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If you are in doubt as to any aspect of the Proposal, this Scheme 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 shares in Trigiant Group Limited, you should at once hand this Scheme Document and the accompanying forms of proxy to the purchaser or transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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TRIGIANT
— 俊知集團 —

Trigiant Investments Limited

(Incorporated in British Virgin Islands with limited liability)

Trigiant Group Limited

俊知集團有限公司*

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 1300)

**(1) PROPOSED PRIVATISATION OF TRIGIANT GROUP LIMITED
BY
TRIGIANT INVESTMENTS LIMITED
BY WAY OF A SCHEME OF ARRANGEMENT UNDER SECTION 86 OF
THE COMPANIES ACT OF THE CAYMAN ISLANDS
AND
(2) PROPOSED WITHDRAWAL OF LISTING OF TRIGIANT GROUP LIMITED**

Financial Adviser to the Offeror



First Shanghai Capital Limited

Independent Financial Adviser to the Independent Board Committee



軟庫中華
SBI China Capital

* The Company has not registered any dual foreign name in the Cayman Islands and this name in Chinese is for identification purpose only.

Unless the context otherwise requires, capitalised terms used in this Scheme Document (including this cover page) are defined in the section headed "Definitions" in Part I of this Scheme Document.

A letter from the Board is set out in Part IV of this Scheme Document. A letter from the Independent Board Committee containing its advice to the Disinterested Scheme Shareholders in respect of the Proposal and the Scheme is set out in Part V of this Scheme Document. A letter from SBI China Capital Hong Kong Securities Limited, being the Independent Financial Adviser, containing its advice to the Independent Board Committee in relation to the Proposal and the Scheme is set out in Part VI of this Scheme Document. An Explanatory Memorandum regarding the Scheme is set out in Part VII of this Scheme Document.

The actions to be taken by the Shareholders are set out in Part II of this Scheme Document.

Notices convening the Court Meeting to be held at 10:00 a.m. on Wednesday, 18 October 2023 and the EGM to be held at 11:00 a.m. (or immediately after the conclusion or adjournment of the Court Meeting, whichever is later) on Wednesday, 18 October 2023 are set out in Appendices VII and VIII to this Scheme Document respectively. Whether or not you are able to attend the Court Meeting and/or the EGM or any adjournment thereof in person, you are strongly urged to complete and sign the accompanying **pink** form of proxy in respect of the Court Meeting and the accompanying **white** form of proxy in respect of the EGM, in accordance with the instructions printed thereon and to lodge them at the Share Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event no later than the respective times and dates as stated under Part III of this Scheme Document. Completion and return of the forms of proxy for Court Meeting and/or the EGM will not preclude you from attending and voting in person at the relevant meeting or any adjournment thereof, should you so wish. In the event that you attend and vote at the relevant meeting or any adjournment thereof after having lodged your forms of proxy, the forms of proxy previously submitted shall be deemed to be revoked.

This Scheme Document is not an offer of securities for sale in the United States. The new Shares and/or Holdco Shares to be issued in connection with the Proposal will not be, and are not required to be, registered under the Securities Act or the securities laws of any state of the United States and will be issued in reliance upon the exemption from the registration requirements of the Securities Act provided by Section 3(a)(10) of the Securities Act and available exemptions from such state law registration requirements.

This Scheme Document is issued jointly by the Offeror and the Company.

The English language text of this Scheme Document, the accompanying forms of proxy, the Election Form and the Account Holder Form shall prevail over the Chinese version for the purpose of interpretation.

22 September 2023

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In this Scheme Document, the following expressions have the meanings set out below, unless the context requires otherwise:

“Abraholme International”	Abraholme International Limited, a company incorporated in the British Virgin Islands with limited liability, which is wholly owned by Mr. Qian
“Account Holder”	a person who (a) is interested in Scheme Share(s) with all or some of the Scheme Share(s) being deposited in CCASS and registered under the name of HKSCC Nominees and (b) has maintained an account (or accounts) with CCASS Participant(s) to hold such Scheme Share(s) or is interested in such Scheme Shares as a CCASS Investor Participant
“Account Holder Form”	the account holder form to be completed by the Account Holder for election of the Share Alternative, which is despatched to Shareholders together with this Scheme Document and can be downloaded from the website of the Company at www.trigiant.com.hk and the website of the Stock Exchange at www.hkexnews.hk
“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Announcement”	the announcement dated 29 June 2023 issued jointly by the Company and the Offeror in relation to, among other things, the Proposal
“Announcement Date”	29 June 2023, being the date of the Announcement
“associate(s)”	has the meaning ascribed to it under the Takeovers Code
“Atrium Noble”	Atrium Noble Limited, a company incorporated in the British Virgin Islands with limited liability and controlled by Mr. Shen Xinren, a brother-in-law of Mr. Qian. Atrium Noble is owned as to 50% by Mr. Shen Xinren, the sole director of Atrium Noble, 29.17% by Mr. Dai Xiaolin, and 20.83% by Mr. Yu Daxiong
“Beneficial Owner(s)”	beneficial owner(s) of the Shares registered in the name of a Registered Owner(s)
“Board”	the board of Directors
“Business Day(s)”	a day on which the Stock Exchange is open for the transaction of business

“Cash Alternative”	the cash consideration alternative under the Scheme, being HK\$0.50 in cash for every Scheme Share
“CCASS”	The Central Clearing and Settlement System established and operated by HKSCC
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a person admitted to participate in CCASS as a participant, including a CCASS Investor Participant
“Company”	Trigiant Group Limited (俊知集團有限公司)*, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1300)
“Companies Act”	the Companies Act (2023 Revision) of the Cayman Islands, as amended from time to time
“Condition(s)”	the condition(s) to the implementation of the Proposal and the Scheme as described in the section headed “The Proposal — Conditions of the Proposal and the Scheme” in Part VII — Explanatory Memorandum of this Scheme Document
“Court Meeting”	a meeting of the Scheme Shareholders to be convened at the direction of the Grand Court at 10:00 a.m. on Wednesday, 18 October 2023 at 10/F, Ruttonjee House, Ruttonjee Centre, 11 Duddell Street, Central, Hong Kong, or any adjournment thereof, at which the Scheme (with or without modification) will be voted upon, notice of which is set out in Appendix VII to this Scheme Document
“Court Orders”	the orders of the Grand Court sanctioning the Scheme and confirming the reduction of the issued share capital of the Company as required by the Companies Act
“Director(s)”	the director(s) of the Company
“Disinterested Scheme Shareholder(s)”	Scheme Shareholder(s) other than the Offeror Concert Parties

“Easy Beauty”	Easy Beauty Limited, a company incorporated in the British Virgin Islands with limited liability and registered in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). Easy Beauty is ultimately beneficially 70% owned by Mr. Dai Xiaolin and 30% owned by Ms. Qian Xiwen, daughter of Mr. Qian
“Effective Date”	the date on which the Scheme, if approved and sanctioned by the Grand Court, becomes effective in accordance with its terms and the Companies Act, being the date on which a copy of the Court Orders is delivered to the Registrar of Companies for registration pursuant to Section 86(3) of the Companies Act, and which is expected to be Wednesday, 6 December 2023 (Cayman Islands time)
“EGM”	an extraordinary general meeting of the Shareholders to be held at 11:00 a.m. (or immediately after the conclusion or adjournment of the Court Meeting, whichever is later) on Wednesday, 18 October 2023 at 10/F, Ruttonjee House, Ruttonjee Centre, 11 Duddell Street, Central, Hong Kong, or any adjournment thereof, to consider and vote on such matters as set out in the notice of EGM which is set out in Appendix VIII to this Scheme Document
“Election Form”	The blue form of election to be completed by the Scheme Shareholders for election of the Cash Alternative or the Share Alternative or a combination of both, which is despatched to the Shareholders together with this Scheme Document
“Election Time”	4:30 p.m. on Thursday, 30 November 2023, being the latest time by which the Registered Owner may lodge the Election Form and the Account Holder may lodge the Account Holder Form with the Share Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong

“Eternal Asia”	Eternal Asia (HK) Limited, a company incorporated in Hong Kong with limited liability, an Independent Third Party. Eternal Asia is a direct wholly owned subsidiary of Shenzhen Eternal Asia Supply Chain Company Limited* (深圳市怡亞通供應鏈股份有限公司) and ultimately controlled by State-owned Assets Supervision and Administration Commission of Shenzhen Municipal People’s Government
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate thereof
“Explanatory Memorandum”	the explanatory memorandum set out in Part VII of this Scheme Document
“First Shanghai Capital”	First Shanghai Capital Limited (第一上海融資有限公司), a company incorporated in Hong Kong with limited liability and licensed to carry on Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), and the financial adviser to the Offeror in connection with the Proposal
“Grand Court”	the Grand Court of the Cayman Islands
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Holdco”	Pure Success Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability. As at the Latest Practicable Date, it was wholly owned by the Offeror and its sole director is Mr. Qian
“Holdco Share(s)”	share(s) with a par value of US\$1 each in the Holdco or with a par value of US\$0.00000001 each following a share subdivision prior to the Effective Date as describe in this Scheme Document

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee of the Company established by the Board to advise the Disinterested Scheme Shareholders in respect of the Proposal
“Independent Financial Adviser”	SBI China Capital Hong Kong Securities Limited, the independent financial adviser to the Independent Board Committee in respect of the Proposal. SBI China Capital Hong Kong Securities Limited is a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
“Independent Third Party(ies)”	individual(s) or company(ies) who/which is/are not connected person (as defined in the Listing Rules) of the Company
“Irrevocable Undertakings”	the irrevocable undertakings entered into by each of Easy Beauty and Eternal Asia on 15 May 2023 as supplemented by a supplemental undertaking dated 21 June 2023, the irrevocable undertakings entered into by each of Neala Holdings and Atrium Noble on 15 May 2023, and the irrevocable undertakings entered into by each of Power Maker and Polka Dots on 22 May 2023 as supplemented by a supplemental undertaking dated 21 June 2023, in favor of the Offeror in connection with the Proposal, details of which are set out in the section headed “Irrevocable Undertaking” in Part VII — Explanatory Memorandum of this Scheme Document
“KYC Documents”	KYC documents as listed in paragraph headed “Terms of the Proposal” in Part VII — Explanatory Memorandum of this Scheme Document
“Last Trading Day”	22 May 2023, being the last trading day prior to the suspension of trading in the Shares on the Stock Exchange with effect from 1:00 p.m. on Monday, 22 May 2023, pending issuance of the Announcement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“Latest Practicable Date”	19 September 2023, being the latest practicable date for ascertaining certain information contained in this Scheme Document
“Long Stop Date”	31 March 2024 or such later date as the Offeror and the Company may agree or, to the extent applicable, as the Grand Court may direct and, in all cases, as permitted by the Executive
“Meeting Record Date”	Wednesday, 18 October 2023, or such other date as shall be announced to the Shareholders, being the record date for the purpose of determining the entitlement of the Scheme Shareholders to attend and vote at the Court Meeting and the entitlement of the Shareholders to attend and vote at the EGM
“Mr. Cui”	Mr. Cui Zhenrong (崔振榮), the beneficial owner and sole director of Power Maker
“Mr. Jiang”	Mr. Jiang Linfei (蔣林飛), the beneficial owner and sole director of Polka Dots
“Mr. Qian”	Mr. Qian Lirong (錢利榮), who is the beneficial owner and the sole director of the Holdco and the Offeror, and a substantial Shareholder, an executive Director and the chairman of the Company
“Neala Holdings”	Neala Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and controlled by Mr. Shen Xinren, a brother-in-law of Mr. Qian. Neala Holdings is owned as to 57.69% by Mr. Shen Xinren, the sole director of Neala Holdings, and 42.31% by Mr. Sun Xuelin, an uncle of Mr. Qian
“Offer Consideration”	the consideration payable by the Offeror to the Scheme Shareholders pursuant to the Scheme, being the Cash Alternative or the Share Alternative or the combination of both
“Offeror”	Trigiant Investments Limited, a company incorporated in the British Virgin Islands with limited liability and registered in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), which is beneficially wholly-owned by Mr. Qian

“Offeror Concert Party(ies)”	all parties acting, or presumed to be acting, in concert with the Offeror in relation to the Company as defined under the Takeovers Code, including Mr. Qian, Easy Beauty, Neala Holdings, Atrium Noble, Mr. Cui, Mr. Jiang, Power Maker and Polka Dots
“Offeror Shares”	shares in the capital of the Offeror
“Polka Dots”	Polka Dots Investments Limited, a company incorporated in the British Virgin Islands with limited liability and is solely owned by Mr. Jiang
“Power Maker”	Power Maker Investments Limited, a company incorporated in the British Virgin Islands with limited liability and is solely owned by Mr. Cui
“PRC”	the People’s Republic of China, which, for the purposes of this Scheme Document, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Proposal”	the proposal for the privatisation of the Company by the Offeror by way of the Scheme and the withdrawal of the listing of the Shares from the Stock Exchange, on the terms and subject to the conditions set out in this Scheme Document
“Registered Owner(s)”	holder(s) of Shares (including without limitation a nominee, trustee, depositary or any other authorised custodian or third party) whose name is entered in the register of members of the Company as a holder of Shares
“Relevant Period”	the period commencing on the date which is six (6) months prior to the Announcement Date (i.e. commencing on 29 December 2022) and ending on the Latest Practicable Date, both dates inclusive
“Securities Act”	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder

“Scheme”	the scheme of arrangement between the Company and the Scheme Shareholders under Section 86 of the Companies Act, involving the cancellation of all of the Scheme Shares for the Offer Consideration and the simultaneous restoration of the number of issued Shares in the share capital of the Company to the number prior to the cancellation and extinguishment of the Scheme Shares, with or subject to any modification, addition or condition approved or imposed by the Grand Court or agreed by the Company and the Offeror
“Scheme Document”	this composite scheme document of the Company and the Offeror issued to, among others, the Scheme Shareholders, including each of the letters, statements, memorandum, appendixes and notices in it
“Scheme Record Date”	Monday, 13 November 2023, or such other date as shall be announced to the Shareholders, being the record date for determining entitlements of the Scheme Shareholders upon the Scheme becoming effective
“Scheme Share(s)”	Share(s) other than those held by the Offeror
“Scheme Shareholder(s)”	holder(s) of Scheme Share(s)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Alternative”	the share consideration alternative under the Scheme, being one Holdco Share for every Scheme Share held
“Share Option Scheme”	the share option scheme adopted by a resolution passed by the Shareholders at the annual general meeting of the Company held on 27 May 2014
“Share Registrar”	Tricor Investor Services Limited, the Company’s branch share registrar and transfer office in Hong Kong
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers of Hong Kong
“trading day”	a day on which the Stock Exchange is open for the business of dealings in securities
“%”	per cent

All references in this Scheme Document to times and dates are references to Hong Kong times and dates, except as otherwise specified.

ACTION TO BE TAKEN BY SHAREHOLDERS**Court Meeting and EGM**

For the purpose of determining the entitlements of the Scheme Shareholders to attend and vote at the Court Meeting and the entitlements of the Shareholders to attend and vote at the EGM, register of members of the Company will be closed from Tuesday, 10 October 2023 to Wednesday, 18 October 2023, both days inclusive, and during such period, no transfer of Shares will be registered. In order to qualify for the entitlement to attend and vote at the Court Meeting and/or the EGM, all transfer of shares accompanied by the relevant share certificates must be lodged with the Share Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by 4:30 p.m. on Monday, 9 October 2023.

A **pink** form of proxy for use at the Court Meeting and a **white** form of proxy for use at the EGM are enclosed with this Scheme Document. Subsequent purchasers of Shares may obtain the relevant proxy form from the transferor or the website of the Stock Exchange if they wish to attend or vote at the Court Meeting and/or the EGM.

Whether or not you are able to attend the Court Meeting and/or the EGM or any adjournment thereof in person, if you are a Scheme Shareholder, we strongly urge you to complete and sign the enclosed **pink** form of proxy in respect of the Court Meeting, and if you are a Shareholder, we strongly urge you to complete and sign the enclosed **white** form of proxy in respect of the EGM, in accordance with the instructions printed thereon, and to lodge them at the office of the Share Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong. **The pink form of proxy for use at the Court Meeting should be lodged no later than 48 hours before the time appointed for holding the Court Meeting or any adjournment thereof although it may be handed to the chairman of the Court Meeting at the Court Meeting (who shall have absolute discretion as to whether or not to accept it). The white form of proxy for use at the EGM must be lodged no later than 48 hours before the time appointed for holding the EGM or any adjournment thereof in order to be accepted.** The completion and return of a form of proxy for the Court Meeting and/or the EGM will not preclude you from attending and voting in person at the relevant meetings or any adjournment thereof. In such event, the returned form of proxy will be deemed to have been revoked.

If you do not appoint a proxy and you do not attend and vote at the Court Meeting and/or the EGM, you will still be bound by the outcome of the Court Meeting and the EGM if, among other things, the resolutions are passed by the requisite majorities at the Court Meeting and the EGM. We therefore strongly urge you to attend and vote at the Court Meeting and the EGM in person or by proxy.

Voting at the Court Meeting and the EGM will be taken by poll as required under the Listing Rules and the Takeovers Code.

The Company and the Offeror will make an announcement in relation to the results of the Court Meeting and the EGM no later than 7:00 p.m. on Wednesday, 18 October 2023. If all the resolutions are passed at those meetings, further announcements will be made in relation to, among other things, the results of the hearing of the petition to sanction the Scheme by the Grand Court, the Scheme Record Date, the Effective Date and the date of withdrawal of the listing of the Shares on the Stock Exchange in accordance with the requirements of the Takeovers Code and the Listing Rules.

Election by Registered Owners

Registered Owners shall make an election of the Cash Alternative or the Share Alternative or a combination of both by properly completing and signing the Election Form in respect of their entire holdings of the Scheme Shares registered under their names as at the Scheme Record Date, and deliver the duly completed and executed Election Form to the Share Registrar not later than 4:30 p.m. on Thursday, 30 November 2023 or such later date and time as may be notified through announcement. For details, please refer to the section headed “Election by Registered Owners” in Part VII — Explanatory Memorandum of this Scheme Document.

If you have sold or transferred all or part of your Shares, you should at once hand this Scheme Document, the accompanying forms of proxy, the Election Form and the Account Holder Form to the purchaser or the transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee. Copies of the Election Form can be obtained (i) from the Share Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong; or (ii) on the website of the Company (www.trigiant.com.hk); or (iii) on the website of the Stock Exchange (www.hkexnews.hk).

Any Shareholder who holds Scheme Shares as a nominee, trustee or registered owner in any other capacity will not be treated differently from any other Registered Owner. Any Beneficial Owner should make arrangements with his, her or its nominee, trustee or Registered Owner in relation to the Scheme and the election of the Cash Alternative or the Share Alternative or a combination of both, and may consider whether he/she/it wishes to arrange for the registration of the relevant Scheme Shares in the name of the Beneficial Owner prior to the Scheme Record Date.

ACTIONS TO BE TAKEN BY BENEFICIAL OWNERS WHOSE SHARES ARE HELD THROUGH TRUST OR DEPOSITED IN CCASS

Court Meeting and EGM

The Company will not recognise any person as holding any Shares through any trust. If you are a Beneficial Owner whose Shares are held upon trust by, and registered in the name of, a Registered Owner (other than HKSCC Nominees), you should contact the Registered

Owner and provide the Registered Owner with instructions and/or make arrangements with the Registered Owner in relation to the manner in which the Shares beneficially owned by you should be voted at the Court Meeting and/or the EGM.

Such instructions and/or arrangements should be given or made in advance of the deadline in respect of the Court Meeting and the EGM set by the Registered Owner in order to provide the Registered Owner with sufficient time to accurately complete his, her or its proxy and to submit it by the deadline stated in Part III — Expected Timetable of this Scheme Document. To the extent that any Registered Owner requires instructions from or arrangements to be made with any Beneficial Owner at a particular date or time in advance of the aforementioned latest time for the lodgment of forms of proxy in respect of the Court Meeting and the EGM, any such Beneficial Owner should comply with the requirements of the Registered Owner.

If you are a Beneficial Owner who wishes to attend the Court Meeting and/or the EGM personally, you should:

- (a) contact the Registered Owner directly to make the appropriate arrangements with the Registered Owner to enable you to attend and vote at the Court Meeting and/or the EGM and, for such purpose, the Registered Owner may appoint you as its proxy; or
- (b) arrange for some or all of the Shares registered in the name of the Registered Owner to be transferred and registered in your own name.

The appointment of a proxy by the Registered Owner at the Court Meeting and/or the EGM shall be in accordance with all relevant provisions in the articles of association of the Company.

In the case of the appointment of a proxy by the Registered Owner, the relevant forms of proxy shall be completed and signed by the Registered Owner and shall be lodged in the manner, and no later than the latest time for lodging the relevant forms of proxy, as more particularly set out in Part III — Expected Timetable of this Scheme Document.

The completion and return of a form of proxy for the Court Meeting and/or the EGM will not preclude the Registered Owner from attending and voting in person at the relevant meeting or any adjournment thereof. In the event that the Registered Owner attends and votes at the relevant meeting or any adjournment thereof after having lodged his forms of proxy, the returned form of proxy will be deemed to have been revoked.

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered under the name of HKSCC Nominees, you must, unless you are a CCASS Investor Participant, contact your broker, custodian, nominee, or other relevant person who is, or has, in turn, deposited such Shares with other CCASS Participants, regarding voting instructions to be given to such persons if you wish to vote at the Court Meeting and/or at the EGM in respect

of the Scheme. You should contact your broker, custodian, nominee or other relevant person in advance of the deadline in respect of the Court Meeting and the EGM set by them, in order to provide such person with sufficient time to provide HKSCC Nominees with instructions or make arrangements with HKSCC Nominees in relation to the manner in which the Shares of the Beneficial Owner should be voted at the Court Meeting and/or the EGM. The procedure for voting in respect of the Scheme by HKSCC Nominees with respect to the Shares registered under the name of HKSCC Nominees shall be in accordance with the “General Rules of CCASS” and the “CCASS Operational Procedures” in effect from time to time.

If you are a Beneficial Owner whose Shares are deposited in CCASS, you may also elect to become a Registered Owner, and thereby have the right to attend and vote at the Court Meeting (if you are a Scheme Shareholder) and the EGM (as a Shareholder). You can become a Registered Owner by withdrawing all or any of your Shares from CCASS and transferring and registering such Shares in your own name. For withdrawal of Shares from CCASS and registration thereof, you will be required to pay to CCASS a withdrawal fee per board lot withdrawn, a registration fee for each share certificate issued, stamp duty on each transfer instrument and, if your Shares are held through a financial intermediary, any other relevant fees charged by your financial intermediary. You should contact your broker, custodian, nominee or other relevant person in advance of the latest time for lodging transfers of the Shares into your name so as to qualify to attend and vote at the Court Meeting and the EGM, in order to provide such broker, custodian, nominee or other relevant person with sufficient time to withdraw the Shares from CCASS and register them in your name.

Scheme Shareholders who voted at the Court Meeting (including any Beneficial Owners of Scheme Shares that gave voting instructions to a custodian or clearing house that subsequently voted at the Court Meeting) should note that they are entitled to appear before or be represented at the hearing of the petition in the Grand Court which is expected to be on Wednesday, 29 November 2023 (Cayman Islands time), at which the Company will seek, among other things, the sanction of the Scheme.

Election by Beneficial Owners

Beneficial Owners whose Shares are held through CCASS shall make an election of the Cash Alternative or the Share Alternative or a combination of both by properly completing and signing the Account Holder Form in respect of such Scheme Shares held through CCASS and deliver the duly completed and executed Account Holder Form to the Share Registrar no later than the Election Time (i.e. 4:30 p.m. on Thursday, 30 November 2023). For details, please refer to the section headed “Election by Beneficial Owners whose Shares are held through CCASS” in Part VII — Explanatory Memorandum of this Scheme Document.

EXERCISE YOUR RIGHT TO VOTE

If you are a Shareholder or a Beneficial Owner, the Offeror and the Company strongly encourage you to exercise your right to vote or give instructions to the relevant Registered Owner to vote in person or by proxy at the Court Meeting and/or at the EGM.

