and fixed term contracts) have been entered into or amended with during the Relevant Period; (b) were continuous contracts with a notice period of 12 months or more; or (c) were fixed term contracts with more than 12 months to run irrespective of the notice period; and (ii) none of the Directors had any existing or proposed service contract with any

member of the Group or any associated companies of the Company which does not expire or is not determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

## 8. CONSENT

The expert named in the paragraph headed “QUALIFICATIONS OF EXPERT” above has given and has not withdrawn its written consent to the issue of the Composite Document with the inclusion therein of the opinions, reports, advice, recommendations, and/or letters and/or the references to its name and/or opinions, reports, advice, recommendations, and/or letters in the form and context in which they respectively appear.

## 9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at (a) the Company’s principal place of business in Hong Kong at Units E & F, 25/F, Block 2, Vigor Industrial Building, 49–53 Ta Chuen Ping Street, Kwai Chung, New Territories, Hong Kong from 9:30 a.m. to 5:30 p.m., Monday to Friday (except public holidays); (b) on the website of the Company ([www.cpsc.hk](http://www.cpsc.hk)); and (c) on the website of the SFC (<http://www.sfc.hk>) from the date of this Composite Document up to and including the Closing Date:

- (i) the amended and restated memorandum of association and articles of association of the Company;
- (ii) the annual reports of the Company for the two years ended 31 March 2020 and 2021;
- (iii) the “LETTER FROM CMSHK”, the text of which is set out on pages 8 to 18 of the Composite Document;
- (iv) the “LETTER FROM THE BOARD”, the text of which is set out on pages 19 to 27 of the Composite Document;
- (v) the “LETTER FROM THE INDEPENDENT BOARD COMMITTEE”, the text of which is set out on pages 28 to 29 of the Composite Document;
- (vi) the “LETTER FROM THE INDEPENDENT FINANCIAL ADVISER”, the text of which is set out on pages 30 to 53 of the Composite Document;
- (vii) the written consents from Draco Capital and the Independent Financial Adviser referred to in the paragraph headed “CONSENT” in this Appendix;
- (viii) the articles of association of the Offeror;
- (ix) the written consent from CMSHK referred to in the paragraph headed “CONSENT AND QUALIFICATION OF PROFESSIONAL ADVISER” in Appendix III to the Composite Document;

- (x) the contracts of employment of Mr. Poon, Mr. Lee, Mr. Lai and Mr. Wong all dated 1 July 2001 (as amended on 1 January 2021 and 1 April 2021 respectively) referred to under the paragraph headed “Director’s Service Agreements”;
- (xi) the supplemental contracts of employment of Mr. Poon, Mr. Lee, Mr. Lai and Mr. Wong all dated 9 July 2021 referred to under the paragraph headed “Director’s Service Agreements”; and
- (xii) this Composite Document.

**10. MISCELLANEOUS**

- (i) As at the Latest Practicable Date, 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
- (ii) As at the Latest Practicable Date, there was no material contracts entered into by the Offeror in which any Director has a material person interest.