If you are a Beneficial Owner whose Shares are deposited in CCASS, the Offeror and the Company encourage you to provide HKSCC Nominees in relation to the manner in which those Shares should be voted at the Court Meeting (if you are a Beneficial Owner of the Scheme Shares) and/or at the EGM (as a Beneficial Owner of the Shares) without delay or withdraw all or any of your Shares from CCASS and transfer and register such Shares in your own name (as detailed in the section headed “Election by Beneficial Owners whose Shares are held through CCASS” in Part VII — Explanatory Memorandum of this Scheme Document).

If you are a Registered Owner holding the Shares on behalf of Beneficial Owner(s), the Offeror and the Company should be grateful if you would inform the relevant Beneficial Owner(s) about the importance of exercising their vote.

If you keep any of the Shares in a share lending program, the Offeror and the Company urge you to recall any outstanding Shares on loan to prevent market participants from using borrowed stock to vote.

If you are in any doubt as to the action to be taken, you are encouraged to consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

Hong Kong Time unless indicated otherwise

Date of despatch of this Scheme Document..... Friday, 22 September 2023

Latest time for lodging transfers of Shares in order
to become a Shareholder entitled to attend and
vote at the Court Meeting and/or the EGM 4:30 p.m. on Monday,
9 October 2023

Register of members of the Company closed for
determination of entitlements of Scheme
Shareholders to attend and vote at the
Court Meeting and of the Shareholders to
attend and vote at the EGM (*Note 1*)..... from Tuesday, 10 October 2023
to Wednesday, 18 October 2023
(both days inclusive)

Latest time for lodging forms of proxy in respect of (*Note 2*)

● Court Meeting 10:00 a.m. on Monday, 16 October 2023

● EGM 11:00 a.m. on Monday, 16 October 2023

Meeting Record Date..... Wednesday, 18 October 2023

Court Meeting (*Note 3*)..... 10:00 a.m. on Wednesday, 18 October 2023

EGM (*Note 3*)..... 11:00 a.m. on Wednesday, 18 October 2023
(or immediately after the conclusion or adjournment
of the Court Meeting, whichever is later)

Announcement of the results of the Court Meeting
and the EGM posted on the website of the
Stock Exchange and the website of the Company no later than 7:00 p.m.
on Wednesday, 18 October 2023

Expected last day for trading in the Shares
on the Stock Exchange Friday, 20 October 2023

Latest time for lodging transfer of Shares in order
to qualify for entitlements under the Scheme (*Note 4*)..... 4:30 p.m. on Friday,
10 November 2023

Register of members of the Company closed for determining Scheme Shareholders qualified for entitlements under the Scheme (<i>Note 5</i>).....	from Monday, 13 November 2023 onwards
Scheme Record Date	Monday, 13 November 2023
Court hearing of the petition to sanction the Scheme and to confirm the reduction of the share capital of the Company involved in the Scheme.....	Wednesday, 29 November 2023 (Cayman Islands time)
Announcement of the results of the court hearing of the petition to sanction the Scheme and to confirm the reduction of the share capital of the Company involved in the Scheme, the expected Effective Date and the expected date of withdrawal of listing of Shares on the Stock Exchange	at or before 8:30 a.m. on Thursday, 30 November 2023
Election Time (being latest time for lodging the Election Form for election of the Cash Alternative or the Share Alternative or a combination of both) and the latest time for lodging the Account Holder Form (<i>Note 6</i>)	4:30 p.m. on Thursday, 30 November 2023
Effective Date (<i>Note 7</i>).....	Wednesday, 6 December 2023 (Cayman Islands time)
Announcement of the Effective Date, the withdrawal of the listing of the Shares on the Stock Exchange	at or before 8:30 a.m. on Thursday, 7 December 2023
Expected withdrawal of the listing of Shares on the Stock Exchange becoming effective	4:00 p.m. on Friday, 8 December 2023
Latest time to despatch cheques for cash entitlements and share certificates for share entitlement under the Scheme (<i>Note 8</i>)	on or before Friday, 15 December 2023

Notes:

1. The register of members of the Company will be closed during such period for the purpose of determining entitlements of the Scheme Shareholders to attend and vote at the Court Meeting and of the Shareholders to attend and vote at the EGM. For the avoidance of doubt, this period of closure is not for determining entitlements under the Scheme.
2. The **pink** form of proxy in respect of the Court Meeting and the **white** form of proxy in respect of the EGM should be completed and signed in accordance with the instructions respectively printed thereon and should be lodged at the Share Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by the times and dates stated above. The **pink** form of proxy for use at the Court Meeting should be lodged no later than 48 hours before the time appointed for holding the Court Meeting or any adjournment hereof although it may be handed to the chairman of the Court Meeting at the Court Meeting (who shall have absolute discretion as to whether or not to accept it). The **white** form of proxy for use at the EGM must be lodged no later than 48 hours before the time appointed for holding the EGM or any adjournment thereof in order to be accepted. The completion and return of a form of proxy for the Court Meeting and/or the EGM will not preclude a Scheme Shareholder or Shareholder (as the case may be) from attending and voting in person at the relevant meetings or any adjournment thereof if he so wishes. In the event that the Scheme Shareholder or Shareholder (as the case may be) attends and votes at the relevant meeting or any adjournment thereof after having lodged his form of proxy, the returned form of proxy will be deemed to have been revoked.
3. For further details relating to the Court Meeting and the EGM, please see the notice of Court Meeting set out in Appendix VII to this Scheme Document and the notice of the EGM set out in Appendix VIII to this Scheme Document. If a typhoon signal no. 8 or above is hoisted, or “extreme conditions” caused by a super typhoon or a black rainstorm warning signal is in force at or at any time after 7:00 a.m. on the date of the Court Meeting and the EGM, the Court Meeting and the EGM will be postponed or adjourned in accordance with the articles of association of the Company. The Company will post an announcement on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.trigiant.com.hk) to notify the Shareholders of the date, time and place of the rescheduled meetings.
4. Transfer of Shares will not be allowed after 4:30 p.m. on Friday, 10 November 2023. Scheme Shareholders should hold their entire holdings in the Scheme Shares, regardless of their election as to the Cash Alternative or the Share Alternative or a combination of both, until the Effective Date (i.e. 6 December 2023).
5. The register of members of the Company will be closed during such period for the purpose of determining Scheme Shareholders who are qualified for entitlements under the Scheme.
6. The Election Form, duly completed in accordance with the instructions thereon, must be lodged with the Share Registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than the time and date stated above (or such later time and/or date as may be notified through announcement(s)), failing which the Election Form shall not be treated as valid and such Scheme Shareholders purporting to make the election shall not, for any purpose, be entitled to receive the Share Alternative but shall instead receive the Cash Alternative if the Scheme becomes effective. Any election of Share Alternative by a Scheme Shareholder should also be accompanied by such KYC Documents as set out in this Scheme Document or such additional evidence or documents as may be required by the Holdco, failing which such election shall not be valid and the Scheme Shareholder will instead receive the Cash Alternative if the Scheme becomes effective.
7. When all the Conditions set out in the paragraph headed “Conditions of the Proposal and the Scheme” in Part VII — Explanatory Memorandum of this Scheme Document have been fulfilled or (to the extent permitted) waived (as the case may be), the Court Orders may be delivered to the Registrar of Companies in the Cayman Islands for registration at which point the Scheme will become effective and binding on the Company and all of the Scheme Shareholders.

8. Cheques for the cash entitlement in respect of the Cash Alternative or physical share certificates for Holdco Shares in respect of the Share Alternative will be sent within seven (7) Business Days of the Effective Date by ordinary post in postage pre-paid envelopes addressed to the persons entitled thereto at their respective registered addresses or, in the case of joint holders, to the registered address of that joint holder whose name stands first in such registers in respect of the joint holding. All such cheques or share certificates will be posted at the risk of the person(s) entitled thereto and none of the Holdco, the Offeror, the Company, First Shanghai Capital, the Independent Financial Adviser, the Share Registrar and their respective directors, employees, officers, agents, advisers, associates and affiliates and any other persons involved in the Proposal will be responsible for any loss or delay in despatch.

All references to times and dates in this document are references to Hong Kong times and dates, unless otherwise stated.



TRIGIANT
— 俊知集團 —

TRIGIANT GROUP LIMITED

俊知集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1300)

Executive Directors:

Mr. Qian Lirong

(Chairman and Group chief executive officer)

Mr. Qian Chenhui

Non-executive Director:

Mr. Zhang Dongjie

Independent non-executive Directors:

Professor Jin Xiaofeng

Mr. Chan Fan Shing

Mr. Zhao Huanqi

Registered Office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

Principal place of business

in Hong Kong:

Room 1801, 18th Floor

Tai Tung Building

8 Fleming Road

Wanchai

Hong Kong

22 September 2023

To the Shareholders

Dear Sir or Madam

**(1) PROPOSED PRIVATISATION OF TRIGIANT GROUP LIMITED
BY
TRIGIANT INVESTMENTS LIMITED
BY WAY OF A SCHEME OF ARRANGEMENT
UNDER SECTION 86 OF
THE COMPANIES ACT OF THE CAYMAN ISLANDS
AND
(2) PROPOSED WITHDRAWAL OF LISTING OF
TRIGIANT GROUP LIMITED**

* For identification purposes only

INTRODUCTION

Reference is made to the Announcement. On 29 June 2023, the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders for the proposed privatisation of the Company by way of a scheme of arrangement under Section 86 of the Companies Act involving (i) the cancellation and extinguishment of the Scheme Shares and, in consideration therefor, the payment to the Scheme Shareholders either in cash and/or in share consideration for each Scheme Share cancelled; and (ii) the restoration of the issued share capital of the Company to the amount immediately before the cancellation and extinguishment of the Scheme Shares by the allotment and issuance of new Shares in the same number as the number of Scheme Shares (which were cancelled and extinguished) to the Holdco credited as fully paid at par out of the credit arising in the Company's books of account as a result of the issued share capital reduction referred to in (i) above; and (iii) the withdrawal of the listing of the Shares on the Stock Exchange.

The purpose of this Scheme Document is to provide you with further information regarding the Proposal, the Scheme and the expected timetable, and to give you notices of the Court Meeting and the EGM (together with proxy forms in relation thereto). Your attention is also drawn to (a) the letter from the Independent Board Committee set out in Part V of this Scheme Document; (b) the letter from the Independent Financial Adviser set out in Part VI of this Scheme Document; (c) the Explanatory Memorandum set out in Part VII of this Scheme Document; and (d) the terms of the Scheme set out in Appendix V to this Scheme Document.

TERMS OF THE PROPOSAL

Under the Scheme, the Scheme Shares will be cancelled in exchange for either:

- (a) the Cash Alternative: cash of HK\$0.5 for every Scheme Share held; or
- (b) the Share Alternative: one Holdco Share for every Scheme Share held.

The Scheme Shareholders may elect either the Cash Alternative or the Share Alternative or a combination of both as the form of Offer Consideration in respect of their entire holdings of Scheme Shares. Scheme Shareholders who do not make any election will be deemed to have elected to receive their entitlement under the Cash Alternative subject to the Proposal becoming unconditional in all respects. For details of the election of Offer Consideration, please refer to the sections headed "Election by Registered Owners" and "Election by Beneficial Owners whose Shares are held through CCASS" in Part VII — Explanatory Memorandum of this Scheme Document.

The Cash Alternative

The cash consideration of HK\$0.5 per Scheme Share under the Cash Alternative represents:

- a premium of approximately 4.2% over the closing price of HK\$0.48 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- a premium of approximately 31.6% over the closing price of HK\$0.38 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 34.0% over the average closing price of approximately HK\$0.373 per Share based on the daily closing prices as quoted on the Stock Exchange for the 5 trading days up to and including the Last Trading Day;
- a premium of approximately 28.9% over the average closing price of approximately HK\$0.388 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- a premium of approximately 25.3% over the average closing price of approximately HK\$0.399 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- a premium of approximately 25.0% over the average closing price of approximately HK\$0.400 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- a premium of approximately 23.8% over the average closing price of approximately HK\$0.404 per Share based on the daily closing prices as quoted on the Stock Exchange for the 120 trading days up to and including the Last Trading Day;
- a premium of approximately 21.7% over the average closing price of approximately HK\$0.411 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day;
- a discount of approximately 77.4% to the audited net asset value per Share of approximately HK\$2.216 as at 31 December 2022, based on the audited net assets of the Group as stated in the audited consolidated statement of financial position of the Company included in its annual report for the year ended 31 December 2022, the exchange rate of HK\$1.00 to RMB0.893, being the midpoint rate published by the State Administration of Foreign Exchange as at 30 December 2022 and 1,791,500,000 Shares in issue as at 31 December 2022; and
- a discount of approximately 76.9% to the unaudited net asset value per Share of approximately HK\$2.167 as at 30 June 2023, based on the unaudited net assets of the Group as stated in the unaudited consolidated statement of financial position of

the Company included in its interim report for the six months ended 30 June 2023, the exchange rate of HK\$1.00 to RMB0.922, being the midpoint rate published by the State Administration of Foreign Exchange as at 30 June 2023 and 1,791,500,000 Shares in issue as at 30 June 2023.

The cash consideration under the Cash Alternative has been determined on a commercial basis after taking into account the prices of the Shares traded on the Stock Exchange and with reference to other privatisation transactions in Hong Kong in recent years.

Highest and lowest prices

During the Relevant Period, the highest closing price of the Shares was HK\$0.55 per Share as quoted on the Stock Exchange on 7 August 2023 and the lowest closing price of the Shares was HK\$0.365 per Share as quoted on the Stock Exchange on 17 May 2023.

The Share Alternative

The Offeror is a company incorporated in the British Virgin Islands with limited liability on 22 November 2010 and registered in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) on 12 September 2019. The Holdco is a company newly incorporated in the British Virgin Islands with limited liability on 10 May 2023 and wholly owned by the Offeror. As at the Latest Practicable Date, the Holdco was authorised to issue a maximum of 50,000 shares each with a par value of US\$1 each. The Holdco Shares are shares of an unlisted company in the British Virgin Islands, being an investment holding company. As at the Latest Practicable Date, the Holdco was wholly-owned by the Offeror, which in turn was wholly-owned by Abraholme International and ultimately beneficially owned by Mr. Qian, the single largest Shareholder, an executive Director and the chairman of the Company. Mr. Qian is the sole director of each of the Holdco, the Offeror and Abraholme International.

On or before the Effective Date, the Holdco will subdivide the one share with a par value of US\$1 each held by the Offeror into 100,000,000 shares with a par value of US\$0.00000001 each and allot 357,842,000 new shares at par value to the Offeror mirroring the total number of Scheme Shares (other than those who have executed the Irrevocable Undertakings), upon which the Offeror shall hold 457,842,000 shares of the Holdco. Pursuant to the Scheme, the Holdco will allot such number of Holdco Shares to each Scheme Shareholder validly electing the Share Alternative equal to the number of Scheme Shares rendered by it for election of the Share Alternative under the Scheme within seven (7) Business Days following the Effective Date. The deadline for election is 30 November 2023. The Holdco will repurchase such number of Holdco Shares (if any) held by the Offeror at par value upon the Effective Date equal to the number of Scheme Shares rendered by the Scheme Shareholders (other than those who have executed the Irrevocable Undertakings) validly electing the Share Alternative. After such repurchase, the Holdco will be held by (i) the Offeror as to such number of Holdco Shares mirroring the number of Scheme Shares rendered by the Scheme Shareholders who

validly elect the Cash Alternative; and (ii) the Scheme Shareholders as to such number of Holdco Shares mirroring the number of Scheme Shares rendered by the Scheme Shareholders who validly elect the Share Alternative.

Assuming all Scheme Shareholders choose the Share Alternative, upon the completion of the Proposal, the Company will be held as to 29.22% by the Offeror and 70.78% by the Holdco which in turn will be held as to 26.81% by Easy Beauty, 4.07% by Neala Holdings, 2.97% by Atrium Noble, 23.10% by Eternal Asia, 3.79% by Power Maker, 3.15% by Polka Dots, 0.33% by Mr. Cui, 0.32% by Mr. Jiang and 35.46% by the other public Shareholders.

Assuming all Scheme Shareholders that have executed the Irrevocable Undertakings choose the Share Alternative and the other Scheme Shareholders choose the Cash Alternative, upon the completion of the Proposal and the Scheme, the Company will be held as to 29.22% by the Offeror and 70.78% by the Holdco which in turn will be held as to 36.11% by the Offeror, 26.81% by Easy Beauty, 4.07% by Neala Holdings, 2.97% by Atrium Noble, 23.10% by Eternal Asia, 3.79% by Power Maker and 3.15% by Polka Dots.

Upon the Effective Date and after the withdrawal of listing of the Shares, the Offeror will transfer 523,521,750 Shares to the Holdco and as a consideration the Holdco will allot 523,521,750 Holdco Shares to the Offeror. As a result, the Company will become a wholly owned subsidiary of the Holdco, which will be held as to approximately 54.78% by the Offeror, 18.98% by Easy Beauty, 2.88% by Neala Holdings, 2.10% by Atrium Noble, 16.35% by Eternal Asia, 2.68% by Power Maker and 2.23% by Polka Dots, assuming all Scheme Shareholders who have executed the Irrevocable Undertakings choose the Share Alternative and the other Scheme Shareholders choose the Cash Alternative.

The Share Alternative, which is subject to the Conditions, offers an opportunity for the existing Shareholders to retain indirect interest in the Company after withdrawal of listing of the Shares from the Stock Exchange. Any Scheme Shareholder who elects to receive the Share Alternative will retain indirectly through his shareholding in the Holdco the same proportional interest in the Company as such Shareholder held immediately before the implementation of the Scheme. The Holdco Shares to be issued under the Share Alternative will be issued free from all encumbrances and credited as fully-paid.

The Shareholders should note that the Holdco is a company newly incorporated in the British Virgin Islands on 10 May 2023 and the holders of Holdco Shares (including those Shareholders whom the Holdco Shares will be issued and allotted to under the Share Alternative) will enjoy such voting, dividend and liquidation rights and benefits attaching to the Holdco Shares (being the ordinary shares of the Holdco ranking *pari passu* with the shares held or to be held by the Offeror in the Holdco) as afforded under the relevant laws of the British Virgin Islands and the memorandum and articles of association of the Holdco. Upon the Effective Date and after the withdrawal of the listing of the Shares, the Company will become a wholly owned subsidiary of the Holdco and, other than that, the Holdco will not own any other assets or owe any liabilities. Given that there is no intention to seek a listing of the Holdco Shares on any stock exchange,

the Holdco Shares will be relatively illiquid and the holders of Holdco Shares will not be protected by any rules and regulations of any stock exchange or securities regulatory authorities. Moreover, section 4.1 of the Introduction to The Codes on Takeovers and Mergers and Share Buy-backs provides that The Codes on Takeovers and Mergers and Share Buy-backs apply to takeovers, mergers and share buy-backs affecting, among others, public companies in Hong Kong and section 4.2 of the Introduction to The Codes on Takeovers and Mergers and Share Buy-backs provides that in order to determine whether a company is a public company in Hong Kong, the Executive will take into account the number of Hong Kong shareholders and the extent of share trading in Hong Kong and other factors. If, following the implementation of the Scheme, the Holdco is determined by the Executive to be a “public company in Hong Kong”, the Holdco will be subject to The Codes on Takeovers and Mergers and Share Buy-backs.

A letter from First Shanghai Capital is set out in Appendix V to this Scheme Document in respect of estimates of value of the Holdco Shares, which is provided to the Directors solely for the purposes of paragraph 30 of Schedule I to the Takeovers Code and should not be used or relied upon for any other purpose whatsoever.

Investor should be aware of the following risk factors of holding the Holdco Shares in material respects:

- the Holdco Shares are not listed on any stock exchange and do not benefit from the protections afforded by the Listing Rules;
- the Holdco Shares are illiquid and hence shareholders of the Holdco may find it more difficult to find a purchaser for the Holdco Shares if they intend to sell their Holdco Shares, as there is less likely to have a ready market for the Holdco Shares;
- there is no guarantee that any dividend payments will be paid in respect of the Holdco Shares;
- changes in the business and economic environment could adversely affect the value of the Holdco’s assets, if any;
- Holdco is subject to the British Virgin Islands laws, which are different from the Cayman Islands laws that the Company is subject to; and
- there is no analysis or study conducted on whether Holdco’s memorandum and articles of association and/or the British Virgin Islands laws can provide sufficient shareholders’ protection to the Holdco’s shareholders.

Conditions of the Proposal and the Scheme

Conditions of the Proposal and the Scheme are set out in the section headed “Conditions of the Proposal and the Scheme” in Part VII — Explanatory Memorandum of this Scheme Document.

Warning: Shareholders and potential investors of the Company should be aware that the implementation of the Proposal is subject to the Conditions being fulfilled or waived, as applicable, and therefore the Proposal may or may not be implemented. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

Reduction and restoration of issued share capital

The issued share capital of the Company will, on the Effective Date, be reduced by cancelling and extinguishing the Scheme Shares. Upon such reduction, the issued share capital of the Company will be simultaneously restored to the amount prior to the cancellation and extinguishment of the Scheme Shares by allotting and issuing to the Holdco the same number of new Shares, credited as fully paid, as the number of Scheme Shares cancelled and extinguished. The credit arising in the books of accounts of the Company as a result of the capital reduction will be applied in paying up in full at par the new Shares so allotted and issued, credited as fully paid, to the Holdco.

SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, (a) there were 1,791,500,000 Shares in issue; (b) the Offeror owned 523,521,750 Shares, representing approximately 29.22% of the issued share capital of the Company; and (c) the Offeror Concert Parties, in aggregate owned 525,468,250 Shares, representing approximately 29.33% of the issued share capital of the Company. Save for these 1,048,990,000 Shares referred to above, the Offeror and the Offeror Concert Parties were not interested in Shares as at the Latest Practicable Date. Save for the Shares, the Company had no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) outstanding as at the Latest Practicable Date.

A table setting out the shareholding structure of the Company as at the Latest Practicable Date and immediately after completion of the Proposal (assuming that there are no other changes in the shareholding of the Company between the Latest Practicable Date and the Scheme Record Date) is set out in section headed “Shareholding Structure of the Company” in Part VII — Explanatory Memorandum of this Scheme Document.

FINANCIAL RESOURCES

The Offeror has appointed First Shanghai Capital as its exclusive financial adviser in connection with the Proposal.

Your attention is drawn to the section headed “Financial Resources” in Part VII — Explanatory Memorandum of this Scheme Document.

IRREVOCABLE UNDERTAKINGS

As at the Latest Practicable Date:

- (a) Easy Beauty beneficially held 340,000,000 Shares, representing approximately 18.98% of the issued share capital of the Company;
- (b) Eternal Asia beneficially held 292,876,000 Shares, representing approximately 16.35% of the issued share capital of the Company;
- (c) Neala Holdings beneficially held 51,591,330 Shares, representing approximately 2.88% of the issued share capital of the Company;
- (d) Atrium Noble beneficially held 37,668,920 Shares, representing approximately 2.10% of the issued share capital of the Company;
- (e) Power Maker beneficially held 48,000,000 Shares, representing approximately 2.68% of the issued share capital of the Company; and
- (f) Polka Dots beneficially held 40,000,000 Shares, representing approximately 2.23% of the issued share capital of the Company.

On 15 May 2023, (1) Easy Beauty and Eternal Asia (as supplemented by a supplemental undertaking dated 21 June 2023) respectively, and (2) Neala Holdings and Atrium Noble respectively, entered into the Irrevocable Undertakings with the Offeror in favour of the Offeror, and on 22 May 2023, Power Maker and Polka Dots respectively (as supplemented by a supplemental undertaking dated 21 June 2023) entered into the Irrevocable Undertakings with the Offeror in favour of the Offeror, pursuant to which each of Easy Beauty, Eternal Asia, Neala Holdings, Atrium Noble, Power Maker and Polka Dots:

- (A) unconditionally and irrevocably agrees and undertakes that (i) it will vote for (if entitled to vote) the Proposal in respect of all its Shares as soon as possible and irrevocably undertakes that it will not withdraw such vote; and (ii) it will not select the Cash Alternative, but will select the Share Alternative, which such shares are the shares of a company controlled by the Offeror and such number of shares mirroring its shareholdings in the Company;

- (B) unconditionally and irrevocably agrees and undertakes that during the period from the date of this irrevocable undertaking to the date of the completion of the Proposal (both dates inclusive), each of Easy Beauty, Eternal Asia, Neala Holdings, Atrium Noble, Power Maker and Polka Dots will support the delisting arrangement of the Company (including, amongst others, to vote (if entitled to vote) in favour of any resolution(s) in relation to the delisting arrangement of the Company in the general meeting(s) of the Company if so permitted by the relevant regulators) and each of Easy Beauty, Eternal Asia, Neala Holdings, Atrium Noble, Power Maker and Polka Dots will not, whether directly or indirectly, take any action which will preclude, prejudice, restrict or delay the successful outcome of the Proposal and the delisting of the Company or otherwise conflict with or diminish its obligations thereunder; and
- (C) save as to supporting the Proposal in accordance with the terms of the irrevocable undertaking, confirms, agrees and undertakes that it has not and will not, prior to and including the date of the completion of the Proposal:
- (1) save as what has been disclosed to the Offeror (if applicable), offer, sell, give, transfer, pledge, encumber, charge, or grant any right over or otherwise dispose of or deal with any of the Shares or any interest therein;
 - (2) enter into any swap or other arrangement that transfers to another party in whole or in part any of the legal, beneficial or economic consequences attached to the Shares held by it;
 - (3) solicit or enter into discussions regarding any proposal or offer by any third party for the Shares or other class of shares of the Company or any proposal or offer so made for a merger, scheme of arrangement, exchange offer, consolidation, partnership, joint venture or other business combination involving the Company, or for any purchase of all or any material part of the assets of the Company and its subsidiary undertakings (other than in the ordinary course of existing business transactions) or other similar transaction that may preclude, prejudice, restrict or delay the successful outcome of the Proposal and delisting of the Company from the Stock Exchange;
 - (4) save as what has been disclosed to the Offeror (if applicable), subject any of its Shares to any encumbrance as described under (C)(1) above; or
 - (5) enter into any agreement with a view to effecting any of the foregoing.

The Offeror confirmed that nothing has come to their attention which may render any of Easy Beauty, Eternal Asia, Neala Holdings, Atrium Noble, Power Maker and Polka Dots unable to perform or adhere to the Irrevocable Undertaking (as the case may be). The Offeror further confirmed that they are not aware of any circumstance which may preclude any of Easy Beauty, Eternal Asia, Neala Holdings, Atrium Noble, Power Maker and Polka Dots from

performing the Irrevocable Undertaking under the Proposal, and that the Shares held by these undertaking shareholders will remain in their hands and there is no chance whereby any of these Shares will be transferred or disposed in any way to other third parties prior to the completion of the Proposal.

Each of the Irrevocable Undertakings respectively entered into by Easy Beauty, Eternal Asia, Neala Holdings, Atrium Noble, Power Maker and Polka Dots will be terminated and cease to be binding immediately upon the Proposal having been withdrawn, lapsed or closed.

Eternal Asia is a direct wholly owned subsidiary of Shenzhen Eternal Asia Supply Chain Company Limited* (深圳市怡亞通供應鏈股份有限公司) and ultimately controlled by State-owned Assets Supervision and Administration Commission of Shenzhen Municipal People's Government, which is an Independent Third Party. Easy Beauty, Neala Holdings and Atrium Noble are Offeror Concert Parties. Power Maker and Polka Dots are directly wholly owned by Mr. Cui and Mr. Jiang, respectively, both Independent Third Parties. Although Power Maker's beneficial owner and director, Mr. Cui, and Polka Dots's beneficial owner and director, Mr. Jiang, are Independent Third Parties, given each of Power Maker and Polka Dots acquired their respective shareholding in the Company from Easy Beauty (which is a party acting in concert with the Offeror) on 30 March 2023 and the considerations had not been settled as at the Latest Practicable Date, such deferred payment arrangements constitute financial assistance provided to each of Power Maker and Polka Dots by Easy Beauty whereby Power Maker and Polka Dots are regarded as acting in concert with the Offeror in relation to the Company accordingly pursuant to the Takeovers Code. Each of Power Maker, Polka Dots, Mr. Cui and Mr. Jiang is therefore also an Offeror Concert Party.

REASONS FOR AND BENEFITS OF THE PROPOSAL

You are urged to read carefully the section headed "Reasons for and Benefits of the Proposal" in Part VII — Explanatory Memorandum of this Scheme Document.

INTENTIONS OF THE OFFEROR AND THE COMPANY

The Board is aware of and welcomes the Offeror's intentions as set out in the section headed "Intentions of the Offeror with regard to the Group" in Part VII — Explanatory Memorandum of this Scheme Document that, among other things, the Group will continue on its current business and that the Offeror does not intend to continue the listing of the Shares.

INFORMATION ON THE GROUP, THE OFFEROR AND THE HOLDCO

Your attention is drawn to the section headed "Information on the Group, the Offeror and the Holdco" in Part VII — Explanatory Memorandum of this Scheme Document.

WITHDRAWAL OF LISTING OF SHARES

Upon the Scheme becoming effective, all Scheme Shares will be cancelled and extinguished (with the equivalent number of new Shares being issued and credited as fully paid to the Holdco, a wholly-owned subsidiary of the Offeror) and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. The Company will make an application for the listing of the Shares to be withdrawn from the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules, with effect from the Effective Date.

The Scheme Shareholders will be notified by way of an announcement of the exact dates of the last day for dealing in the Shares and the day on which the Scheme and the withdrawal of the listing of the Shares on the Stock Exchange will become effective. A detailed timetable of the implementation of the Proposal is set out in Part III — Expected Timetable of this Scheme Document.

IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES

Subject to the requirements of the Takeovers Code, the Proposal will lapse if any of the Conditions has not been fulfilled or waived, as applicable, on or before the Long Stop Date. If the Scheme is not approved or the Proposal otherwise lapses, the listing of the Shares on the Stock Exchange will not be withdrawn.

If the Scheme is not approved or the Proposal otherwise lapses, no change in the shareholding structure of the Company will result from the Proposal and the Scheme, and the shareholding structure of the Company as at the Latest Practicable Date as set out in the section headed “Shareholding Structure of the Company” in Part VII — Explanatory Memorandum of this Scheme Document shall remain unchanged (assuming that there is no other change in the shareholding structure of the Company from the Latest Practicable Date). Accordingly, the Company will continue to be able to maintain sufficient public float in its Shares under Rule 8.08 of the Listing Rules in the event that the Scheme is not approved or the Proposal otherwise lapses.

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under Rule 31.1 of the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses announce an offer or possible offer for the Company, except with the consent of the Executive.

COSTS OF THE SCHEME

Your attention is drawn to the section headed “Costs of the Scheme” in Part VII — Explanatory Memorandum of this Scheme Document.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee, which comprises the independent non-executive Directors, namely Professor Jin Xiaofeng, Mr. Chan Fan Shing and Mr. Zhao Huanqi, has been established by the Board to make a recommendation to the Disinterested Scheme Shareholders as to: (i) whether the terms of the Proposal, the Scheme is or is not, fair and reasonable; and (ii) whether to vote in favour of the Scheme at the Court Meeting and the EGM.

As the non-executive Director, Mr. Zhang Dongjie, is a deputy general manager of the sole shareholder of Eternal Asia, Shenzhen Eternal Asia Supply Chain Company Limited* (深圳市怡亞通供應鏈股份有限公司), and that Eternal Asia has entered into the Irrevocable Undertaking with the Offeror, Mr. Zhang will not be a member of the Independent Board Committee accordingly.

The full text of the letter from the Independent Board Committee is set out in Part V of this Scheme Document.

The Company has appointed SBI China Capital Hong Kong Securities Limited as the Independent Financial Adviser to advise the Independent Board Committee in relation to the Proposal. Such appointment has been approved by the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code.

The full text of the letter from the Independent Financial Adviser is set out in Part VI of this Scheme Document.

ACTION TO BE TAKEN

Your attention is drawn to Part II — Actions to be Taken of this Scheme Document.

COURT MEETING AND THE EGM

In accordance with the directions of the Grand Court, the Court Meeting will be held at 10:00 a.m. (Hong Kong time) on Wednesday, 18 October 2023 at 10/F, Ruttonjee House, Ruttonjee Centre, 11 Duddell Street, Central, Hong Kong. The EGM will be held at the same place and on the same date at 11:00 a.m. (Hong Kong time) (or immediately after the conclusion of the Court Meeting, whichever is later).

For the purpose of exercising your right to vote at the Court Meeting and/or the EGM, you are urged to read carefully the section headed “Scheme Shares, Court Meeting and the EGM” in Part VII — Explanatory Memorandum of this Scheme Document, Part II — Actions to be Taken of this Scheme Document, the notice of the Court Meeting in Appendix VII to this Scheme Document and the notice of EGM in Appendix VIII to this Scheme Document.

OVERSEAS SHAREHOLDERS

Your attention is drawn to the section headed “Overseas Shareholders” in Part VII — Explanatory Memorandum of this Scheme Document.

TAXATION

Your attention is drawn to the section headed “Taxation” in Part VII — Explanatory Memorandum of this Scheme Document.

RECOMMENDATIONS

Your attention is drawn to the recommendations of the Independent Board Committee in respect of the Proposal as set out in the letter from the Independent Board Committee to the Disinterested Scheme Shareholders in Part V of this Scheme Document.

Your attention is also drawn to the recommendations of the Independent Financial Adviser in respect of the Proposal as set out in the letter from the Independent Financial Adviser in Part VI of this Scheme Document. We would advise you to read this letter carefully before you take any action.

FURTHER INFORMATION

You are urged to read carefully the letters from the Independent Board Committee and the Independent Financial Advisers, as set out in Parts V and VI of this Scheme Document respectively, the Explanatory Memorandum as set out in Part VII of this Scheme Document, the Appendices to this Scheme Document, the Scheme as set out in Appendix VI to this Scheme Document, the notice of Court Meeting as set out in Appendix VII to this Scheme Document and notice of EGM as set out in Appendix VIII to this Scheme Document.

In addition, a **pink** form of proxy for the Court Meeting, a **white** form of proxy for the EGM, the Election Form and the Account Holder Form are enclosed with this Scheme Document.

Yours faithfully
For and on behalf of the board of
Trigiant Group Limited
Qian Lirong
Chairman



TRIGIANT
— 俊知集團 —

TRIGIANT GROUP LIMITED

俊知集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1300)

22 September 2023

To the Scheme Shareholders

Dear Sir/Madam,

**(1) PROPOSED PRIVATISATION OF TRIGIANT GROUP LIMITED
BY
TRIGIANT INVESTMENTS LIMITED
BY WAY OF A SCHEME OF ARRANGEMENT
UNDER SECTION 86 OF
THE COMPANIES ACT OF THE CAYMAN ISLANDS
AND
(2) PROPOSED WITHDRAWAL OF LISTING OF
TRIGIANT GROUP LIMITED**

Reference is made to (1) the joint announcement dated 29 June 2023 jointly issued by the Company and the Offeror; and (2) the scheme document dated 22 September 2023 jointly issued by the Company and the Offeror (the “**Scheme Document**”), in relation to, among other things, the Proposal. This letter forms part of the Scheme Document. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as those defined in the Scheme Document.

We have been appointed by the Board as the Independent Board Committee to make recommendation to the Disinterested Scheme Shareholders as to:

- (1) whether the terms of the Proposal and the Scheme are, or are not, fair and reasonable;
- (2) whether to vote in favour of the Scheme at the Court Meeting; and

* *For identification purposes only*

PART V LETTER FROM THE INDEPENDENT BOARD COMMITTEE

- (3) whether to vote in favour of the resolutions to be proposed at the EGM as set out in the Notice of EGM in Appendix VIII to the Scheme Document.

SBI China Capital Hong Kong Securities Limited, the Independent Financial Adviser, has been appointed by the Company with our approval in accordance with Rule 2.1 of the Takeovers Code, to advise us on the Proposal and the Scheme. The details of its advice and the principal factors taken into consideration in arriving at its advice are set out in Part VI — Letter from the Independent Financial Adviser of the Scheme Document (the “**Letter**”).

In the Letter, the Independent Financial Adviser states that it considers the terms of the Proposal and the Scheme are fair and reasonable, and advises the Independent Board Committee to recommend the Disinterested Scheme Shareholders to vote in favour of the relevant resolutions to be proposed at the Court Meeting and the EGM to approve and implement the Proposal and the Scheme.

The Independent Board Committee, having considered the terms of the Proposal and the Scheme, and having taken into account the advice of the Independent Financial Adviser, particularly, the reasons and recommendations set out in the Letter, considers that the terms of the Proposal and the Scheme are fair and reasonable.

Accordingly, the Independent Board Committee recommends:

- (1) at the Court Meeting, the Disinterested Scheme Shareholders to vote in favour of the resolution to approve the Scheme;
- (2) at the EGM, the Disinterested Scheme Shareholders to vote in favour of (i) the special resolution to approve the reduction of the share capital of the Company by cancellation and extinguishment of the Scheme Shares; and (ii) the ordinary resolution to approve the application of the credits created by the cancellation and extinguishment of the Scheme Shares to simultaneously restore the issued share capital of the Company to the amount prior to the cancellation and extinguishment of the Scheme Shares by allotting and issuing to the Holdco the same number of new Shares, credited as fully paid, as the number of Scheme Shares cancelled and extinguished; and
- (3) the Disinterested Scheme Shareholders to select the Cash Alternative, and not to select the Share Alternative.

The Independent Board Committee draws the attention of the Disinterested Scheme Shareholders to (i) the Letter from the Board as set out in Part IV of the Scheme Document; (ii) the Letter from the Independent Financial Adviser, which sets out the principal factors

PART V LETTER FROM THE INDEPENDENT BOARD COMMITTEE

taken into consideration in arriving at its advice to the Independent Board Committee, as set out in Part VI of the Scheme Document; and (iii) the Explanatory Memorandum as set out in Part VII of the Scheme Document.

Yours faithfully,

Independent Board Committee

Professor Jin Xiaofeng
*Independent Non-Executive
Director*

Mr. Chan Fan Shing
*Independent Non-Executive
Director*

Mr. Zhao Huanqi
*Independent Non-Executive
Director*

Set out below is the full text of a letter of advice from SBI China Capital Hong Kong Securities Limited, the independent financial adviser to the Independent Board Committee and the Disinterested Scheme Shareholders, which has been prepared for inclusion in the Scheme Document.



22 September 2023

*To: The Independent Board Committee and the Disinterested Scheme Shareholders of
Trigiant Group Limited*

Dear Sir or Madam,

**(1) PROPOSED PRIVATISATION OF TRIGIANT GROUP LIMITED
BY
TRIGIANT INVESTMENTS LIMITED
BY WAY OF A SCHEME OF ARRANGEMENT
UNDER SECTION 86 OF
THE COMPANIES ACT OF THE CAYMAN ISLANDS;
AND
(2) PROPOSED WITHDRAWAL OF LISTING OF
TRIGIANT GROUP LIMITED**

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Disinterested Scheme Shareholders in relation to the Proposal and the Scheme, details of which are set out in the Scheme Document dated 22 September 2023, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Scheme Document unless the context otherwise requires.

On 29 June 2023, the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders for the proposed privatisation of the Company by way of a scheme of arrangement under Section 86 of the Companies Act involving (i) the cancellation and extinguishment of the Scheme Shares and, in consideration therefor, the payment to the Scheme Shareholders either in cash and/or in share consideration for each Scheme Share cancelled; and (ii) the restoration of the issued share capital of the Company to the amount immediately before the cancellation and extinguishment of the Scheme Shares by the allotment and issuance of new Shares in the same number as the number of Scheme Shares (which were cancelled and extinguished) to the Holdco credited as fully paid at par out of the

PART VI LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

credit arising in the Company's books of account as a result of the issued share capital reduction referred to in (i) above; and (iii) the withdrawal of the listing of the Shares on the Stock Exchange.

As at the Latest Practicable Date, there was no outstanding share options under the Share Option Scheme.

As at the Latest Practicable Date, (a) there were 1,791,500,000 Shares in issue; (b) the Offeror owned 523,521,750 Shares, representing approximately 29.22% of the issued share capital of the Company; and (c) the Offeror Concert Parties, in aggregate owned 525,468,250 Shares, representing approximately 29.33% of the issued share capital of the Company. Save for these 1,048,990,000 Shares referred to above, the Offeror and the Offeror Concert Parties were not interested in Shares as at the Latest Practicable Date. Save for the Shares, the Company had no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) outstanding as at the Latest Practicable Date.

As at the Latest Practicable Date, Easy Beauty, Eternal Asia, Neala Holdings, Atrium Noble, Power Maker and Polka Dots beneficially held 340,000,000 Shares, 292,876,000 Shares, 51,591,330 Shares, 37,668,920 Shares, 48,000,000 Shares and 40,000,000 Shares, representing approximately 18.98%, 16.35%, 2.88%, 2.10%, 2.68% and 2.23% of the issued share capital of the Company, respectively. On 15 May 2023, (1) Easy Beauty and Eternal Asia (as supplemented by a supplemental undertaking dated 21 June 2023) respectively, and (2) Neala Holdings and Atrium Noble respectively, entered into the Irrevocable Undertakings with the Offeror in favour of the Offeror, and on 22 May 2023, Power Maker and Polka Dots respectively (as supplemented by a supplemental undertaking dated 21 June 2023) entered into the Irrevocable Undertakings with the Offeror in favour of the Offeror, pursuant to which each of Easy Beauty, Eternal Asia, Neala Holdings, Atrium Noble, Power Maker and Polka Dots has irrevocably undertaken to the Offeror that, among other things, (i) (a) it will vote for (if entitled to vote) the Proposal in respect of all its Shares as soon as possible; and that it will not withdraw such vote; and (b) it will not select the Cash Alternative, but will select the Share Alternative; and (ii) during the period from the date of irrevocable undertaking to the date of the completion of the Proposal (both dates inclusive), each of Easy Beauty, Eternal Asia, Neala Holdings, Atrium Noble, Power Maker and Polka Dots will support the delisting arrangement of the Company.

Eternal Asia is a direct wholly owned subsidiary of Shenzhen Eternal Asia Supply Chain Company Limited* (深圳市怡亞通供應鏈股份有限公司) and ultimately controlled by State-owned Assets Supervision and Administration Commission of Shenzhen Municipal People's Government, which is an Independent Third Party. Easy Beauty, Neala Holdings and Atrium Noble are Offeror Concert Parties. Power Maker and Polka Dots are directly wholly owned by Mr. Cui and Mr. Jiang, respectively, both Independent Third Parties. Although Power Maker's beneficial owner and director, Mr. Cui, and Polka Dots's beneficial owner and director, Mr. Jiang, are Independent Third Parties, given each of Power Maker and Polka Dots acquired their respective shareholding in the Company from Easy Beauty (which is a party acting in

concert with the Offeror) on 30 March 2023 and the considerations had not been settled as at the Latest Practicable Date, such deferred payment arrangements constitute financial assistance provided to each of Power Maker and Polka Dots by Easy Beauty whereby Power Maker and Polka Dots are regarded as acting in concert with the Offeror in relation to the Company accordingly pursuant to the Takeovers Code. Each of Power Maker, Polka Dots, Mr. Cui and Mr. Jiang is therefore also an Offeror Concert Party.

Upon the Scheme becoming effective, all Scheme Shares will be cancelled and extinguished (with the equivalent number of new Shares being issued and credited as fully paid to the Holdco).

Pursuant to Rule 2.8 of the Takeovers Code, an Independent Board Committee, comprising all independent non-executive Directors, namely Professor Jin Xiaofeng, Mr. Chan Fan Shing and Mr. Zhao Huanqi has been established to advise the Disinterested Scheme Shareholders as to (i) whether the terms of the Proposal and the Scheme are, or are not, fair and reasonable; and (ii) whether to vote in favour of the Scheme at the Court Meeting and the EGM. As the Independent Financial Adviser, our role is to give an independent opinion to the Independent Board Committee and the Disinterested Scheme Shareholders in such regard. As the non-executive Director, Mr. Zhang Dongjie, is a deputy general manager of the sole shareholder of Eternal Asia, Shenzhen Eternal Asia Supply Chain Company Limited* (深圳市怡亞通供應鏈股份有限公司), and that Eternal Asia has entered into the Irrevocable Undertaking with the Offeror, Mr. Zhang will not be a member of the Independent Board Committee accordingly.

We, SBI China Capital Hong Kong Securities Limited (“**SBI China**”), have been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee, and such appointment has been approved by the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code. During the past two years, we have not acted as a financial adviser (independent or otherwise) to the Company or the Offeror. We are not associated with the Company, the Offeror or their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them and, accordingly, is considered eligible to give independent advice to the Independent Board Committee and the Disinterested Scheme Shareholders. Apart from normal professional fees payable to us in connection with this engagement, no arrangement exists whereby SBI China will receive any fees or benefits from the Company, the Offeror or their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them.

In formulating our opinion and recommendations, we have relied on the information and facts supplied and opinions expressed by the management of the Group. We have assumed that all information and representations provided by the management of the Group, for which they are solely responsible, were true and accurate at the time they were prepared or made and will continue to be so up to the Latest Practicable Date. The Disinterested Scheme Shareholders will be informed by the Company and us as soon as possible if there is any material change to the information disclosed in the Scheme Document pursuant to Rule 9.1 of

the Takeovers Code, in which case we will consider whether it is necessary to revise our opinion and inform the Independent Board Committee and the Disinterested Scheme Shareholders accordingly. We have no reason to doubt the truth, accuracy or completeness of the information and representations made to us by the management of the Group. We have been advised that no material facts have been omitted from the information supplied and opinions expressed. As such, we have no reason to suspect that any relevant information has been withheld or omitted from the information provided and referred to in the Scheme Document or the reasonableness of the opinions and representations provided by the management of the Group to us, nor are we aware of any facts or circumstances which would render the information provided and representations made to us untrue, inaccurate or misleading.

We have reviewed (i) published information on the Company, including its annual report for the year ended 31 December 2022 and the interim report for the six months ended 30 June 2023; (ii) “Estimates of value of Holdco Shares” prepared by First Shanghai Capital Limited (“**First Shanghai**”) regarding the estimate of value of Holdco Shares (the “**Estimate of Value**”) set out in Appendix V to the Scheme Document; and (iii) certain Comparable Companies and Privatisation Precedents (both defined hereafter) for analysis purpose and the relevant information was obtained from the website of the Stock Exchange and Bloomberg. We have not, however, carried out any independent verification of the information available to us, nor have we conducted an independent investigation into the business and affairs, financial condition and future prospects of the Group, the Offeror, companies involved or any of their respective associates or any party acting, or presumed to acting, in concert with any of them. Our opinion is necessarily based upon the financial, economic, market, regulatory and other conditions as they existed on, and the facts, information, representations, and opinions made available to us as of the Latest Practicable Date.

We have not considered the tax and regulatory implications as regards the Proposal and the Scheme since these depend on individual circumstances. In particular, the Disinterested Scheme Shareholders who are overseas residents or subject to overseas taxation or Hong Kong taxation on securities dealings should consider their own tax positions and, if in any doubt, should consult their own professional advisers.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Scheme Document (other than that relating to the Offeror and the Offeror Concert Parties) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Scheme Document (other than those expressed by the sole director of the Offeror in his capacity as the director of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in the Scheme Document the omission of which would make any statements in the Scheme Document misleading.

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

PRINCIPAL TERMS OF THE PROPOSAL

The principal terms of the Proposal are summarised below. The Scheme Shareholders are urged to read the relevant sections in the Scheme Document and its appendices in full.

The Proposal

The Proposal will be implemented by way of the Scheme. As at the Latest Practicable Date, the Company had 1,791,500,000 Shares in issue; other than Shares held by the Offeror, all of which were Scheme Shares. Under the Scheme, the Scheme Shares will be cancelled in exchange for either:

- (a) the Cash Alternative: cash of HK\$0.5 for every Scheme Share held; or
- (b) the Share Alternative: one Holdco Share for every Scheme Share held.

As set out in the Letter from the Board, the cash consideration under the Cash Alternative has been determined on a commercial basis after taking into account the prices of the Shares traded on the Stock Exchange and with reference to other privatisation transactions in Hong Kong in recent years.

The Scheme Shareholders may elect either the Cash Alternative or the Share Alternative or a combination of both as the form of Offer Consideration in respect of their entire holdings of the Scheme Shares. Scheme Shareholders who do not make any election will be deemed to have elected to receive their entitlement under the Cash Alternative subject to the Proposal being unconditional in all respects. Any Registered Owner (a) who has not returned an Election Form by the Election Time or such later date and time as may be notified through announcement; or (b) who has returned an Election Form (i) opting both to receive the Cash Alternative and the Share Alternative but has failed to indicate an allocation of its Scheme Shares between the Cash Alternative and the Share Alternative which corresponds to the total number of its Scheme Shares; or (ii) does not make an election for the Cash Alternative and/or the Share Alternative in respect of all of its Scheme Shares; or (iii) opting for the Share Alternative (whether in whole or in part) but has failed to submit all applicable KYC Documents or such additional evidence or documents as may be required by the Holdco or is otherwise prevented from becoming a registered holder of shares of the Holdco by any applicable legal or regulatory reason such as being subject to any applicable international

sanctions, will be treated for the purposes of the election as opting to receive the Cash Alternative in respect of all the Scheme Shares registered in its name subject to the Scheme being sanctioned and being effective.

Disinterested Scheme Shareholders should note that the provision of the Share Alternative, although not without precedent, is not common for a Hong Kong privatisation proposal. As stated in the Letter from the Board, upon the Effective Date and after the withdrawal of the listing of the Shares, the Company will become a wholly owned subsidiary of the Holdco and, other than that, the Holdco will not own any other assets or owe any liabilities.

On or before the Effective Date, the Holdco will subdivide the one share with a par value of US\$1 each held by the Offeror into 100,000,000 shares with a par value of US\$0.00000001 each and allot 357,842,000 new shares at par value to the Offeror, mirroring the total number of Scheme Shares (other than those who have executed the Irrevocable Undertakings), upon which the Offeror shall hold 457,842,000 shares of the Holdco. Pursuant to the Scheme, the Holdco will allot such number of Holdco Shares to each Scheme Shareholder validly electing the Share Alternative equal to the number of Scheme Shares rendered by it for election of the Share Alternative under the Scheme. The Holdco will repurchase such number of Holdco Shares (if any) held by the Offeror at par value upon the Effective Date equal to the number of Scheme Shares rendered by the Scheme Shareholders (other than those who have executed the Irrevocable Undertakings) validly electing the Share Alternative. After such repurchase, the Holdco will be held by (i) the Offeror as to such number of Holdco Shares mirroring the number of Scheme Shares rendered by the Scheme Shareholders who validly elect the Cash Alternative; and (ii) the Scheme Shareholders as to such number of Holdco Shares mirroring the number of Scheme Shares rendered by the Scheme Shareholders who validly elect the Share Alternative.

Details of the Estimate of Value are set out in the section below headed “(4) Share Alternative and Holdco”. The Holdco Shares are shares of an unlisted company in the British Virgin Islands and are illiquid with no ready market; and do not benefit from the protections afforded by the Listing Rules (for example, protections against dilution and related party transactions) and the Takeovers Code (if the Holdco is not determined by the Executive to be a “public company in Hong Kong” under the Takeovers Code). As Holdco Shares are illiquid, shareholders of the Holdco may find it more difficult to find a purchaser for Holdco Shares if they intend to sell their holdings, as there is less likely a ready market for the Holdco Shares.

The risks associated with holding Holdco Shares are summarised in the section below headed “(5) Risks which Disinterested Scheme Shareholders should consider in evaluating the Share Alternative”. **Based on our analysis below, we consider the Share Alternative has been tailored principally for large and sophisticated Shareholders, and we do not recommend other Scheme Shareholders to accept the Share Alternative.**

Conditions to the Proposal and the Scheme

The implementation of the Proposal is, and the Scheme will become effective and binding on the Company and all Shareholders, subject to the fulfilment or waiver (as applicable) of the Conditions, which are set out in the section headed “Conditions of the Proposal and the Scheme” in the Explanatory Memorandum. The main Conditions are as below:

- (a) the approval of the Scheme (by way of poll) by the Scheme Shareholders representing not less than 75% in value of the Scheme Shares, present and voting either in person or by proxy at the Court Meeting;
- (b) the approval of the Scheme (by way of poll) by the Disinterested Scheme Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by the Disinterested Scheme Shareholders that are voted either in person or by proxy at the Court Meeting, provided that the number of votes cast (by way of poll) by the Disinterested Scheme Shareholders present and voting either in person or by proxy against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all Scheme Shares held by all the Disinterested Scheme Shareholders;
- (c) (i) the passing of a special resolution by a majority of not less than three fourths of the votes cast by the Shareholders present and voting, in person or by proxy, at the EGM to approve and give effect to the reduction of the share capital of the Company by the cancellation and extinguishment of the Scheme Shares; and (ii) the passing of an ordinary resolution by a simple majority of the Shareholders present and voting, in person or by proxy, at the EGM to approve the application of the credits created by the cancellation and extinguishment of the Scheme Shares to simultaneously restore the issued share capital of the Company to the amount prior to the cancellation and extinguishment of the Scheme Shares by allotting and issuing to the Holdco the same number of new Shares, credited as fully paid, as the number of Scheme Shares cancelled and extinguished;
- (d) the sanction of the Scheme (with or without modifications) by the Grand Court and the confirmation of the reduction of the issued share capital of the Company, and the delivery to the Registrar of Companies in the Cayman Islands of a copy of the order of the Court Orders and the minutes approved by the Grand Court for registration; and
- (e) the necessary compliance with the procedural requirements and conditions, if any, under the Companies Act in relation to the reduction of the share capital of the Company referred to in paragraph (c) above.

The Offeror reserves the right to waive all or any of the Conditions (except for the Conditions in paragraphs (a) to (e) above) in whole or in part. The Company does not have the right to waive any of the Conditions. All Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date, otherwise the Proposal and the Scheme will lapse.

If sanctioned, the Scheme will be binding on all of the Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the EGM.

If the Scheme is not approved or the Proposal otherwise lapses, the listing of the Shares on the Stock Exchange will not be withdrawn. There are restrictions under Rule 31.1 of the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses announce an offer or possible offer for the Company, except with the consent of the Executive.

Irrevocable Undertakings

As at the Latest Practicable Date:

- (a) Easy Beauty beneficially held 340,000,000 Shares, representing approximately 18.98% of the issued share capital of the Company;
- (b) Eternal Asia beneficially held 292,876,000 Shares, representing approximately 16.35% of the issued share capital of the Company;
- (c) Neala Holdings beneficially held 51,591,330 Shares, representing approximately 2.88% of the issued share capital of the Company;
- (d) Atrium Noble beneficially held 37,668,920 Shares, representing approximately 2.10% of the issued share capital of the Company;
- (e) Power Maker beneficially held 48,000,000 Shares, representing approximately 2.68% of the issued share capital of the Company; and
- (f) Polka Dots beneficially held 40,000,000 Shares, representing approximately 2.23% of the issued share capital of the Company.

On 15 May 2023, (1) Easy Beauty and Eternal Asia (as supplemented by a supplemental undertaking dated 21 June 2023) respectively, and (2) Neala Holdings and Atrium Noble respectively entered into the Irrevocable Undertakings with the Offeror in favour of the Offeror, and on 22 May 2023, Power Maker and Polka Dots respectively (as supplemented by

a supplemental undertaking dated 21 June 2023) entered into the Irrevocable Undertakings with the Offeror in favour of the Offeror, pursuant to which each of Easy Beauty, Eternal Asia, Neala Holdings, Atrium Noble, Power Maker and Polka Dots amongst other things,

- (A) unconditionally and irrevocably agrees and undertakes that (i) it will vote for (if entitled to vote) the Proposal in respect of all its Shares as soon as possible and irrevocably undertakes that it will not withdraw such vote; and (ii) it will not select the Cash Alternative, but will select the Share Alternative, which such shares are the shares of a company controlled by the Offeror and such number of shares mirroring its shareholdings in the Company; and
- (B) unconditionally and irrevocably agrees and undertakes that during the period from the date of irrevocable undertaking to the date of the completion of the Proposal (both dates inclusive), each of Easy Beauty, Eternal Asia, Neala Holdings, Atrium Noble, Power Maker and Polka Dots will support the delisting arrangement of the Company (including, amongst others, to vote (if entitled to vote) in favour of any resolution(s) in relation to the delisting arrangement of the Company in the general meeting(s) of the Company if so permitted by the relevant regulators) and each of Easy Beauty, Eternal Asia, Neala Holdings, Atrium Noble, Power Maker and Polka Dots will not, whether directly or indirectly, take any action which will preclude, prejudice, restrict or delay the successful outcome of the Proposal and the delisting of the Company or otherwise conflict with or diminish its obligations thereunder.

For details of the Irrevocable Undertakings, please refer to the section headed “Irrevocable Undertakings” in the Explanatory Memorandum.

Each of the Irrevocable Undertakings respectively entered into by Easy Beauty, Eternal Asia, Neala Holdings, Atrium Noble, Power Maker and Polka Dots will be terminated and cease to be binding immediately upon the Proposal having been withdrawn, lapsed or closed.

PRINCIPAL FACTORS AND REASONS CONSIDERED

(1) Information and prospects of the Group

Background and principal business activities

The Company is an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange since 19 March 2012. As at the Latest Practicable Date, the Company had a market capitalisation of approximately HK\$859.9 million.

The Group principally engaged in manufacture and sales of feeder cable series, optical fibre cable series and related products, flame-retardant flexible cable series, new-type electronic components and other for mobile communications and telecommunications equipment.

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During the year ended 31 December 2022, the Group participated in multiple bidding projects and won the bid for China Telecommunications Corporation's (中國電信集團公司) ("China Telecom") centralised procurement project of cable products (power cables), the centralised procurement project of feeder and leaky cables of Shandong branch of China United Network Communications Limited (中國聯合網絡通信有限公司) ("China Unicom") from 2022 to 2023 and second centralised procurement project of feeder products of China Tower Corporation Limited (中國鐵塔股份有限公司) ("China Tower") in 2022, laying a solid foundation for its business development.

Financial performance

The following table summarises the financial information of the Group for each of the two years ended 31 December 2022 as extracted from the annual report of the Company for the year ended 31 December 2022 (the "Annual Report 2022") and for the six months ended 30 June 2022 and 30 June 2023 as extracted from the interim report of the Company for the six months ended 30 June 2023 (the "Interim Report 2023"), respectively.

	For the year ended 31 December		For the six months ended 30 June	
	2021 RMB'000 (audited)	2022 RMB'000 (audited)	2022 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Revenue	2,862,456	2,630,326	1,244,756	1,250,560
— Feeder cable series	968,171	1,242,813	573,598	640,106
— Flame retardant flexible cable series	1,210,159	1,029,254	481,322	470,743
— Optical fibre cable series and related products	539,245	208,813	104,575	83,654
— New-type electronic components	142,342	147,513	83,796	54,043
— Others	2,539	1,933	1,465	2,014
Gross profit	423,919	352,290	178,454	157,394
Gross profit margin	14.8%	13.4%	14.3%	12.6%
Operating profit before impairment losses/reversal of impairment losses under expected credit loss model, net (Note)	271,051	241,274	120,284	94,809
(Impairment losses)/reversal of impairment losses under expected credit loss model, net	24,212	(203,902)	(12,670)	(23,793)
(Loss)/Profit before taxation	229,897	(24,334)	75,999	43,496
Taxation charge	(22,430)	(32,028)	(26,322)	(9,007)

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	For the year ended		For the six months ended	
	31 December		30 June	
	2021	2022	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
(Loss)/Profit for the year/period	207,467	(56,362)	49,677	34,489
Other comprehensive (expense)/income				
<i>Item that will not be reclassified to profit or loss:</i>				
Fair value loss on investments in equity instruments at fair value through other comprehensive income	(475)	(166)	—	—
Total comprehensive (expense)/ income for the year/period	<u>206,992</u>	<u>(56,528)</u>	<u>49,677</u>	<u>34,489</u>

Note:

According to the 2022 Annual Report, operating profit before impairment losses/reversal of impairment losses under expected credit loss model, net was calculated based on the profit for the year before (1) taxation, (2) finance cost and (3) impairment losses/reversal of impairment losses under expected credit loss model, net. Operating profit before impairment losses/reversal of impairment losses under expected credit loss model, net is not a standard measure under HKFRS. Operating profit before impairment losses/reversal of impairment losses under expected credit loss model, net is one of financial indicators that a company's ability to service and incur debt. The Board believes that such data is a useful supplement to cash flow data as a measure of the Company's performance and ability to cover finance cost and taxation. The figure may not be comparable to similarly titled measures presented by other companies.

(a) For the six months ended 30 June 2023

Revenue of the Group increased slightly to approximately RMB1,250.6 million for the six months ended 30 June 2023 as compared to approximately RMB1,244.8 million for the correspondence period in 2022 mainly as a result of the increase in revenue from feeder cable series by approximately RMB66.5 million to approximately RMB640.1 million for the six months ended 30 June 2023. The sales volume of the Group's feeder cable series products increased by approximately 3,400 kilometres to approximately 53,000 kilometres as compared to the corresponding period in last year. This was partially offset by (i) the decrease in revenue from flame retardant flexible cable series by approximately RMB10.6 million to approximately RMB470.7 million for the six months ended 30 June 2023; (ii) the decrease in revenue from optical fibre cable series and related products by approximately RMB20.9 million to approximately RMB83.7 million for the six months ended 30 June 2023; and (iii) the decrease in revenue from new-type electronic components by approximately RMB29.8 million to approximately RMB54.0 million for the six months ended 30 June 2023.

The Group's overall gross profit decreased by approximately 11.8% to approximately RMB157.4 million for the six months ended 30 June 2023. As a result of the continuous competition in the industry during the six months ended 30 June 2023, the gross profit margin of the Group's (i) feeder cable series business decreased by approximately 2.6 percentage points to approximately 13.3%; (ii) flame-retardant flexible cable series business decreased by 2.0 percentage points to approximately 10.8%; and (iii) optical fibre cable series and related products business decreased by approximately 1.6 percentage points to approximately 13.5%, as compared to the corresponding period in last year. The Group's operating profit, before impairment losses/reversal of impairment losses under expected credit loss model, net, decreased from approximately HK\$120.3 million for the six months ended 30 June 2022 to approximately HK\$94.8 million for the six months ended 30 June 2023.

Impairment losses under expected credit loss model net of reversal, on trade receivables, increased by approximately RMB11.1 million, or approximately 87.8% from approximately RMB12.7 million for the six months ended 30 June 2022 to approximately RMB23.8 million for the six months ended 30 June 2023 as the aging of trade receivables of 30 June 2023 has increased. Trade receivables, net, aged over 365 days increased from approximately RMB1,817.5 million as at 31 December 2022 to approximately RMB1,956.6 million as at 30 June 2023.

Given the above, the Group's net profit decreased by approximately 30.6% to RMB34.5 million for the six months ended 30 June 2023 as compared to the corresponding period in last year.

(b) For the year ended 31 December 2022

Revenue of the Group decreased from approximately RMB2,862.5 million for the year ended 31 December 2021 to approximately RMB2,630.3 million for the year ended 31 December 2022 mainly as a result of: (i) revenue from optical fibre cable series products decreased by approximately RMB330.4 million to RMB208.8 million as a result of the market price competition. Sales volume of optical fibre cable decreased by approximately 8,892,000 fibre kilometres year on year to approximately 2,675,000 fibre kilometres; (ii) revenue from flame-retardant flexible cable series, a major product of the Group mainly used as an internal connection cable for power systems or mobile cable transmission and distribution systems, decreased by approximately RMB180.9 million to RMB 1,029.3 million due to the impact of the COVID-19 pandemic; and (iii) revenue decrease mentioned above was partially offset by an increase in revenue of feeder cable series products by approximately RMB274.6 million to RMB1,242.8 million. The sales volume of the Group's feeder cable series products increased by approximately 6,400 kilometres to approximately 103,200 kilometres year on year.

The Group's overall gross profit decreased by approximately 16.9% from approximately RMB423.9 million for the year ended 31 December 2021 to approximately RMB352.3 million for the year ended 31 December 2022. As a result of

market price competition, the gross profit margin of the Group's (i) feeder cable series business decreased by approximately 1.6 percentage points to approximately 14.6%; (ii) flame-retardant flexible cable series business decreased by approximately 2.3 percentage points to approximately 11.5%; and (iii) optical fibre cable series and related products business decreased by approximately 2.5 percentage points to approximately 13.3%.

Due to the COVID-19 pandemic in China in December 2022 has affected the collection process of trade receivables, the Group recorded impairment losses on trade receivables under expected credit loss model of approximately RMB203.9 million for the year ended 31 December 2022 as compared to a record of reversal of impairment losses of approximately RMB24.2 million for the year ended 31 December 2021.

Given the above, the Group recorded net loss of approximately RMB56.4 million for the year ended 31 December 2022 as compared to net profit of approximately RMB207.5 million for the year ended 31 December 2021. As mentioned in the 2022 Annual Report, despite all odds in the COVID year, for the year 2022 the Group maintained a steady operation. In particular, the operating profit before impairment losses/reversal of impairment losses under expect credit loss model, net amount of which amounted to approximately RMB241.3 million as compared to approximately RMB271.1 million for the year ended 31 December 2021.

Financial position

The following table summarises the financial position of the Group as at 31 December 2021 and 31 December 2022 as extracted from the published Annual Report 2022 and the financial position of the Group as at 30 June 2023 as extracted from the published Interim Report 2023:

	As at 31 December		As at
	2021	2022	30 June
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets	461,738	528,392	471,648
— Property, plant and equipment	189,312	173,743	164,405
— Right-of-use assets	66,848	64,175	62,908
— Equity instruments at fair value through other comprehensive income	475	309	309
— Pledged bank deposits	105,935	154,647	104,533
— Deposits paid for acquisition of property, plant and equipment	—	21,840	21,840
— Deferred tax assets	99,168	113,678	117,653

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	As at 31 December		As at 30 June
	2021	2022	2023
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current assets	5,147,903	4,861,398	5,000,070
— Inventories	242,352	172,607	203,216
— Trade and other receivables	4,341,830	4,115,138	4,192,026
— Pledged bank deposits	104,449	36,929	64,861
— Bank balances and cash	<u>459,272</u>	<u>536,724</u>	<u>539,967</u>
Total assets	<u>5,609,641</u>	<u>5,389,790</u>	<u>5,471,718</u>
Non-current liabilities	24,776	24,514	25,263
— Lease liabilities	994	567	324
— Government grants	1,588	1,191	992
— Deferred tax liabilities	22,194	22,756	23,947
Current liabilities	1,983,910	1,820,849	1,867,539
— Trade and other payables	676,471	85,611	150,390
— Borrowings	1,265,000	1,685,100	1,665,943
— Lease liabilities	609	507	544
— Taxation payable	<u>41,830</u>	<u>49,631</u>	<u>50,662</u>
Total liabilities	<u>2,008,686</u>	<u>1,845,363</u>	<u>1,892,802</u>
Net current assets	<u>3,163,993</u>	<u>3,040,549</u>	<u>3,132,531</u>
Net assets	<u>3,600,955</u>	<u>3,544,427</u>	<u>3,578,916</u>

As advised by the Company, the proportion of net trade receivables in the total assets of the Group is relatively high representing approximately 76.2% of the total assets as at 30 June 2023 as a result of the marketing strategy for supporting the network investment of China's three major telecommunications operators and China Tower. According to the Interim Report 2023, since the inception of the Group, overall around 90% of its annual sales have been made to the three major telecommunications operators in China, namely China Mobile Communication Corporation (中國移動通信集團公司) (“China Mobile”), China Unicom, and China Telecom; and (the subsequently established) China Tower. To promote the efficiency and effectiveness of telecommunications infrastructure construction as well as to provide strong support to the high-quality development of China's telecommunications industry, as part of its

marketing strategies, so as to gain market share and maintain a long-term sound cooperative relationship with the customers, there had been long repayment period from the key customers of the Group, being China's three major telecommunications operators and China Tower, in line with the high growth of their network construction. Since the establishment of the Company and up to date, as part of its marketing strategies, the Group generally grants its customers a credit period ranging from 180 days to 360 days, leading to Group's relatively longer period of turnover days of accounts receivables. In recent years, the turnover days for trade and bills receivables is more than one year. Meanwhile, the proportion of trade receivables in the total assets of the Group is relatively high as a result of the said marketing strategy for supporting the network investment of China's three major telecommunications operators and China Tower.

(a) Comparison between 30 June 2023 and 31 December 2022

Total assets increased from approximately RMB5,389.8 million as at 31 December 2022 to approximately RMB5,471.7 million as at 30 June 2023 mainly attributable to the increase in net trade receivables from approximately RMB4,092.9 million as at 31 December 2022 to approximately RMB4,170.5 million as at 30 June 2023. Included in the Group's trade receivables at 30 June 2023 are bills receivables of approximately RMB22.0 million.

Total liabilities increased from approximately RMB1,845.4 million as at 31 December 2022 to approximately RMB1,892.8 million as at 30 June 2023 mainly attributable to increase in trade payables and other payables from approximately RMB85.6 million as at 31 December 2022 to approximately RMB150.4 million as at 30 June 2023; which was partially offset by the decrease in borrowings from approximately RMB1,685.1 million as at 31 December 2022 to approximately RMB1,665.9 million as at 30 June 2023. Borrowings as at 30 June 2023 included bank borrowings of RMB1,205.0 million, borrowings under bills payables financing arrangements of RMB466.1 million, which are repayable within one year and prepaid interest of approximately RMB5.2 million partially offset the borrowings.

Above all, the Group's net assets increased from approximately RMB3,544.4 million as at 31 December 2022 to approximately RMB3,578.9 million as at 30 June 2023.

(b) Comparison between 31 December 2022 and 31 December 2021

Total assets decreased from approximately RMB5,609.6 million as at 31 December 2021 to approximately RMB5,389.8 million as at 31 December 2022 mainly attributable to decrease in net trade receivables from approximately RMB4,317.7 million as at 31 December 2021 to approximately RMB4,092.9 million as at 31 December 2022. The Group normally allows a credit period ranging from 180 to 360 days to its customers. At 31 December 2022, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately RMB2,733.2 million which are past due as

at the reporting date and balance of approximately RMB1,817.5 million which are past due 90 days or more. Other than the bills received, the Group does not hold any collateral over these balances.

Total liabilities decreased from approximately RMB2,008.7 million as at 31 December 2021 to approximately RMB1,845.4 million as at 31 December 2022 mainly attributable to decrease in trade payables from approximately RMB620.7 million as at 31 December 2021 to approximately RMB28.6 million as at 31 December 2022, which is partially offset by increase in borrowings from approximately RMB1,265.0 million as at 31 December 2021 to approximately RMB1,685.1 million as at 31 December 2022. The Group normally receives credit terms ranging from 30 to 90 days from its suppliers. All bills issued by the Group are aged within 365 days and not yet due at the end of the reporting period. During the year ended 31 December 2022, the Group has entered into certain supplier finance arrangements with banks. The Group's bank borrowings amounted to approximately RMB1,210.0 million and loans under supplier finance arrangements amounted to approximately RMB475.1 million as at 31 December 2022 as compared with bank borrowings of approximately RMB1,265.0 million and no loans under supplier finance arrangements as at 31 December 2021. The Group's obligations to suppliers are legally extinguished on settlement by the relevant banks. The Group then settles with the banks within one year after settlement by the banks with interest ranges from 1.28% to 3.80%, which may be extended beyond the original due dates of respective invoices. The interest rates are consistent with the Group's short-term borrowing rates.

Above all, the Group's net assets decreased from approximately RMB3,601.0 million as at 31 December 2021 to approximately RMB3,544.4 million as at 31 December 2022.

Future prospects

As mentioned in the Interim Report 2023, looking ahead to the second half of 2023, the world's economy still faces many challenges. The interest rate hike policies of major central banks in Europe and the United States will amplify global financial risks. Trade frictions and shrinking external demand will put pressure on the domestic economy. The Chinese government has recently rolled out a package of economic stimulus measures to expand domestic demand and stimulate overall economic growth. The value of 5G is increasing, and many industries are actively embracing 5G. The upgrading of personal digital applications and the digital transformation in various vertical industries have put forward higher requirements for the development of 5G. As 5G continues to maintain rapid development, there is still a need for large-scale deployment of 5G base stations. The Group, as a core product supplier for the construction of 5G base stations, will continue to benefit from the in-depth development of 5G. The Group will actively invest in the innovation and research and development (“**R&D**”) of related products, including optical-electrical hybrid cable components for 5G base stations and NEX10 connectors

with broadband and low insertion loss for 5G communications. China is working hard to explore potential key technologies for 6G and promote the R&D of 6G technology. The Group has been keeping a close eye on the development progress of the industry and has been actively conducting pre-studies on 6G products to prepare for the arrival of 6G.

In this regard, the Group intended to roll out the following business plans: (i) seizing opportunities of millimeter wave (“**mmWave**”) development, and accelerating the investment in R&D of related products; (ii) continuously making presence in Internet of Things (“**IoT**”) business; and (iii) identifying new customers and actively expanding overseas markets. To realise the business plans, the Group will need to deploy certain amount of capital investments on, among others, (i) 5G related products, R&D of 75–110 GHz products and/or R&D and production of various products in the DC-50 GHz frequency range as well as the R&D of 5G mmWave Q-band point-to-point communications product technologies; (ii) opportunities if any for the development of IoT business; and (iii) promotion of customised products with high profit margins and strong demand from customers through attending exhibitions and visiting customers in overseas countries such as the US and South Korea.

Outlook of the Group remains unclear given the uncertainty over the success of the Group’s business development plans, large impairment losses on net trade receivables for the year ended 31 December 2022, deteriorated impairment losses under expected credit loss model, net of reversal for the six months ended 30 June 2023 as compared with the corresponding period in 2022 and post COVID-19 uncertainties. Having considered that (i) the Cash Alternative is higher than the average daily closing price of the Shares during the Review Period as defined under the paragraph headed “(6) Cash Alternative — (i) Historical price performance of the Shares” below; (ii) the thin liquidity and low trading volume of the Shares during the Review Period prior to the publication of the Announcement; and (iii) the Cash Alternative is fair and reasonable from a comparable analysis perspective as illustrated in the section headed “(7) Comparable companies” below, we are of the view that the Proposal provides an opportunity for the Disinterested Scheme Shareholders to exit and realise their investments in the Group.

(2) Offeror’s intention regarding the Company

As set out in the section headed “Intentions of the Offeror with regard to the Group” in the Explanatory Memorandum, it is the intention of the Offeror to continue and focus on the existing businesses of the Group. The Offeror does not have specific plans to make any major changes to the business of the Group or deployment of any fixed assets of the Group upon the Scheme being effective other than exploring new development opportunities and changes which the Offeror may from time to time implement following the review of its strategy relating the business, structure and/or direction of the Group.

Further, the Offeror has no intention to discontinue the employment of the employees of the Group after the implementation of the Proposal, except for staff movements which are part of the normal conduct of business or due to personal performance or conduct issues.

(3) Information of the Offeror

As set out in the section headed “Information of the Offeror” in the Explanatory Memorandum, the Offeror is a company incorporated in the British Virgin Islands with limited liability and registered in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). As at the Latest Practicable Date, the Offeror was wholly-owned by Abraholme International, which in turn is wholly-owned by Mr. Qian, the single largest Shareholder, an executive Director and the chairman of the Company. Mr. Qian is the sole director of each the Offeror and Abraholme International respectively. The Offeror was an investment holding company and held 523,521,750 Shares, representing approximately 29.22% of the issued share capital of the Company as at the Latest Practicable Date. For details of the shareholding of the Offeror in the Company, please refer to the section headed “Shareholding structure of the Company” in the Explanatory Memorandum.

(4) Share Alternative and Holdco

Under the Proposal, apart from the Cash Alternative, the Scheme Shareholders are also offered to elect the Share Alternative. Under the Share Alternative, the Scheme Shareholders are offered one Holdco Share for every Scheme Share held.

The Holdco is a company newly incorporated in the British Virgin Islands with limited liability on 10 May 2023. Holdco does not have a principal office in or outside Hong Kong. As at the Latest Practicable Date, the Holdco was authorised to issue a maximum of 50,000 shares each with a par value of US\$1 each. The total issued share(s) of the Holdco comprised of one Holdco Share, which was wholly owned by the Offeror.

As mentioned in the Letter from the Board, the Share Alternative, which is subject to the Conditions, offers an opportunity for the existing Shareholders to retain indirect interest in the Company after withdrawal of listing of the Shares from the Stock Exchange. Any Scheme Shareholder who elects to receive the Share Alternative will retain indirectly through his shareholding in the Holdco the same proportional interest in the Company as such Shareholder held immediately before the implementation of the Scheme of Arrangement. The value of the Holdco Shares will primarily be determined by the value of the Scheme Shares, with an announced price of HK\$0.50 per Scheme Share under the Cash Alternative. Further details of the Share Alternative and Holdco are set out in “Letter from the Board” in Part IV of the Scheme Document and the Explanatory Memorandum.

Holdco will not carry on any business other than matters in connection with the Proposal and the Scheme. Upon the Effective Date and after the withdrawal of listing of the Shares, the Offeror will transfer 523,521,750 Shares to the Holdco and as a consideration the Holdco will allot 523,521,750 Holdco Shares to the Offeror. As a result, the Company will become a wholly owned subsidiary of the Holdco. Other than that, the Holdco will not own any other assets or owe any liabilities or engage in any business.

(i) Restriction and rights of Holdco Shares

Holdco Shares are shares of an unlisted company in the British Virgin Islands and are illiquid with no ready market. Although shareholders of Holdco will not benefit from the protections afforded by the Listing Rules and the Takeovers Code (if the Holdco is not determined by the Executive to be a “public company in Hong Kong”), their rights and obligations in relation to Holdco will be governed by the provisions of the articles of association of Holdco.

If Disinterested Scheme Shareholders wish to consider the Share Alternative, they are recommended to read the information carefully, particularly the paragraph headed “Terms of the Proposal — The Share Alternative” as set out in the Explanatory Memorandum. Risks which Disinterested Scheme Shareholders should consider in evaluating the Share Alternative are set out below in “(5) Risks which Disinterested Scheme Shareholders should consider in evaluating the Share Alternative” below.

(ii) Valuation of the Holdco Shares

We have reviewed and discussed with First Shanghai the methodology used and the bases and assumptions adopted for the Estimates of Value. It is noted that First Shanghai has made several assumptions, including but not limited to: (i) there exists a willing buyer and seller, neither being under any compulsion to buy or sell, dealing on an arm’s length basis, each having knowledge of all relevant facts; (ii) the Proposal has become effective; (iii) the Holdco Shares issued in connection with the Proposal comprise the entire issued share capital of the Holdco and no person has any right to acquire or subscribe for any share or loan capital of the Holdco other than the Holdco Shares issued in connection with the Proposal; (iv) the Holdco was established for the sole purpose of the Proposal; (v) no dividends or other distributions are paid or payable by Holdco; (vi) the Offeror, the Holdco and the Company exist on a continuing basis; and (vii) Holdco Shares are unlisted and value is estimated on this basis.

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Set out below is a summary of the scenario illustrating the calculations of the Estimate of Value:

Assuming all Scheme Shareholders choose the Share Alternative and upon the completion of the Proposal and the Scheme		
Cash Alternative	A	HK\$0.5
Total number of issued Shares	B	1,791,500,000
Value of all issued Shares	A X B = C	HK\$895,750,000
Number of Holdco Shares in issue immediately following implementation of the Proposal	D	1,267,978,250
Percentage of Holdco's shareholding in the Company on an enlarged basis	E	approx. 70.78%
Total value of the Holdco Shares	C X E = F	approx. HK\$633,989,125
Top end value per Holdco Share	F / D	HK\$0.5
Bottom end value per Holdco Share (30% discount)		HK\$0.35

As shown in the above table, each of the Holdco Shares has an estimated value of HK\$0.5 at the top end of the range and an estimated value of HK\$0.35 at the bottom of the range. The main difference between the top end and low end of the range is the assumption on discount for the non-marketability of the Holdco Shares.

For the bottom end value, a 30% discount on the value of the Holdco Shares was applied, and there was no discount applied on the top end value. First Shanghai believes that such range of discounts is an appropriate assumption to use for this purpose as it is consistent with (i) the theoretical foundation from industry and academic studies, where there exists a discount for lack of marketability for stocks that may not be sold through public transactions; and (ii) the illiquidity/marketability discounts practically adopted in recent market privatisation precedents in Hong Kong. Based on the above, the Estimate of Value would be within a range of HK\$0.5 and HK\$0.35.

In view that the Holdco Shares are illiquid and hence shareholders of the Holdco may find it more difficult to find a purchaser for the Holdco Shares if they intend to sell their Holdco Shares, as there is less likely to have a ready market for the Holdco Shares. Moreover, the Holdco Shares are not listed on any stock exchange and do not benefit from the protections afforded by the Listing Rules, we consider applying a discount to the Holdco Shares is reasonable. In assessing the level of discount, we have identified, on best effort basis, the following general offer/privatisation cases involving valuation of

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unlisted shares published in the respective composite documents and/or scheme documents since July 2020 (being approximately 3 years prior to the Latest Practicable Date). We consider the review period which covers 3 years to be sufficient and representative to provide an overview of the general market practice in relation to the valuation of unlisted shares with the lack of marketability and shareholders' rights.

Date of scheme/ composite document	Company (stock code)	Discount applied
4 May 2022	Suchuang Gas Corporation Limited (1430)	30%
10 November 2021	Lee Hing Development Limited (68)	30%
3 August 2021	Clear Media Limited (100)	30%
27 January 2021	Huifu Payment Limited (1806)	30%

Taking into consideration that the Holdco Shares under the Share Alternative are unlisted and illiquid, we are of the view that the methodology sets out in the Appendix V to the Scheme Document is a reasonable approach in establishing the Estimates of Value and is in line with commonly adopted approaches in similar privatisation cases for share alternatives in Hong Kong. Moreover, depending on different circumstances, it is not practicable to precisely estimate a discount to reflect lack of marketability and limited shareholders' rights (from the Disinterested Scheme Shareholders' perspective). On the basis of the above, we are of the view that a range of 0% to 30% adopted by First Shanghai in its estimate, to be acceptable.

For further details of the methodology, basis, assumptions and computations of the Estimates of Value, please refer to Appendix V to the Scheme Document which should be read in its entirety.

(5) Risks which Disinterested Scheme Shareholders should consider in evaluating the Share Alternative

Investor should be aware of the following risk factors of holding the Holdco Shares in material respects as set out in the Letter from the Board:

- **the Holdco Shares are not listed on any stock exchange and do not benefit from the protections afforded by the Listing Rules;**
- **the Holdco Shares are illiquid and hence shareholders of the Holdco may find it more difficult to find a purchaser for the Holdco Shares if they intend to sell their Holdco Shares, as there is less likely to have a ready market for the Holdco Shares;**

- **there is no guarantee that any dividend payments will be paid in respect of the Holdco Shares;**
- **changes in the business and economic environment could adversely affect the value of the Holdco's assets, if any;**
- **Holdco is subject to the British Virgin Islands laws, which are different from the Cayman Islands laws that the Company is subject to; and**
- **there is no analysis or study conducted on whether Holdco's memorandum and articles of association and/or the British Virgin Islands laws can provide sufficient shareholders' protection to the Holdco's shareholders.**

(6) Cash Alternative

The cash consideration of HK\$0.5 per Scheme Share under the Cash Alternative represents:

- a premium of approximately 4.2% over the closing price of HK\$0.48 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- a premium of approximately 31.6% over the closing price of HK\$0.38 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 34.0% over the average closing price of approximately HK\$0.373 per Share based on the daily closing prices as quoted on the Stock Exchange for the 5 trading days up to and including the Last Trading Day;
- a premium of approximately 28.9% over the average closing price of approximately HK\$0.388 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- a premium of approximately 25.3% over the average closing price of approximately HK\$0.399 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- a premium of approximately 25.0% over the average closing price of approximately HK\$0.400 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- a premium of approximately 23.8% over the average closing price of approximately HK\$0.404 per Share based on the daily closing prices as quoted on the Stock Exchange for the 120 trading days up to and including the Last Trading Day;

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- a premium of approximately 21.7% over the average closing price of approximately HK\$0.411 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day;
- a discount of approximately 77.4% to the audited net asset value per Share of approximately HK\$2.216 as at 31 December 2022, based on the audited net assets of the Group as stated in the audited consolidated statement of financial position of the Company included in its annual report for the year ended 31 December 2022, the exchange rate of HK\$1.00 to RMB0.893, being the midpoint rate published by the State Administration of Foreign Exchange as at 30 December 2022 and 1,791,500,000 Shares in issue as at the 31 December 2022; and
- a discount of approximately 76.9% to the unaudited net asset value per Share of approximately HK\$2.167 as at 30 June 2023, based on the unaudited net assets of the Group as stated in the unaudited consolidated statement of financial position of the Company included in its interim report for the six months ended 30 June 2023, the exchange rate of HK\$1.00 to RMB0.922, being the midpoint rate published by the State Administration of Foreign Exchange as at 30 June 2023 and 1,791,500,000 Shares in issue as at 30 June 2023.

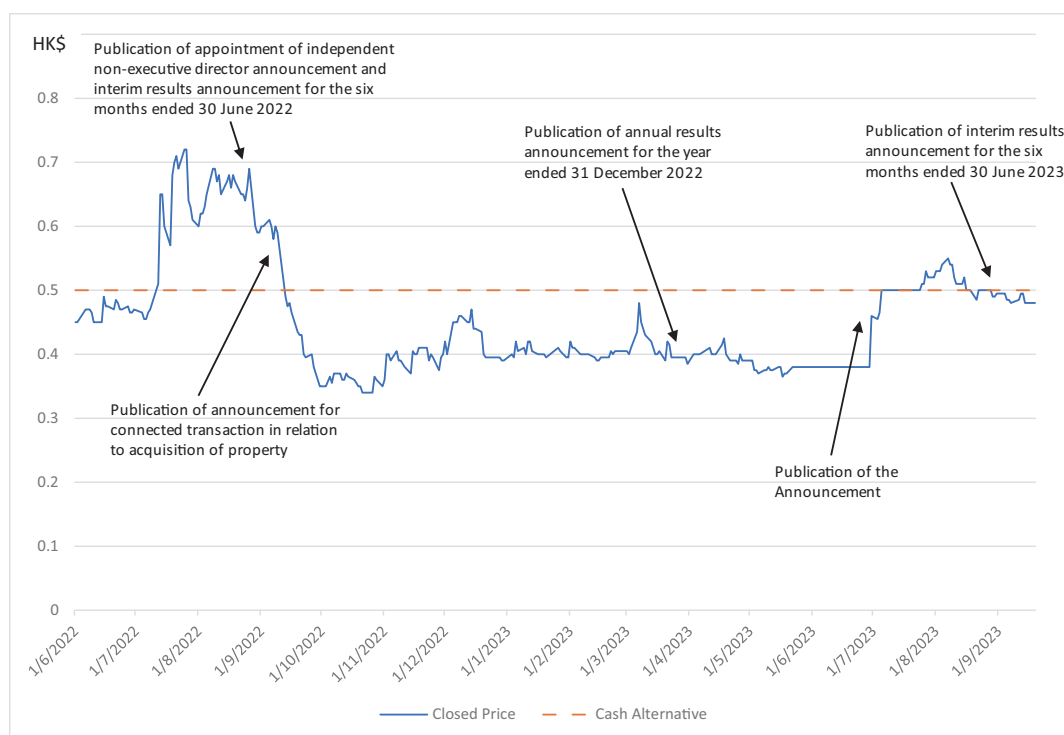
In summary, the Cash Alternative of HK\$0.5 per Scheme Share represents (a) premiums in a range of approximately 21.7% to 34.0% over the (average) closing prices of the Shares for different periods prior to publication of the Announcement as shown above; and (b) discount of approximately 77.4% and 76.9% to the net asset value per Share as at 31 December 2022 and as at 30 June 2023 respectively.

(i) Historical price performance of the Shares

Set out below is the movement of the daily closing prices of the Shares during the period from 1 June 2022 (being about 12 full calendar months before the date of the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders for the proposed privatisation of the Company) up to and including the Latest Practicable Date (the “**Review Period**”), and comparison between the historical price performance of the Shares and the Cash Alternative of HK\$0.50 during the Review Period. We consider a period of approximately one year is reasonable and representative to illustrate

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the recent price movements of the Shares, which reflects the prevailing market sentiment for conducting a reasonable comparison between the closing prices of Shares and the cash consideration under the Cash Alternative:



Source: Bloomberg

During the Review Period, the lowest and highest closing prices of the Shares were HK\$0.34 per Share recorded during the period from 21 October 2022 to 26 October 2022 and HK\$0.72 per Share recorded on 25 July 2022 and 26 July 2022 as quoted on the Stock Exchange. The average daily closing price of the Shares during the Review Period is HK\$0.45 per Share. The Cash alternative of HK\$0.50 represents (i) a discount of approximately 30.56% from the highest closing price; (ii) a premium of approximately 10.20% from the average daily closing price; and (iii) a premium of approximately 47.06% over the lowest closing price.

The closing price of the Shares was on an upward trend within the range from HK\$0.450 per Share to HK\$0.720 per Share from 1 June 2022 to 26 July 2022; since then, the closing price of the Shares turned to a downward trend with fluctuations and recorded at HK\$0.69 per Share on 26 August 2022. The Directors confirmed that they are not aware of any reasons for the aforesaid upward/downward trend of the closing price of the Shares as well as the active trading of the Shares in July 2022. After the trading hours on 26 August 2022, the Company released an announcement in relation to resignation of Ms. Qian Liqian as an alternative Director to Mr. Qian Lirong and the interim results announcement for the six months ended 30 June 2022. As compared with corresponding period in 2021, turnover for the six months ended 30 June 2022 decreased

by approximately RMB79.6 million, or approximately 6.0%, to approximately RMB1,244.8 million; and profit for the period decreased by approximately RMB3.2 million, or approximately 6.1%, to approximately RMB49.7 million. Share price dropped by approximately 13.0% to HK\$0.6 per Share on 29 August 2022.

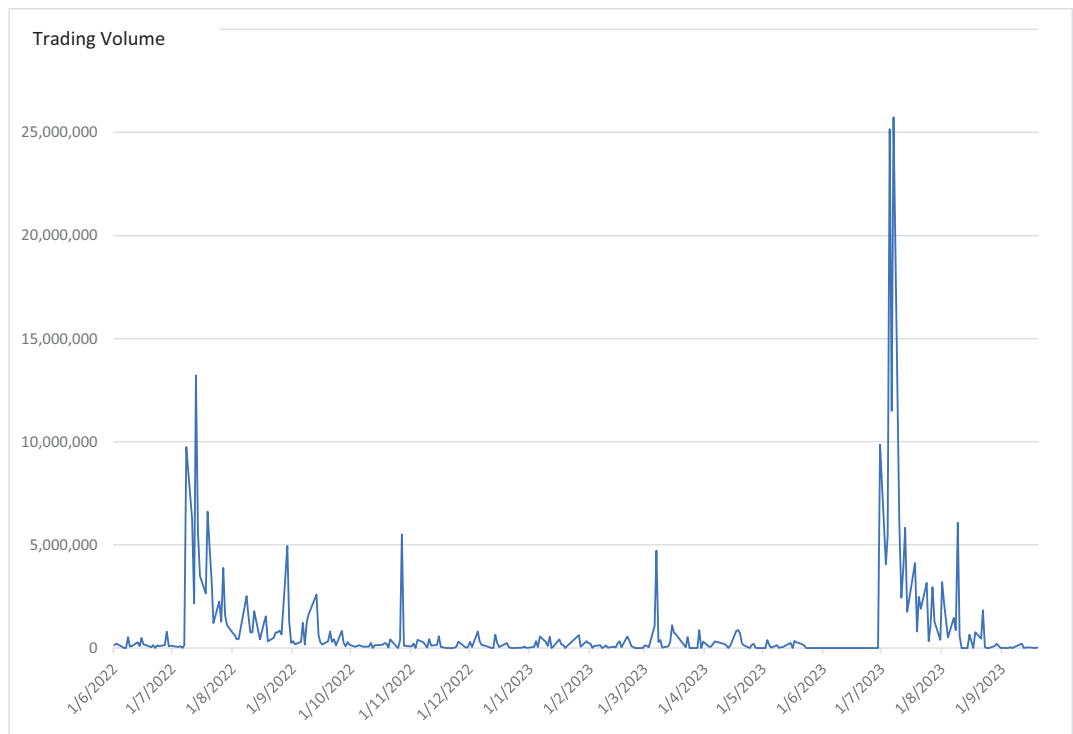
After trading hours on 9 September 2022, the Company released an announcement in relation to the Group's acquisition of a property located in Jiangsu Province, the PRC from a connected person with the intended use as office, staff accommodation and for business, client and business associate entertainment or other business event venue. On 13 September 2022, Share price dropped by approximately 16.9% further to HK\$0.49 per Share; and continued to drop and reached HK\$0.34, the lowest closing price of the Review Period towards end of October 2022. The Directors confirmed that save for the release of the said announcement, they are not aware of any reasons for such decrease in the closing price of the Shares.

From 27 October 2022 to 7 March 2023, Share price escalated from approximately HK\$0.365 per Share to approximately HK\$0.48 per Share. The Directors confirmed that they are not aware of any reasons for the relatively large increase in the closing price of the Shares on 2 November 2022, 5 December 2022 and 7 March 2023 respectively. Share price dropped over few consecutive days to HK\$0.4 per Share on 15 March 2023; and prior to the suspension of trading pending release of the Announcement, Share price was HK\$0.38 per Share. The Directors confirmed that they are also not aware of any reasons for such decreases in the closing price of the Shares. Thereafter, Share price experienced ups and downs but remained at stable level. After the Company's release of the Announcement on 29 June 2023; and resumption of trading on 30 June 2023, trading of Shares became more active and the Share price increased largely by approximately 21.1% to HK\$0.46 per Share on 30 June 2023 and fluctuated to higher level of HK\$0.48 per Share at the Latest Practicable Date. The Directors confirmed that save for the proposed privatisation and proposed withdrawal of listing of the Company, they are not aware of any reasons for the increase in closing price of the Shares and more active trading of the Shares after the release of the Announcement.

The market price of the Shares, in our opinion, is currently influenced by the terms of the Proposal, in particular the Cash Alternative. If the Proposal fails, other things being equal, the market price of the Shares may return to the previous levels before the Announcement and below the Cash Alternative of HK\$0.5.

(ii) Trading liquidity of the Shares

Set out below is the daily trading volume of the Shares during the Review Period:



Source: Bloomberg

During the Review Period, the Company had total of 1,791,500,000 issued Shares; of which, 449,634,000 issued Shares constituted the public float of the Company (after excluding 1,048,990,000 Shares held by the Offeror and the Offeror Concert Parties; and 292,876,000 Shares held by Eternal Asia). The average daily trading volume of the Shares per month, the respective percentages of the average daily trading volume as compared to the total number of issued Shares held by the public at the beginning of

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each calendar month, and the respective percentages of the average daily trading volume as compared to the total number of issued Shares at the beginning of each calendar month, are tabulated as follows:

	Average daily trading volume Number of Shares	Percentage of the average daily trading volume as compared to the issued Shares constituting the public float of the Company Approximately %	Percentages of the average daily trading volume as compared to the total number of issued Shares Approximately %
2022			
June	179,143	0.04	0.01
July	3,476,300	0.77	0.19
August	1,087,565	0.24	0.06
September	593,429	0.13	0.03
October	411,400	0.09	0.02
November	139,818	0.03	0.01
December	172,200	0.04	0.01
2023			
January	230,444	0.05	0.01
February	122,100	0.03	0.01
March	514,957	0.11	0.03
April	234,824	0.05	0.01
May (<i>up to the Last Trading Date</i>)	102,857	0.02	0.01
June	469,429	0.10	0.03
July	5,519,500	1.23	0.31
August	897,391	0.20	0.05
September (<i>up to the Latest Practicable Date</i>)	37,818	0.01	0.00

Source: Bloomberg

Notes:

1. On 24 August 2022, typhoon signal 8 was hoisted, stock market resumed at 13:00
2. On 2 November 2022, typhoon signal 8 was hoisted, stock market resumed at 13:55

3. No trading session on 17 July 2023 and 1 September 2023 due to typhoon signal 8.
4. No trading session on 8 September 2023 due to black rainstorm warning and extreme conditions.
5. No trading volume was recorded on 7 June 2022, 12 October 2022, 25 October 2022, 3 November 2022, 21 November 2022, 22 November 2022, 13 December 2022, 23 December 2022, 12 January 2023, 19 January 2023, 24 February 2023, 27 February 2023, 24 March 2023 to 28 March 2023, 30 March 2023, 13 April 2023, 24 April 2023, 28 April 2023, 2 May 2023, 16 May 2023, 23 May 2023 to 29 June 2023, 11 August 2023, 14 August 2023, 17 August 2023, 24 August 2023 to 25 August 2023, 4 September 2023, 6 September 2023 and 18 September 2023.

As illustrated in the above table, the average daily trading volume of the Shares per month was thin during the Review Period, with ranges from nil to approximately 0.31% of the total number of issued Shares, or approximately 0.01% to approximately 1.23% of the issued Shares constituting the public float of the Company. Apart from more active trading subsequent to the release of the Announcement on 29 June 2023, we noted that trading in the Shares had been historically inactive and the Shares were hence rather illiquid. The Disinterested Scheme Shareholders may find it difficult to dispose of a large volume of Shares in the open market without exerting downward pressure on the price of the Shares. The Proposal consequently represents a good opportunity for the Disinterested Scheme Shareholders to exit at a fixed cash price (i.e. Cash Alternative of HK\$0.5), which also represents premium over the closing price of the Shares for certain period of time before the release of the Announcement.

(7) Comparable companies

In assessing the fairness and reasonableness of the Cash Alternative, we conducted analysis on companies (i) listed on the Main Board of the Stock Exchange with market capitalisation below HK\$1,200 million; and (ii) principally engaged in the sales and/or manufacturing of cables or related products in the electrical components/communications equipment sector, which at least 70% of the total revenue was attributable to such business based on the latest published financial results.

Based on the above criteria, we have identified seven comparable companies (the “**Comparable Companies**”). Disinterested Scheme Shareholders should note that despite the aforesaid criteria, the business, the scale of operations, trading prospects, location of projects and capital structure of the Group are not exactly the same as those of the Comparable Companies, and we have not conducted any in-depth investigation into the businesses and operations of the Comparable Companies. Notwithstanding the above, the list of Comparable

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Companies is exhaustive and is sufficient for us to form a view on the fairness and reasonableness of the Cash Alternative. Details of the Comparable Companies as at the Latest Practicable Date are summarised below:

Company name (Stock code)	Principal business	Geographical region	Market Capitalisation HK\$' million	Revenue HK\$' million	Net profit HK\$' million	Net assets HK\$' million	P/S Ratio Times	P/E Ratio Times	P/B Ratio Times
Transtech Optelecom Science Holdings Limited (9963)	Manufacturing and sale of optical fibre in Hong Kong and optical fibre cable, optical cable cores and related products in Thailand	Hong Kong and Thailand	81.9	232.80	Loss making	510.18	0.35	N/A	0.16
Chengdu Siwi Science And Technology Company Limited (1202)	Electric wires and cables, optical fiber and cables, wire and cable specific materials, irradiation processing, cable accessories, special equipment, equipment and different kinds of information industrial products devices and equipment technology research and development, product manufacturing, sales and service	PRC	272.0	334.40	1.70	931.40	0.81	160.00	0.29
Nanfang Communication Holdings Ltd. (1617)	Manufacturing and sales of optical fibre cables and related devices in the PRC as well as processing and sales of prepainted steel sheets	PRC	174.0	697.10	Loss making	852.50	0.25	N/A	0.20
Putian Communication Group Ltd. (1720)	Communication copper cables, optical fibers and optical fiber cables and structured cabling system products business	Mainly in PRC, also overseas to very small extent	62.7	710.90	27.20	628.07	0.09	2.31	0.10
Hengxin Technology Ltd (1085)	Sales of radio frequency coaxial cables, telecommunication equipment, accessories, digital technology and digital security products and service	Mainly in PRC, also other countries	733.3	2,243.60	74.89	2,123.50	0.33	9.79	0.35
Perennial International Limited (725)	Manufacturing and trading of electric cable and wire products	Mainly in Hong Kong, also in PRC, America, Japan and other countries	131.3	324.50	15.85	554.00	0.40	8.28	0.24
Solartech International Holdings Limited (1166)	Cables and wires business, copper rod business, property investment business, mining business and advertising business	Mainly in PRC, also Americas, Europe, Hong Kong, Mongolia and others	71.2	471.50	Loss making	1,069.52	0.15	N/A	0.07
						Minimum	0.09	2.31	0.07
						Maximum	0.81	160.00	0.35
						Average	0.34	45.10	0.20
						Median	0.33	9.04	0.20
The Group (under the Cash Alternative)	Manufacture and sales of feeder cable series, optical fibre cable series and related products, flame-retardant flexible cable series, new-type electronic components and other for mobile communications and telecommunications equipment		895.75	2,893.30	Loss making	3,936.80	0.31	N/A	0.23

Sources: The Stock Exchange and Bloomberg

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1 RMB = 1.1 HK\$

1 US\$ = 7.8 HK\$

1. Net profit/loss attributable to equity owners of the Comparable Companies are based on their respective latest published financial statements.
2. Net assets of the Comparable Companies are based on their respective latest published financial statements.
3. P/E Ratios are calculated by dividing the respective market capitalisation of the Comparable Companies as at the Latest Practicable Date by their respective net profit attributable to equity owners of the Comparable Companies shown in their latest published annual financial statements.
4. P/B Ratios are calculated by dividing the respective market capitalisation of the Comparable Companies as at the Latest Practicable Date by their respective net assets of the Comparable Companies shown in their latest published annual/interim financial statements.
5. P/S Ratios are calculated by dividing the respective market capitalisation of the Comparable Companies as at the Latest Practicable Date by their respective revenue of the Comparable Companies shown in their latest published annual financial statements.

Notwithstanding that the Comparable Companies are not subject to privatisation proposals as at the Latest Practicable Date, a comparable analysis of P/E Ratios and P/B Ratios has been considered for assessing the fairness and reasonableness of the Cash Alternative since such ratios indicate the market value of businesses of similar nature with the Company in terms of principal activities and business outlook based on the selection criteria adopted.

As shown in the table above, the P/E Ratios of the Comparable Companies range from approximately 2.31 times to 160.00 times, with the mean and median being approximately 45.10 times and 9.04 times respectively. The implied P/E Ratio is not applicable to the Company as the Group recorded net loss attributable to equity owners for the year ended 31 December 2022.

As shown in the table above, the P/B Ratios of the Comparable Companies range from approximately 0.07 times to 0.35 times, with the mean and median being approximately 0.20 times and 0.20 times respectively. The implied P/B Ratio of the Company was approximately 0.23 times which is within the range of the Comparable Companies, and is similar to the median of the Comparable Companies. However, we considered that comparison of P/B Ratio of the Company with that of the Comparable Companies would not be meaningful. This is because net trade receivables represented approximately 75.9% of the Group total assets as at 31 December 2022, and it is not expected that such receivables can be collected within a short period of time based on the Group's historical long trade receivables turnover of more than one year; and the Group's marketing strategy of maintaining long repayment period from the key customers. Value of trade receivables is based on the amount owed by customers for goods or services provided on credit, which is subject to various risks such as credit risk,

default risk and collection risk, and can impact their realisable value. Therefore, if trade receivables represent a large proportion of a company's assets, then using P/B Ratio may not provide an accurate valuation of the company.

P/S Ratio is appropriate for valuing companies which have volatile earnings or loss but relatively stable revenue. We consider the revenue stream of the Group has been stable and the adoption of P/S Ratio analysis is appropriate as evidenced by (i) according to the annual reports of the Company, since the inception of the Group, more than 90% of its annual sales have been made to the three major telecommunication operators in the PRC, namely China Mobile, China Unicom, and China Telecom; and (the subsequently established) China Tower; and (ii) the Group's revenue maintained at similar level of approximately RMB2,873.1 million, RMB2,862.5 million and RMB2,630.3 million for the three years ended 31 December 2022, respectively. While P/E Ratio is not applicable and P/B Ratio is not a relevant parameter, P/S Ratio can be considered as a meaningful alternative to evaluate the fairness and reasonableness of the Cash Alternative. As shown in the table above, the P/S Ratios of the Comparable Companies range from approximately 0.09 times to 0.81 times, with the mean and median being approximately 0.34 times and 0.33 times respectively. The implied P/S Ratio of the Company was approximately 0.31 times which is within the range of the Comparable Companies, but below the mean and the median of the Comparable Companies.

Taking into account that:

- (i) the implied P/S Ratio of the Company is within the range of the Comparable Companies;
- (ii) the Cash Alternative is higher than the average daily closing price of the Shares during the Review Period;
- (iii) the Cash Alternative is higher than the closing prices of the Shares in over 180 trading days prior to the release of the Announcement. The Cash Alternative represents premium over the closing price of the Shares of HK\$ 0.38 as quoted on the Stock Exchange on the date of the Announcement; and
- (iv) operating profit before impairment losses/reversal of impairment losses under expected credit loss model, net as illustrated under "Principal factors and reasons considered — (1) Information and prospects of the Group — Financial performance" above, deteriorated for the year ended 31 December 2022 (as compared with the year ended 31 December 2021) and for the six months ended 30 June 2023 (as compared with the six months ended 30 June 2022). In addition, the trading liquidity of the Shares is low and disposal of a large number of Shares by the independent Shareholders in the open market may have adverse impact on the price of the Shares,

we consider the Cash Alternative is fair and reasonable.

(8) Privatisation precedents

We have reviewed privatisation precedents of companies listed on the Stock Exchange that were announced and completed (i.e. the company being delisted from the Stock Exchange) since 1 January 2022 and up to the Latest Practicable Date (the “**Privatisation Precedents**”). In view of the aforesaid criteria, we identified an exhaustive list of 14 comparable Privatisation Precedents. Details of the Privatisation Precedents are summarised below:

Date of the first Rule 3.5/3.7 announcement	Company (stock code)	Principal business	Premium of the offer/cancellation price over closing price per share on last full trading day prior to the publication of initial announcement	Premium of the offer/cancellation price over average closing price per share for the 5 full trading days prior to the publication of initial announcement	Premium of the offer/cancellation price over average closing price per share for the 30 full trading days prior to the publication of initial announcement	Premium of the offer/cancellation price over average closing price per share for the 60 full trading days prior to the publication of initial announcement	Premium of the offer/cancellation price over average closing price per share for the 90 full trading days prior to the publication of initial announcement	Premium of the offer/cancellation price over average closing price per share for the 120 full trading days prior to the publication of initial announcement	Premium of the offer/cancellation price over average closing price per share for the 180 full trading days prior to the publication of initial announcement	Premium/(discount) of the offer/cancellation price over/(to) audited NAV attributable to owners of the company per share
27 Jun 2023	Dali Foods Group Company Limited (3799)	Food and beverage company in China with a diversified presence across multiple categories and industrial segments, a number of consumer brands, and an extensive and in-depth nationwide channel network	37.87%	36.36%	30.21%	21.75%	18.67%	14.68%	12.95%	151.68%
29 Mar 2023	Inner Mongolia Yitai Coal Co., Ltd (3948)	Coal production and operation, rail transportation operations, coal-related chemical operations and other operations	54.87%	58.66%	67.30%	64.17%	65.09%	66.19%	63.25%	2.58%
21 Feb 2023	Jiangnan Group Limited (1366)	Manufacture of wires and cables for power transmission, distribution systems and electrical equipment in the PRC	83.49%	72.27%	101.44%	99.55%	90.24%	82.65%	77.48%	(66.13)%
17 Feb 2023	AAG Energy Holdings Limited (2686)	Coal-bed methane exploration and development sector in the PRC	10.10%	10.10%	10.80%	24.20%	27.20%	25.90%	25.90%	(27.50)%
10 Nov 2022	Media Asia Group Holdings Limited (8075)	Film production and distribution, organisation, management and production of concerts and live performances; artiste management; production and distribution of television programs; music production and publishing; licensing of media contents; provision of consultancy services in planning and management of cultural, entertainment and live performance projects	7.00%	9.76%	7.50%	(15.36)%	(25.90)%	(30.77)%	(41.00)%	290.8%
24 Oct 2022	Kingston Financial Group Limited (1031)	Financial institution in Hong Kong providing a full range of financial services, and also the hotel and gaming businesses in Macau	47.78%	48.37%	39.41%	33.27%	29.87%	26.64%	10.99%	(80.22)%
31 Aug 2022	China Binary Sale Technology Ltd (8255)	Provision of (i) online transaction services (ceased operation since June 2022); (ii) software technology services; and (iii) financial services	35.10%	34.40%	28.50%	17.00%	10.90%	(1.36)%	(6.9)%	(35.8)%
8 Aug 2022	EVOC Intelligent Technology Co Ltd (2308)	Research, development, manufacture and distribution of special computer products and the trading of electronic products and accessories	15.13%	42.28%	44.63%	50.86%	52.17%	51.22%	47.43%	(40.88)%
5 Aug 2022	Lifestyle International Holdings Ltd (1212)	Operation of department stores, property development and investment in Hong Kong	62.34%	75.93%	70.11%	58.66%	48.08%	38.72%	30.01%	182.92%

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Date of the first Rule 3.5/3.7 announcement	Company (stock code)	Principal business	Premium of the offer/cancellation price over closing price per share on last full trading day prior to the publication of initial announcement	Premium of the offer/cancellation price over average closing price per share for the 5 full trading days prior to the publication of initial announcement	Premium of the offer/cancellation price over average closing price per share for the 30 full trading days prior to the publication of initial announcement	Premium of the offer/cancellation price over average closing price per share for the 60 full trading days prior to the publication of initial announcement	Premium of the offer/cancellation price over average closing price per share for the 90 full trading days prior to the publication of initial announcement	Premium of the offer/cancellation price over average closing price per share for the 120 full trading days prior to the publication of initial announcement	Premium of the offer/cancellation price over average closing price per share for the 180 full trading days prior to the publication of initial announcement	Premium/(discount) of the offer/cancellation price over/to audited NAV attributable to owners of the company per share
9 Jun 2022	China Vast Industrial Urban Development Co Ltd (6166)	Planning, development and operation of large-scale industrial towns, property development, and property leasing in the PRC	30.43%	29.17%	31.39%	36.90%	42.07%	45.78%	30.66%	(45.23)%
2 Jun 2022	Xiamen International Port Co Ltd (3378)	Container, bulk and general cargo loading and unloading and storage businesses; provision of comprehensive port logistic services; and trading of merchandise	97.37%	84.43%	134.38%	150.00%	155.68%	158.62%	158.62%	(14.77)%
16 Mar 2022	Yashili International Holdings Limited (1230)	Manufacturing and sale of dairy and nourishment products	30.4%	33.93%	31.8%	64.4%	81.8%	89.5%	96.08%	(15.30)%
24 Jan 2022	Guodian Technology & Environment Group Corp Ltd (1296)	Provision of integrated clean technology solutions and services within the PRC with established market leading or dominant positions in the environmental protection and energy conservation solution industries in the PRC	47.95%	89.47%	92.86%	107.69%	92.86%	100.00%	120.41%	(0.92)%
14 Jan 2022	AKM Industrial Company Limited (1639)	Sourcing of raw materials and equipment and trading of flexible printed circuit ("FPC") and related products, manufacture and sale of FPC, flexible packaging substrates, sourcing and sale of electronic components and other components and products	14.47%	24.49%	25.75%	29.02%	40.72%	50.93%	60.43%	89.38%
		Minimum	7.00%	9.76%	7.50%	(15.36)%	(25.90)%	(30.77)%	(41.00)%	(80.22)%
		Maximum	97.37%	89.47%	134.38%	150.00%	155.68%	158.62%	158.62%	290.80%
		Average	41.02%	46.40%	51.15%	53.01%	52.10%	51.34%	49.02%	27.90%
		Median	36.49%	39.32%	35.61%	43.88%	45.08%	48.36%	39.05%	(15.04)%
		Cash Alternative	31.60%	34.00%	28.90%	25.30%	25.00%	23.80%	21.70%	(77.40)%

The premium represented by the Cash Alternative over the closing price of the Shares on the Last Trading Day and 5-, 30-, 60-, 90-, 120- and 180-trading days up to and including the Last Trading Day, are lower than the corresponding average and median represented by Privatisation Precedents but still within the range of the premiums or discounts of the Privatisation Precedents. In this regard, we consider that the premium of the Cash Alternative is determined in line with the market practice.

Although analysis and comparison of the discount of Cash Alternative to net asset value of the Company ("NAV") per Share and those of the Privatisation Precedents have been set out in table above, we are of the view that due to differences in business nature and thus, differences in the amount and types of assets, direct comparison with the Privatisation Precedents would be meaningless and misleading.

(9) Discount of the Share price to NAV per Share

The Cash Alternative of HK\$0.5 per Scheme Share represents a discount of approximately 76.9% to the unaudited NAV per Share of approximately HK\$2.167 as at 30 June 2023. Set out below is a table illustrating the historical average market capitalisation of the Company against its published net assets value during the relevant periods:

	Latest published NAV per Share (Note 1) HK\$	Average closing price per Share (Note 2) HK\$	Approximate discount to NAV (Note 3)
From 27 January 2022 to 28 March 2022 (i.e. the date annual results announcement for the year ended 31 December 2021 was published)	2.35	0.52	(77.87)%
From 29 March 2022 to 26 August 2022 (i.e. the date the interim results announcement for the six months ended 30 June 2022 was published)	2.35	0.53	(77.45)%
From 27 August 2022 to 28 March 2023 (i.e. the date annual results announcement for the year ended 31 December 2022 was published)	2.28	0.41	(82.02)%
From 29 March 2023 to 29 June 2023 (i.e. the date of the Announcement)	2.22	0.38	(82.88)%
30 June 2023 to 29 August 2023 (i.e. the date the interim results announcement for the six months ended 30 June 2023 was published)	2.22	0.51	(77.03)%
30 August 2023 to the Latest Practicable Date	2.17	0.49	(77.42)%

Source: The Stock Exchange and Bloomberg

Notes:

1. The audited and unaudited consolidated net asset value per Share as at the respective year/period end date were extracted from the respective annual/interim results announcement published by the Company.
2. Represents the average closing price per Share during the period from the trading day following the publication by the Company of its audited annual results or unaudited interim results (as the case may be) to the trading day on which the subsequent unaudited interim results or audited annual results (as the case may be) were published.
3. Represents the discount of the average market capitalisation to the net asset value as at the respective year/period end date.

Whilst we noted that the Cash Alternative represented a discount of approximately 76.9% to the NAV per Share of approximately HK\$2.167 as at 30 June 2023, the closing Share price had been trading at a deeper discount to the NAV per Share (ranging between 77.03% and 82.88%) during the period of approximately 20 months from 27 January 2022 to the Latest Practicable Date. The discount of closing price of the Shares to the NAV per Share was on the trend of deepening since the publication of interim results announcement for the six months ended 30 June 2022 on 26 August 2022. Until the release of the Announcement on 29 June 2023, the discount represented by the closing price of the Shares as compared to the NAV per Share had narrowed to approximately 77.03% between 30 June 2023 and 29 August 2023; and approximately 77.42% between 30 August 2023 and the Latest Practicable Date.

We noted that as at 30 June 2023, the Group's current assets of approximately RMB5,000.1 million mainly consisted of bank balances and cash of approximately RMB540.0 million; and net trade receivables of approximately RMB4,170.5 million. Other major assets of the Group include property, plant and equipment of approximately RMB164.4 million, pledged bank deposits of approximately RMB104.5 million and deferred tax assets of approximately RMB117.7 million.

PART VI LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As trade receivables constituted substantial portion of current assets of the Group, we conducted an analysis to compare its trade receivables position with Comparable Companies, i.e. companies with similar business nature of the Group; and their respective discounts of share price to net assets value:

Company name (Stock code)	Principal business	Percentage of trade/account receivable and/ or bill receivables (Note 1) to current assets Approx.	Trade/account receivables and/ or bill receivables turnover days (Note 2) Approx.	Percentage of ageing over 1 year to total aging of trade/ account receivables and/ or bill receivables (Note 1) Approx.	Impairment loss on trade/account receivables and/ or bill receivables through profit and loss (Yes/No)	Market Capitalisation Approx. HK\$' million	Net assets Approx. HK\$' million	Premium/ (Discount) of market capitalisation to net assets value (Note 3) Approx.	Current assets per Share (Note 3) Approx. HK\$
Transtech Optelecom Science Holdings Limited (9963)	Manufacturing and sale of optical fibre in Hong Kong and optical fibre cable, optical cable cores and related products in Thailand	23.4%	85.8 days	21.9%	Yes	81.9	510.2	(83.95%)	0.87
Chengdu Siwi Science And Technology Company Limited (1202)	Electric wires and cables, optical fiber and cables, wire and cable specific materials, irradiation processing, cable accessories, special equipment, equipment and different kinds of information industrial products devices and equipment technology research and development, product manufacturing, sales and service	10.5%	94.8 days	15.3%	No	272.0	918.4	(70.38%)	1.44
Nanfeng Communication Holdings Ltd. (1617)	Manufacturing and sales of optical fibre cables and related devices in the PRC as well as processing and sales of prepainted steel sheets	49.9%	244.1 days	1.9%	Yes	174.0	840.6	(79.30%)	0.55
Putian Communication Group Ltd. (1720)	Communication copper cables, optical fibers and optical fiber cables and structured cabling system products business	57.3%	218.3 days	3.4%	No	62.7	619.3	(89.88%)	0.71
Hengxin Technology Ltd (1085)	Sales of radio frequency coaxial cables, telecommunication equipment, accessories, digital technology and digital security products and service	28.8%	107.0 days	9.3%	No	733.3	2,093.8	(64.98%)	6.38
Perennial International Limited (725)	Manufacturing and trading of electric cable and wire products.	22.4%	57.2 days	0	No	131.3	554.0	(76.30%)	1.11
Solartech International Holdings Limited (1166)	Cables and wires business, copper rod business, property investment business, mining business and advertising business	17.0%	110.4 days	0	No	71.2	1,069.5	(93.34%)	0.15
						Minimum		(93.34%)	0.15
						Maximum		(64.98%)	6.38
						Average		(79.73%)	1.60
						Median		(79.30%)	0.87
The Group (under the Cash Alternative) (Note 4)	Manufacture and sales of feeder cable series, optical fibre cable series and related products, flame-retardant flexible cable series, new-type electronic components and other for mobile communications and telecommunications equipment	84.6%	568.0 days	44.4%	Yes	895.75		(76.9%)	0.57

PART VI LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Notes:

1. Taking bills receivables into account only if it had been treated as one accounting item with account/trade receivables.
2. Trade/account receivable and/or bill receivables turnover days are calculated by dividing trade/account receivable and/or bill receivables as at the year end date by revenue for the year shown in the respective published annual reports times 365 days.
3. Net assets/current assets of the Comparable Companies are based on their respective latest published financial statements.
4. The Group has trade receivables turnover of over 365 days and is much longer than that of the Comparable Companies. Therefore, in calculating value of liquid and marketable assets, trade/account receivables and/or bill receivables are counted for the Comparable Companies; but trade receivables are not counted for the Group.

As illustrated in the table above, the Group: (i) had the longest trade/account receivable and/or bill receivables turnover days among Comparable Companies; (ii) had the largest portion of trade/account receivable and/or bill receivables aging over one year as compared with Comparable Companies. Although it is mentioned in the Annual Report 2022 that the Group normally allows a credit period ranging from 180 to 360 days to its customers, the Group had trade receivables turnover of approximately 568 days for the year ended 31 December 2022. As at 31 December 2022, included in the Group's trade receivables, approximately 66.8% were past due; and (iii) recorded impairment loss on trade/account receivable and/or bill receivables through profit and loss as in the case of many Comparable Companies. We compared the Group's value of liquid and marketable assets per Share with those of the Comparable Companies. Unlike the Group, trade/account receivables and/or bill receivables have been included in calculating the value of liquid and marketable assets per Share of the Comparable Companies because none of them had trade/account receivables and/or bill receivables turnover days of more than one year. The Group's value of liquid and marketable assets per Share falls within the range from approximately HK\$0.15 per share to approximately HK\$6.38 per share but below the median of approximately HK\$0.87 per share of the Comparable Companies.

According to the Interim Report 2023, since the inception of the Group, overall around 90% of its annual sales have been made to the three major telecommunications operators in China, namely China Mobile, China Unicom, and China Telecom; and (the subsequently established) China Tower. To promote the efficiency and effectiveness of telecommunications infrastructure construction as well as to provide strong support to the high-quality development of China's telecommunications industry, as part of its marketing strategies, so as to gain market share and maintain a long-term sound cooperative relationship with the customers, there had been long repayment period from the key customers of the Group, being China's three major telecommunications operators and China Tower in line with the high growth of their network construction. Since the establishment of the Company and up to date, as part of its marketing strategies, the Group generally grants its customers a credit period ranging from 180 days to 360 days, leading to Group's relatively longer period of turnover

days of accounts receivables. In recent years, the turnover days for trade and bills receivables is above one year. At 31 December 2022, the Group's trade receivables from top three customers represented approximately 96.8% of the total net trade receivables.

The Company and its market peers have similar business nature and their respective trade/account receivables and/or bill receivables turnover days are relatively long. Value of trade receivables is based on the amount owed by customers for goods or services provided on credit, which is subject to various risks such as credit risk, default risk and collection risk, and can impact their realisable value. In view of uncertainty of collectability of large portion of past due trade receivables of the Group, its persistent long trade receivables turnover days with the top three customers over the years and the Group's marketing strategy mentioned above, we consider that trade receivables of the Group in substance, are not liquid; which should be excluded in calculating the Group's value of liquid and marketable assets for assessing the fairness and reasonableness of the Cash Alternative. Despite pledged bank deposits of approximately RMB104.5 million has been classified as non-current assets as at 30 June 2023 in view of period pledged longer than one year, for prudent sake, we take such amount into consideration in calculating the Group's value of liquid and marketable assets. The following table illustrated calculation of the Group's value of liquid and marketable assets per Share:

Current assets as at 30 June 2023	approximately RMB5,000.1 million
Subtract:	
— net trade receivables	approximately RMB4,170.5 million
Add:	
— pledged bank deposits	approximately RMB104.5 million
Liquid and marketable assets	approximately RMB934.1 million
Number of issued shares as at 30 June 2023	1,791,500,000
Liquid and marketable assets per Share as at 30 June 2023	approximately RMB0.52 (or approximately HK\$0.57)

The Cash Alternative of HK\$0.5 is slightly lower than the value of liquid and marketable assets per Share of approximately HK\$0.57. However, it is above the average daily closing price of the Shares of approximately HK\$0.454 per Share during the Review Period; and the Cash Alternative is an option available to Disinterested Scheme Shareholders who can opt for the Share Alternative, if they wish to do so. Also, based on our analysis set out in the section headed "(8) Privatisation precedents" above and the uncertainty of the Group's business prospect, we are of the view that although the Cash Alternative is lower than the value of liquid and marketable assets per Share, it is fair and reasonable.

Having considered that: (i) discount of the Cash Alternative of HK\$0.5 per Share to the NAV per Share as at 30 June 2023 of approximately 76.9% fell within the range of the Comparable Companies between discount of approximately 64.98% and discount of

approximately 93.34% and is slightly lower than the median of discount of approximately 79.30%; (ii) the Cash Alternative of HK\$0.5 per Share is close to the full value of the liquid and marketable assets (excluding net trade receivables) of the Group of approximately HK\$0.57 per Share; (iii) long trade receivables turnover with the three largest customers is the Group's marketing strategy; (iv) as advised by the management of the Group, the Group intends to hold the property, plant and equipment for long term and has no intention to realise them into cash; (v) if there is no Proposal, the Disinterested Scheme Shareholders will not have an assured opportunity to realise some value of the Group's major assets; and (vi) the closing price of the Shares in general had been trading at deep discount to the NAV per Share during the Review Period, we consider the Cash Alternative to a discount of approximately 76.9% to the NAV per Share as at 30 June 2023, is fair and reasonable.

RECOMMENDATION

Based on the above principal factors and reasons, in particular, having considered the following key factors:

- (i) the Cash Alternative of HK\$0.50 is higher than the average daily closing price of the Shares during the Review Period;
- (ii) the Cash Alternative represents premium in a range of approximately 21.7% to 34.0% over the (average) closing prices of the Shares for different periods prior to publication of the Announcement;
- (iii) despite the Cash Alternative represented a discount of approximately 76.9% to the unaudited NAV per Share as at 30 June 2023, having considered our analysis conducted in the section headed "(9) Discount of the Share price to NAV per Share" above, we consider the Cash Alternative is fair and reasonable;
- (iv) the premium of the Cash Alternative over the closing price of the Shares on the Last Trading Day fell within the range of the premiums/discounts of the Privatisation Precedents, thus the level of premium of the Cash Alternative over the closing price of the Shares is in line with the market practice as discussed in the section headed "(8) Privatisation precedents" above;
- (v) the trading liquidity of the Shares was thin throughout the Review Period; and the Group's decrease in operating profit for the six months ended 30 June 2023 as compared with its operating profit for the six months ended 30 June 2022, before impairment losses/reversal of impairment losses under expect credit loss model, net. These brought uncertainty to the Group's business prospect. The Scheme represents an assured exit for the Disinterested Scheme Shareholders;
- (vi) in view of challenges remain with respect to the Group's operating environment as discussed in the section head "(1) Information and prospects of the Group — Future prospects" above, and (i) to (v) mentioned above, on balance we considered that the

terms of the Scheme are fair and reasonable. The Proposal provides an opportunity for the Disinterested Scheme Shareholders to exit and realise their investments in the Group; and

- (vii) the Share Alternative will enable the Disinterested Scheme Shareholders to remain as indirect shareholders of the Company if they are confident with the Group's business growth in forthcoming future,

we consider the terms of the Proposal and Scheme to be fair and reasonable so far as the Disinterested Scheme Shareholders are concerned. Accordingly, we recommend that the Independent Board Committee advises the Disinterested Scheme Shareholders (i) to vote in favour of the resolution(s) to be proposed at the Court Meeting to approve the Proposal and the Scheme and at the EGM to approve the matters as set out in the "Notice of the EGM" in Appendix VIII to the Scheme Document; and (ii) to accept the Cash Alternative.

We recommend Disinterested Scheme Shareholders **to accept the Cash Alternative of HK\$0.5 and not to take the Share Alternative**, which we consider has been tailored principally for large and sophisticated Shareholders and is not suitable for other Scheme Shareholders. In our opinion, only those Disinterested Scheme Shareholders who are particularly attracted by the prospects of the Company as described in the section headed "(1) Information and prospects of the Group" above and have carefully studied the specific features of the Share Alternative and the associated risks of holding Holdco Shares (discussed in the section headed "(5) Risks which Disinterested Scheme Shareholders should consider in evaluating the Share Alternative" above), should consider taking the Share Alternative.

Yours faithfully,

For and on behalf of

SBI China Capital Hong Kong Securities Limited

Ringo Kwan

Managing Director

Evelyn Fan

Executive Director

Mr. Ringo Kwan and Ms. Evelyn Fan have been responsible officers of Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) since 2005 and 2012, respectively. Both of them have participated in the provision of independent financial advisory services for various types of transactions involving companies listed in Hong Kong.

This Explanatory Memorandum constitutes the statement required under Order 102, rule 20(4)(e) of the Rules of the Grand Court of the Cayman Islands 1995 (as revised).

INTRODUCTION

On 29 June 2023, the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders for the proposed privatisation of the Company by way of a scheme of arrangement under Section 86 of the Companies Act involving (i) the cancellation and extinguishment of the Scheme Shares and, in consideration therefor, the payment to the Scheme Shareholders either in cash and/or in share consideration for each Scheme Share cancelled; and (ii) the restoration of the issued share capital of the Company to the amount immediately before the cancellation and extinguishment of the Scheme Shares by the allotment and issuance of new Shares in the same number as the number of Scheme Shares (which were cancelled and extinguished) to the Holdco credited as fully paid at par out of the credit arising in the Company's books of account as a result of the issued share capital reduction referred to in (i) above; and (iii) the withdrawal of the listing of the Shares on the Stock Exchange.

The purpose of this Explanatory Memorandum is to explain the terms and effects of the Proposal and to provide Scheme Shareholders with additional information in relation to the Proposal.

TERMS OF THE PROPOSAL

The Proposal is implemented by way of the Scheme. The Scheme provides that, if it becomes effective, the Scheme Shares will be cancelled in exchange for either:

- (a) the Cash Alternative: cash of HK\$0.5 for every Scheme Share held; or
- (b) the Share Alternative: one Holdco Share for every Scheme Share held.

The Scheme Shareholders may elect either the Cash Alternative or the Share Alternative or a combination of both as the form of Offer Consideration in respect of their entire holdings of Scheme Shares. Scheme Shareholders who do not make any election will be deemed to have elected to receive their entitlement under the Cash Alternative subject to the Proposal becoming unconditional in all respects.

Election by Registered Owners

Registered Owners shall make such election by properly completing and signing the Election Form in accordance with the instructions appearing thereon (and, in the case of joint holders, signed by all the joint holders to which it relates, and in the case of a holder or a joint holder which is a body corporate, signed on its behalf by one of its directors or a duly authorised signatory as further detailed therein) in respect of their entire holdings of the Scheme Shares registered under their names at the Scheme Record Date, and deliver the duly

completed and executed Election Form to the Share Registrar, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Thursday, 30 November 2023 or such later date and time as may be notified through announcement.

For the purpose of ensuring accuracy of the registered ownership of the Holdco Shares and satisfying compliance requirements applicable to shareholders of a company incorporated in the British Virgin Islands, together with the lodging of a duly completed and executed Election Form, if a Registered Owner wishes to elect for the Share Alternative, the Registered Owner must also lodge the following documents to comply with the relevant anti-money laundering requirements of the British Virgin Islands (being the place of incorporation of the Holdco) (which shall be in English or accompanied by an English translation which is certified by a translator qualified to translate such foreign language into English as a true translation): (a) if the Registered Owner is an individual, such Registered Owner must provide a certified true copy (certified as a true copy by a solicitor, a certified public accountant or a chartered secretary) of each of (i) his/her valid Hong Kong Identity Card or passport; and (ii) proof of his/her residential address (which shall be issued within the last three months of the Effective Date); or (b) if the Registered Owner is a corporation, it must provide a certified true copy (certified as a true copy by a solicitor, a certified public accountant or a chartered secretary) of each of (i) its certificate of incorporation; (ii) its registration certificate (where applicable); (iii) its constitutional document; (iv) its register of members (or equivalent); (v) its register of directors (or equivalent); (vi) its address proof; (vii) its organisation chart (showing up to its ultimate beneficial owners holding 10% shareholding or more and any intermediate holding companies); (viii) for any of the intermediate holding companies as mentioned in item (b)(vii) above, items (b)(i) to (b)(vi) above of such intermediate holding company; and (ix) items (a)(i) to (a)(ii) above of each of its ultimate beneficial owners (the “**KYC Documents**”). The Holdco and the Company reserve the discretion to request additional evidence or documents as may be required for the purpose of complying with the relevant anti-money laundering requirements of the British Virgin Islands.

For the avoidance of doubt, the Election Form is not for use (as a form of proxy or otherwise) at the Court Meeting and the EGM, which are for the purpose of considering and, if thought fit, approving, among other things, the Scheme and the Proposal respectively. The Election Form is for Scheme Shareholders to elect the Cash Alternative or the Share Alternative or a combination of both should they wish to do so. This election may be made at any time up to the Election Time (or such later date and time as may be notified through announcement). The election is subject to the Scheme being sanctioned and becoming effective.

No acknowledgement of receipt of any Election Form will be given. An Election Form so completed and delivered shall not be capable of amendment. **An Election Form shall be irrevocable and incapable of being withdrawn unless the Company expressly consents in writing to such withdrawal or revocation.** The Company shall have the right to reject any or all of the Election Forms that it determines are invalid or in improper form (and in that case the relevant Scheme Shareholder will receive the Cash Alternative). In addition, the Company

shall also have the right to treat any Election Form that has not been completed in accordance with the instructions thereon, or has otherwise been completed incorrectly, as being valid, provided that the Company in its absolute discretion considers the omissions or errors to be immaterial. The Company shall not be obliged to give notice of any such defects or irregularities and will not incur any liability for failure to give any such notice.

No such election shall be valid (and in that case the Registered Owner will receive the Cash Alternative) unless the Election Form is properly completed in all respect. Any Registered Owner (a) who has not returned an Election Form as described above by the Election Time or such later date and time as may be notified through announcement; or (b) who has returned an Election Form (i) opting both to receive the Cash Alternative and the Share Alternative but has failed to indicate an allocation of its Scheme Shares between the Cash Alternative and the Share Alternative which corresponds to the total number of its Scheme Shares; or (ii) does not make an election for the Cash Alternative and/or the Share Alternative in respect of all of its Scheme Shares; or (iii) opting for the Share Alternative (whether in whole or in part) but has failed to submit all applicable KYC Documents or such additional evidence or documents as may be required by the Holdco or is otherwise prevented from becoming a registered holder of shares of the Holdco by any applicable legal or regulatory reason such as being subject to any applicable international sanctions, will be treated for the purposes of the election as opting to receive the Cash Alternative in respect of all the Scheme Shares registered in its name subject to the Scheme being sanctioned and becoming effective.

Election by Beneficial Owner whose Shares are held through CCASS

An Account Holder who holds all or part of the Scheme Shares which such Account Holder is interested in through CCASS and wishes to elect for the Share Alternative in respect of any or all of the Scheme Shares which such Account Holder hold or is (or, if the Account Holder is a nominee or custodian, a Beneficial Owner is) interested in as at the Scheme Record Date (i.e. 13 November 2023) must, in respect of such Scheme Shares held through CCASS:

- submit his/her/its election instruction to the CCASS Participant(s) through which he/she/it holds his/her/its Scheme Shares on or before such time as notified by his/her/its CCASS Participant(s) (the “**Relevant CCASS Participants**”) for the purpose of electing the Share Alternative; and
- complete, sign and return, no later than the Election Time (i.e. 4:30 p.m. on 30 November 2023), both (i) a copy of the Account Holder Form to the Company’s Share Registrar to is-enquiries@hk.tricorglobal.com with the Relevant CCASS Participants being copied in the same email; and (ii) the original of the Account Holder Form to the Company’s Share Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong,

for the avoidance of doubt, the Account Holder is not required to submit the KYC Documents unless he/she/it will own 10% or more of the total issued share capital of the Holdco. An Account Holder intending to elect for the Share Alternative may determine his/her/its shareholding in the Holdco with reference to the number of Scheme Shares he/she/it intends to elect. The Holdco will be held by (i) the Offeror as to such number of Holdco Shares mirroring the number of Scheme Shares rendered by the Scheme Shareholders who validly elect the Cash Alternative; and (ii) the Scheme Shareholders as to such number of Holdco Shares mirroring the number of Scheme Shares rendered by the Scheme Shareholders who validly elect the Share Alternative. Upon the Effective Date and after the withdrawal of listing of the Shares, the Holdco will have 1,791,500,000 shares in issue, representing the total issued share capital of the Company. As such, an Account Holder who holds 179,150,000 Scheme Shares or more, representing 10% or more of the issued share capital of the Company, as at the Scheme Record Date and intending to elect for not less than 179,150,000 Scheme Shares will own 10% or more of the total issued share capital of the Holdco. Such Account Holder shall submit the KYC Documents to the Share Registrar together with the duly completed and signed Account Holder Form by the Election Time (i.e. 4:30 p.m. on 30 November 2023) as set out above.

You are advised to communicate with your broker, custodian, nominee or other relevant person in advance of the Election Time to ensure that your election instruction is passed on by the relevant CCASS Participant(s) to HKSCC Nominee in a timely manner. If any Scheme Shareholders or Account Holder fails to validly elect Share Alternative by the Election Time for whatever reason, the Offeror has the absolute discretion to reject the election for Share Alternative, in which case the Scheme Shareholder, the Account Holder or the Beneficial Owner (as the case may be) will be deemed to have made an election for Cash Alternative in respect of all the Scheme Shares held by it.

Similar to a Beneficial Owner whose Shares are deposited in CCASS and registered under the name of HKSCC Nominees, a CCASS Investor Participant who wishes to elect for the Share Alternative in respect of any or all of the Scheme Shares which such CCASS Investor Participant hold or is interested in as at the Scheme Record Date (i.e. 13 November 2023) must, in respect of such Scheme Shares, complete, sign and return, no later than the Election Time (i.e. 4:30 p.m. on 30 November 2023), both (i) a copy of the Account Holder Form to the Company's Share Registrar to is-enquiries@hk.tricorglobal.com with the Relevant CCASS Participants being copied in the same email; and (ii) the original of the Account Holder Form to the Company's Share Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong. If such CCASS Investor Participant will hold 10% or more of the issued share capital of the Holdco, he/she/it should submit the Account Holder Form together with the KYC Documents. Same as a Beneficial Owner whose Shares are deposited in CCASS and registered under the name of HKSCC Nominees, a CCASS Investor Participant intending to elect for Share Alternative may determine his/her/its shareholding in the Holdco with reference to the number of Scheme Shares he/she/it intends to elect.

The Account Holder Form is despatched to the Shareholders together with this Scheme Document, and you may also download the Account Holder Form from the website of the Company at www.trigiant.com.hk or the website of the Stock Exchange at www.hkexnews.hk and complete a print-out version of the Account Holder Form (or any Continuation Pages) for submission to the Share Registrar.

No acknowledgement of receipt of any Account Holder Form will be given by the Share Registrar to the Account Holders.

An Account Holder Form which is completed and delivered by an Account Holder shall be irrevocable and incapable of being amended, withdrawn or revoked unless (i) the Offeror expressly consent to such amendment, withdrawal or revocation and (ii) the Account Holder subsequently completes and submits a new Account Holder Form to the Offeror by the Election Time, in which case the new Account Holder Form will supersede any Account Holder Form previously submitted by the Account Holder.

If Shareholders have any questions relating to completing the Account Holder Form and providing appropriate KYC Documents, please contact the Share Registrar as follows:

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong
Telephone: 2980 1333
Fax: 2810 8185
Email: is-enquiries@hk.tricorglobal.com

Who is an Account Holder?

An Account Holder who is required to sign the Account Holder Form if it wishes to elect the Share Alternative in respect of ANY or ALL of the Scheme Shares which such Account Holder is (or, if the Account Holder is a nominee or custodian, the Beneficial Owner for whom such Account Holder acts is) interested in as stated above would be:

- (a) a person who has directly maintained an account (or accounts) with CCASS Participant(s) to hold Scheme Shares which such person (or if such person is a nominee or custodian, a Beneficial Owner) is interested in; and/or
- (b) a person who is interested in such Scheme Shares as a CCASS Investor Participant.

If you are a Beneficial Owner with all or some Scheme Shares that you are interested in deposited in CCASS but an Account Holder is acting as the nominee or custodian of the Scheme Shares on your behalf, you should contact your Account Holder to complete the Account Holder Form for your benefit, and you are not eligible to complete the Account Holder Form.

In order to smooth out the settlement process for allotting the Holdco Shares to the relevant Beneficial Owner of the Scheme Shares, Beneficial Owners of the Scheme Shares intending to elect for Share Alternative in respect of any or all the Scheme Shares held for their benefits are advised to withdraw the relevant Shares from CCASS and transfer and register those Shares in its/his/her own name once the Scheme and the Proposal are approved in the Court Meeting and the EGM respectively. After such withdrawal and transfer, the relevant Scheme Shareholders shall complete and lodge the Election Form, together with the KYC Documents (if they elect the Share Alternative), to the Share Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Thursday, 30 November 2023 or such later date and time as may be notified through announcement. For details on completing the Election Form, please refer to the section headed “Election by Registered Owners” in Part VII — Explanatory Memorandum of this Scheme Document.

Who will be eligible to receive the Share Alternative?

Assuming the Scheme becomes effective in accordance with its terms, a Scheme Shareholder or an Account Holder (each an “investor”) will receive Share Alternative for the Scheme Shares held by such investor (or if such Account Holder is acting as a nominee or custodian, the Beneficial Owner) ONLY if:

- (a) if any of the Scheme Shares are held in CCASS:
 - the Account Holder has validly completed and returned the Account Holder Form according to the instructions in this Scheme Document and the Account Holder Form;
 - the election instruction(s) have been passed by the Relevant CCASS Participant(s) to HKSCC Nominees, and a valid Election Form including the said election instruction(s) have been submitted by HKSCC Nominees in accordance with the terms of the Proposal as set out in this Scheme Document;
- (b) if any of the Scheme Shares are held by a Scheme Shareholder outside CCASS, the Scheme Shareholder has validly completed and returned an Election Form, and if the Scheme Shareholder elects the Share Alternative, the KYC Documents of the Scheme Shareholder having been provided; and
- (c) (i) if the investor is not acting as a nominee or custodian in respect of such Scheme Shares which is holding through CCASS, the investor has elected Share Alternative in respect of part or all of the Scheme Shares held by such investor, and (ii) if the investor is acting as a nominee or custodian in respect of such Scheme Shares which is held through CCASS, the Beneficial Owner for whom such investor is acting has elected Share Alternative in respect of the Scheme Shares which the Beneficial Owner is interested in.

The Company will conduct a shareholder identification exercise pursuant to its power under section 329 of the SFO. The result of such exercise will be shared with the Offeror in the form of a report (the “**S.329 Report**”). If, having considered the S.329 Report, the relevant Account Holder Form and other relevant information such as the register of members of the Company, the Offeror believes (i) any Scheme Shareholder or Account Holder (or the Beneficial Owner holding Scheme Shares through an Account Holder) opting to elect both Share Alternative and Cash Alternative has failed to indicate an allocation of the relevant Scheme Shares between the Cash Alternative and the Share Alternative which corresponds to the total number of the Scheme Shares held by it, (ii) the procedures set out in the instructions of the Account Holder Form have not been complied with, or (iii) any information contained in the Account Holder Form (including any of the representations made by an Account Holder in paragraph 6 of the Account Holder Form) is inaccurate, the Offeror has absolute discretion to reject the election for Share Alternative, in which case the Scheme Shareholder, the Account Holder or the Beneficial Owner (as the case may be) will be deemed to have made an election for Cash Alternative in respect of all the Scheme Shares held by it. Any decision of the Offeror in this regard shall be final and binding.

A Scheme Shareholder or an Account Holder may be required by the Offeror to provide such additional information or documentary evidence for the purpose of confirming that such Scheme Shareholder, Account Holder or any Beneficial Owner has elected Share Alternative in respect of all the Scheme Shares held.

Scheme Shareholders and Account Holders are reminded that you should elect for the Share Alternative in respect of all the Scheme Shares, or indicate an allocation of the Scheme Shares between the Cash Alternative and Share Alternative which corresponds to the total number of the Scheme Shares which you hold or are (or which the Beneficial Owner for whom you act is) interested in as at the Scheme Record Date. If your actual shareholding as at the Scheme Record Date is different from that stated in your submitted Account Holder Form, you are reminded to submit a new Account Holder Form to the Share Registrar by the Election Time. Failure to do so may invalidate your election for Share Alternative.

The Offeror and the Share Registrar will use reasonable endeavour to contact the relevant Account Holder if they are aware of any clerical error in an Account Holder Form which has been submitted to the Share Registrar, with a view to the Account Holder correcting the same by the Election Time. Account Holders should note that it is their responsibility to ensure that the Account Holder Form is validly completed and submitted to the Share Registrar according to the instructions in this Scheme Document and the Account Holder Form by the Election Time, and none of the Holdco, the Offeror, the Company, First Shanghai Capital, the Independent Financial Adviser and the Share Registrar or any of their advisers or agents will be responsible for the Account Holder’s failure in making a valid election for the Share Alternative.

The Offeror reserves the right and has the sole final discretion to determine whether the abovementioned requirements relating to a valid election under the Account Holder Form by any Account Holder for Share Alternative or a combination of both Share Alternative and Cash Alternative have been satisfied in respect of any Scheme Shares, or waive any procedural or documentation requirement in respect of an election (based on such information as it may alternatively possess, receive or collect).

If you have any questions concerning the procedures required as set out above, please call the hotline of the Share Registrar, Tricor Investor Services Limited, at 2980 1333 between 9:00 a.m. and 4:30 p.m. on Monday to Friday, excluding public holidays in Hong Kong. The implementation of the Proposal is conditional upon the fulfillment or waiver, as applicable, of the Conditions as described in the section headed “Conditions of the Proposal and the Scheme” below.

If, after the Latest Practicable Date, any dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of the Shares, the Offeror reserves the right to reduce the Offer Consideration by all or any part of the amount or value of such net dividend, distribution and/or, as the case may be, return of capital after consultation with the Executive, in which case any reference in the Announcement, this Scheme Document or any other announcement or document to the Offer Consideration will be deemed to be a reference to the Offer Consideration as so reduced.

The Company has confirmed that it does not intend to announce, declare or pay any dividend, distribution or other return of capital until after the implementation or lapse of the Scheme. As at the Latest Practicable Date, the Company had no declared but unpaid dividends.

No fractions of a cent will be payable and the amount of cash consideration payable to the Scheme Shareholders who have elected the Cash Alternative will be rounded up to the nearest cent.

The Cash Alternative

The cash consideration of HK\$0.5 per Scheme Share under the Cash Alternative represents:

- a premium of approximately 4.2% over the closing price of HK\$0.48 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- a premium of approximately 31.6% over the closing price of HK\$0.38 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 34.0% over the average closing price of approximately HK\$0.373 per Share based on the daily closing prices as quoted on the Stock Exchange for the 5 trading days up to and including the Last Trading Day;

- a premium of approximately 28.9% over the average closing price of approximately HK\$0.388 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- a premium of approximately 25.3% over the average closing price of approximately HK\$0.399 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- a premium of approximately 25.0% over the average closing price of approximately HK\$0.400 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- a premium of approximately 23.8% over the average closing price of approximately HK\$0.404 per Share based on the daily closing prices as quoted on the Stock Exchange for the 120 trading days up to and including the Last Trading Day;
- a premium of approximately 21.7% over the average closing price of approximately HK\$0.411 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day;
- a discount of approximately 77.4% to the audited net asset value per Share of approximately HK\$2.216 as at 31 December 2022, based on the audited net assets of the Group as stated in the audited consolidated statement of financial position of the Company included in its annual report for the year ended 31 December 2022, the exchange rate of HK\$1.00 to RMB0.893, being the midpoint rate published by the State Administration of Foreign Exchange as at 30 December 2022 and 1,791,500,000 Shares in issue as at 31 December 2022; and
- a discount of approximately 76.9% to the unaudited net asset value per Share of approximately HK\$2.167 as at 30 June 2023, based on the unaudited net assets of the Group as stated in the unaudited consolidated statement of financial position of the Company included in its interim report for the six months ended 30 June 2023, the exchange rate of HK\$1.00 to RMB0.922, being the midpoint rate published by the State Administration of Foreign Exchange as at 30 June 2023 and 1,791,500,000 Shares in issue as at 30 June 2023.

The cash consideration under the Cash Alternative has been determined on a commercial basis after taking into account the prices of the Shares traded on the Stock Exchange and with reference to other privatisation transactions in Hong Kong in recent years.

Highest and lowest prices

During the Relevant Period, the highest closing price of the Shares was HK\$0.55 per Share as quoted on the Stock Exchange on 7 August 2023 and the lowest closing price of the Shares was HK\$0.365 per Share as quoted on the Stock Exchange on 17 May 2023.

The Share Alternative

The Offeror is a company incorporated in the British Virgin Islands with limited liability on 22 November 2010 and registered in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) on 12 September 2019. The Holdco is a company newly incorporated in the British Virgin Islands with limited liability on 10 May 2023 and wholly owned by the Offeror. As at the Latest Practicable Date, the Holdco was authorised to issue a maximum of 50,000 shares each with a par value of US\$1 each. The Holdco Shares are shares of an unlisted company in the British Virgin Islands, being an investment holding company. As at the Latest Practicable Date, the Holdco was wholly-owned by the Offeror, which in turn was wholly-owned by Abraholme International and ultimately beneficially owned by Mr. Qian, the single largest Shareholder, an executive Director and the chairman of the Company. Mr. Qian is the sole director of each of the Holdco, the Offeror and Abraholme International.

On or before the Effective Date, the Holdco will subdivide the one share with a par value of US\$1 each held by the Offeror into 100,000,000 shares with a par value of US\$0.00000001 each and allot 357,842,000 new shares at par value to the Offeror mirroring the total number of Scheme Shares (other than those who have executed the Irrevocable Undertakings), upon which the Offeror shall hold 457,842,000 shares of the Holdco. Such new Holdco Shares shall rank pari passu with the existing Holdco Share held by the Offeror at the date of issue. Pursuant to the Scheme, the Holdco will allot such number of Holdco Shares to each Scheme Shareholder validly electing the Share Alternative equal to the number of Scheme Shares rendered by it for election of the Share Alternative under the Scheme within seven (7) Business Days following the Effective Date. The deadline for election is 30 November 2023. The Holdco will repurchase such number of Holdco Shares (if any) held by the Offeror at par value upon the Effective Date equal to the number of Scheme Shares rendered by the Scheme Shareholders (other than those who have executed the Irrevocable Undertakings) validly electing the Share Alternative. After such repurchase, the Holdco will be held by (i) the Offeror as to such number of Holdco Shares mirroring the number of Scheme Shares rendered by the Scheme Shareholders who validly elect the Cash Alternative; and (ii) the Scheme Shareholders as to such number of Holdco Shares mirroring the number of Scheme Shares rendered by the Scheme Shareholders who validly elect the Share Alternative.

Assuming all Scheme Shareholders choose the Share Alternative, upon the completion of the Proposal, the Company will be held as to 29.22% by the Offeror and 70.78% by the Holdco which in turn will be held as to 26.81% by Easy Beauty, 4.07% by Neala Holdings, 2.97% by Atrium Noble, 23.10% by Eternal Asia, 3.79% by Power Maker, 3.15% by Polka Dots, 0.33% by Mr. Cui, 0.32% by Mr. Jiang and 35.46% by the other public shareholders.

Assuming all Scheme Shareholders that have executed the Irrevocable Undertakings choose the Share Alternative and the other Scheme Shareholders choose the Cash Alternative, upon the completion of the Proposal and the Scheme, the Company will be held as to 29.22%

by the Offeror and 70.78% by the Holdco which in turn will be held as to 36.11% by the Offeror, 26.81% by Easy Beauty, 4.07% by Neala Holdings, 2.97% by Atrium Noble, 23.10% by Eternal Asia, 3.79% by Power Maker and 3.15% by Polka Dots.

Upon the Effective Date and after the withdrawal of listing of the Shares, the Offeror will transfer 523,521,750 Shares to the Holdco and as a consideration the Holdco will allot 523,521,750 Holdco Shares to the Offeror. As a result, the Company will become a wholly owned subsidiary of the Holdco, which will be held as to approximately 54.78% by the Offeror, 18.98% by Easy Beauty, 2.88% by Neala Holdings, 2.10% by Atrium Noble, 16.35% by Eternal Asia, 2.68% by Power Maker and 2.23% by Polka Dots, assuming all Scheme Shareholders who have executed the Irrevocable Undertakings choose the Share Alternative and the other Scheme Shareholders choose the Cash Alternative.

The Share Alternative, which is subject to the Conditions, offers an opportunity for the existing Shareholders to retain indirect interest in the Company after withdrawal of listing of the Shares from the Stock Exchange. Any Scheme Shareholder who elects to receive the Share Alternative will retain indirectly through his shareholding in the Holdco the same proportional interest in the Company as such Shareholder held immediately before the implementation of the Scheme. The Holdco Shares to be issued under the Share Alternative will be issued free from all encumbrances and credited as fully-paid.

The Shareholders should note that the Holdco is a company newly incorporated in the British Virgin Islands on 10 May 2023 and the holders of Holdco Shares (including those Shareholders whom the Holdco Shares will be allotted and issued to under the Share Alternative) will enjoy such voting, dividend and liquidation rights and benefits attaching to the Holdco Shares (being the ordinary shares of the Holdco ranking pari passu with the shares held or to be held by the Offeror in the Holdco) as afforded under the relevant laws of the British Virgin Islands and the memorandum and articles of association of the Holdco. Upon the Effective Date and after the withdrawal of the listing of the Shares, the Company will become a wholly owned subsidiary of the Holdco and, other than that, the Holdco will not own any other assets or owe any liabilities. Given that there is no intention to seek a listing of the Holdco Shares on any stock exchange, the Holdco Shares will be relatively illiquid and the holders of Holdco Shares will not be protected by any rules and regulations of any stock exchange or securities regulatory authorities. Moreover, section 4.1 of the Introduction to The Codes on Takeovers and Mergers and Share Buy-backs provides that The Codes on Takeovers and Mergers and Share Buy-backs apply to takeovers, mergers and share buy-backs affecting, among others, public companies in Hong Kong and section 4.2 of the Introduction to The Codes on Takeovers and Mergers and Share Buy-backs provides that in order to determine whether a company is a public company in Hong Kong, the Executive will take into account the number of Hong Kong shareholders and the extent of share trading in Hong Kong and other factors. If, following the implementation of the Scheme, the Holdco is determined by the Executive to be a “public company in Hong Kong”, the Holdco will be subject to The Codes on Takeovers and Mergers and Share Buy-backs.

A letter from First Shanghai Capital is set out in Appendix V to this Scheme Document in respect of estimates of value of the Holdco Shares, which is provided to the Directors solely for the purposes of paragraph 30 of Schedule I to the Takeovers Code and should not be used or relied upon for any other purpose whatsoever.

CONDITIONS OF THE PROPOSAL AND THE SCHEME

The implementation of the Proposal is, and the Scheme will become effective and binding on the Company and all Scheme Shareholders, subject to the fulfilment or waiver (as applicable) of the following Conditions:

- (a) the approval of the Scheme (by way of poll) by the Scheme Shareholders representing not less than 75% in value of the Scheme Shares, present and voting either in person or by proxy at the Court Meeting;
- (b) the approval of the Scheme (by way of poll) by the Disinterested Scheme Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by the Disinterested Scheme Shareholders that are voted either in person or by proxy at the Court Meeting, provided that the number of votes cast (by way of poll) by the Disinterested Scheme Shareholders present and voting either in person or by proxy against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all Scheme Shares held by all the Disinterested Scheme Shareholders;
- (c) (i) the passing of a special resolution by a majority of not less than three fourths of the votes cast by the Shareholders present and voting, in person or by proxy, at the EGM to approve and give effect to the reduction of the share capital of the Company by the cancellation and extinguishment of the Scheme Shares; and (ii) the passing of an ordinary resolution by a simple majority of the Shareholders present and voting, in person or by proxy, at the EGM to approve the application of the credits created by the cancellation and extinguishment of the Scheme Shares to simultaneously restore the issued share capital of the Company to the amount prior to the cancellation and extinguishment of the Scheme Shares by allotting and issuing to the Holdco the same number of new Shares, credited as fully paid, as the number of Scheme Shares cancelled and extinguished;
- (d) the sanction of the Scheme (with or without modifications) by the Grand Court and the confirmation of the reduction of the issued share capital of the Company, and the delivery to the Registrar of Companies in the Cayman Islands of a copy of the Court Orders and the minutes approved by the Grand Court for registration;
- (e) the necessary compliance with the procedural requirements and conditions, if any, under the Companies Act in relation to the reduction of the share capital of the Company referred to in paragraph (c) above;

- (f) all authorisations, approvals, permissions, waivers and consents and all registrations and filings (including without limitation any which are required or desirable under or in connection with any applicable laws or regulations or any licences, permits or contractual obligations of the Company) in connection with the Proposal or its implementation in accordance with its terms having been obtained (or, as the case may be, completed) and remaining in full force and effect without modification;
- (g) no government, governmental, quasi-governmental, statutory or regulatory body, court or agency in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order), in each case, which would make the Proposal or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material conditions or obligations with respect to the Proposal or the Scheme or its implementation in accordance with its terms), other than such actions, proceedings or suits as would not have a material adverse effect on the legal ability of the Offeror to proceed with the Proposal or the Scheme;
- (h) all necessary legal or regulatory obligations in all relevant jurisdictions having been complied with and no legal or regulatory requirement having been imposed which is not expressly provided for, or is in addition to the requirements expressly provided for, in the relevant laws or regulations in connection with the Proposal or its implementation in accordance with its terms;
- (i) since 31 December 2022, there having been no adverse change in the business, assets, financial or trading positions, profits or prospects of any member of the Group which is material in the context of the Group taken as a whole or in the context of the Proposal; and
- (j) since the Announcement Date, there not having been instituted, threatened in writing or remaining outstanding any litigation, arbitration, other proceedings or other dispute resolution process to which any member of the Group is a party (whether as plaintiff, defendant or otherwise) and no investigation by any government, quasi-governmental, supranational, regulatory or investigative body or court against or in respect of any such member or the business carried on by any such member having been threatened in writing, instituted or remaining outstanding, in each case, which is material in the context of the Group taken as a whole or in the context of the Proposal or its implementation in accordance with its terms.

The Offeror reserves the right to waive all or any of the Conditions (except for the Conditions in paragraphs (a) to (e) above) in whole or in part. The Company does not have the right to waive any of the Conditions.

In respect of the Condition in paragraph (f) above, as at the Latest Practicable Date, the Offeror and the Company did not foresee any necessary authorisations, approvals, permissions, waivers, consents, registrations and filings required in connection with the Proposal from, with or by (as the case may be) the relevant authorities in the Cayman Islands, Hong Kong and any other relevant jurisdictions, save for the authorisations already set out in paragraphs (a) to (e) above as separate conditions.

In respect of the Condition in paragraph (h) above, as at the Latest Practicable Date, the Offeror and the Company were not aware of any such legal or regulatory obligation or requirement which was required to be complied with or had been imposed in connection with the Proposal or its implementation in accordance with its terms, save for the requirements already set out in paragraphs (a) to (e) above as separate conditions.

All of the above Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date, otherwise the Proposal and the Scheme will lapse. Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions as a basis for not proceeding with the Scheme if the circumstances which give rise to the right to invoke such Condition are of material significance to the Offeror in the context of the Proposal. As at the Latest Practicable Date, the Offeror was not aware of any such circumstances.

If sanctioned, the Scheme will be binding on all of the Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the EGM.

As at the Latest Practicable Date, none of the Conditions had been fulfilled or waived (as applicable).

Warning: Shareholders and potential investors of the Company should be aware that the implementation of the Proposal is subject to the Conditions being fulfilled or waived, as applicable, and therefore the Proposal may or may not be implemented. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

SHAREHOLDING STRUCTURE OF THE HOLDCO

As at the Latest Practicable Date, the Holdco was authorised to issue a maximum of 50,000 shares each with a par value of US\$1 each. The total issued share(s) of the Holdco comprised of one Holdco Share, which was wholly owned by the Offeror.

Upon the Effective Date and after the withdrawal of listing of the Shares, the Offeror will transfer 523,521,750 Shares to the Holdco and as a consideration the Holdco will allot 523,521,750 Holdco Shares to the Offeror. As a result, the Company will become a wholly-owned subsidiary of the Holdco.

The table below sets out the shareholding structure of the Holdco as at the Latest Practicable Date and after the withdraw of listing of the Shares:

	As at the Latest Practicable Date		After the withdrawal of listing of the Shares			
			Assuming all Scheme Shareholders who have executed the Irrevocable Undertakings choose the Share Alternative and the other Scheme Shareholders choose the Cash Alternative		Assuming all Scheme Shareholders choose the Share Alternative	
	<i>Number of Shares</i>	<i>Approximate % of total issued Shares</i>	<i>Number of Shares</i>	<i>Approximate % of total issued Shares</i>	<i>Number of Shares</i>	<i>Approximate % of total issued Shares</i>
Offeror	1	100%	981,363,750	54.78%	523,521,750	29.22%
Easy Beauty	—	—	340,000,000	18.98%	340,000,000	18.98%
Neala Holdings	—	—	51,591,330	2.88%	51,591,330	2.88%
Atrium Noble	—	—	37,668,920	2.10%	37,668,920	2.10%
Eternal Asia	—	—	292,876,000	16.35%	292,876,000	16.35%
Power Maker	—	—	48,000,000	2.68%	48,000,000	2.68%
Polka Dots	—	—	40,000,000	2.23%	40,000,000	2.23%
Mr. Cui	—	—	—	—	4,182,000	0.23%
Mr. Jiang	—	—	—	—	4,026,000	0.23%
Other public shareholders	—	—	—	—	449,634,000	25.10%
Total	1	100%	1,791,500,000	100%	1,791,500,000	100%

SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, the authorised share capital of the Company was HK\$100,000,000 divided into 10,000,000,000 Shares of HK\$0.01 each, and the Company had 1,791,500,000 Shares in issue. As at the Latest Practicable Date, there was no outstanding share options under the Share Option Scheme.

The table below sets out the shareholding structure of the Company as at the Latest Practicable Date and immediately upon completion of the Scheme, assuming that there are no other changes in the shareholding of the Company between the Latest Practicable Date and the Scheme Record Date:

	As at the Latest Practicable Date		Upon completion of the Scheme	
	Number of Shares	Approximate % of total issued Shares	Number of Shares	Approximate % of total issued Shares
Offeror	523,521,750	29.22%	523,521,750	29.22%
Easy Beauty (Note 1)	340,000,000	18.98%	—	—
Neala Holdings (Note 2)	51,591,330	2.88%	—	—
Atrium Noble (Note 3)	37,668,920	2.10%	—	—
Power Maker (Note 4)	48,000,000	2.68%	—	—
Polka Dots (Note 5)	40,000,000	2.23%	—	—
Mr. Cui (Note 4)	4,182,000	0.23%	—	—
Mr. Jiang (Note 5)	4,026,000	0.23%	—	—
Aggregate number of Shares held by the Offeror and the Offeror Concert Parties	1,048,990,000	58.55%	523,521,750	29.22%
Eternal Asia (Note 6)	292,876,000	16.35%	—	—
Sub-total	1,341,866,000	74.90%	—	—
Other public Shareholders	449,634,000	25.10%	—	—
Holdco (Notes 7 and 8)	—	—	1,267,978,250	70.78%
Total number of Shares	1,791,500,000	100%	1,791,500,000	100%

Notes:

1. Easy Beauty is ultimately beneficially 70% owned by Mr. Dai Xiaolin and 30% owned by Ms. Qian Xiwen, daughter of Mr. Qian, and therefore is regarded as acting in concert with the Offeror in relation to the Company.
2. Neala Holdings Limited is controlled by Mr. Shen Xinren, a brother-in-law of Mr. Qian. Neala Holdings is owned as to 57.69% by Mr. Shen Xinren, the sole director of Neala Holdings, and 42.31% by Mr. Sun Xuelin, an uncle of Mr. Qian, and therefore is regarded as acting in concert with the Offeror in relation to the Company.
3. Atrium Noble Limited is controlled by Mr. Shen Xinren, a brother-in-law of Mr. Qian. Atrium Noble is owned as to 50% by Mr. Shen Xinren, the sole director of Atrium Noble, 29.17% by Mr. Dai Xiaolin and 20.83% by Mr. Yu Daxiong, and therefore is regarded as acting in concert with the Offeror in relation to the Company.
4. Power Maker is directly wholly owned by Mr. Cui. Although Power Maker's beneficial owner and director, Mr. Cui, is an Independent Third Party, given Power Maker acquired its shareholding in the Company from Easy Beauty (which is a party acting in concert with the Offeror) on 30 March 2023 and the consideration had not been settled as at the Latest Practicable Date, such transfer constitutes a financial assistance provided to Power Maker by Easy Beauty whereby Power Maker is regarded as acting in concert with the Offeror in relation to the Company accordingly pursuant to the Takeovers Code. Each of Power Maker and Mr. Cui is therefore also an Offeror Concert Party.
5. Polka Dots is directly wholly owned by Mr. Jiang. Although Polka Dots's beneficial owner and director, Mr. Jiang, is an Independent Third Party, given Polka Dots acquired its shareholding in the Company from Easy Beauty (which is a party acting in concert with the Offeror) on 30 March 2023 and the consideration had not been settled as at the Latest Practicable Date, such transfer constitutes a financial assistance provided to Polka Dots by Easy Beauty whereby Polka Dots is regarded as acting in concert with the Offeror in relation to the Company accordingly pursuant to the Takeovers Code. Each of Polka Dots and Mr. Jiang is therefore also an Offeror Concert Party.
6. Eternal Asia is a direct wholly owned subsidiary of Shenzhen Eternal Asia Supply Chain Company Limited* (深圳市怡亞通供應鏈股份有限公司) and ultimately controlled by State-owned Assets Supervision and Administration Commission of Shenzhen Municipal People's Government and is an Independent Third Party.
7. Assuming all Scheme Shareholders choose the Share Alternative, the shares of Holdco will be held as to 26.81 % by Easy Beauty, 4.07 % by Neala Holdings, 2.97% by Atrium Noble, 23.10% by Eternal Asia, 3.79% by Power Maker, 3.15% by Polka Dots, 0.33% by Mr. Cui, 0.32% by Mr. Jiang and 35.46% by the other public shareholders.
8. Assuming all Scheme Shareholders that have executed the Irrevocable Undertakings choose the Share Alternative and the other Scheme Shareholders choose the Cash Alternative, the shares of Holdco will be held as to 36.11% by the Offeror, 26.81% by Easy Beauty, 4.07% by Neala Holdings, 2.97% by Atrium Noble, 23.10% by Eternal Asia, 3.79% by Power Maker and 3.15% by Polka Dots.

FINANCIAL RESOURCES

On the assumption that no other Shares are issued before the Scheme Record Date, and on the basis of (a) the cash consideration under the Cash Alternative of HK\$0.5 per Scheme Share; and (b) the Irrevocable Undertakings from Easy Beauty, Eternal Asia, Neala Holdings, Atrium Noble, Power Maker and Polka Dots, in aggregate beneficially holding 810,136,250 Scheme Shares representing approximately 45.22% of the total issued share capital of the Company, undertaking not to elect the Cash Alternative but to elect the Share Alternative; and (c) the Board has exercised its discretion by passing resolutions in board meeting that the Board will not grant share options available under the existing scheme mandate of the Share Option Scheme, 457,842,000 Scheme Shares will be subject to the Cash Alternative and the amount of cash required to implement the Proposal would be HK\$228,921,000. The Offeror intends to finance the cash required for the Proposal from its internal cash resources.

First Shanghai Capital, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror for the full implementation of the Proposal in accordance with their terms.

IRREVOCABLE UNDERTAKINGS

As at the Latest Practicable Date:

- (a) Easy Beauty beneficially held 340,000,000 Shares, representing approximately 18.98% of the issued share capital of the Company;
- (b) Eternal Asia beneficially held 292,876,000 Shares, representing approximately 16.35% of the issued share capital of the Company;
- (c) Neala Holdings beneficially held 51,591,330 Shares, representing approximately 2.88% of the issued share capital of the Company;
- (d) Atrium Noble beneficially held 37,668,920 Shares, representing approximately 2.10% of the issued share capital of the Company;
- (e) Power Maker beneficially held 48,000,000 Shares, representing approximately 2.68% of the issued share capital of the Company; and
- (f) Polka Dots beneficially held 40,000,000 Shares, representing approximately 2.23% of the issued share capital of the Company.

On 15 May 2023, (1) Easy Beauty and Eternal Asia (as supplemented by a supplemental undertaking dated 21 June 2023 respectively, and (2) Neala Holdings and Atrium Noble respectively, entered into the Irrevocable Undertakings with the Offeror in favour of the Offeror, and on 22 May 2023, Power Maker and Polka Dots respectively (as supplemented by

a supplemental undertaking dated 21 June 2023) entered into the Irrevocable Undertakings with the Offeror in favour of the Offeror, pursuant to which each of Easy Beauty, Eternal Asia, Neala Holdings, Atrium Noble, Power Maker and Polka Dots:

- (A) unconditionally and irrevocably agrees and undertakes that (i) it will vote for (if entitled to vote) the Proposal in respect of all its Shares as soon as possible and irrevocably undertakes that it will not withdraw such vote; and (ii) it will not select the Cash Alternative, but will select the Share Alternative, which such shares are the shares of a company controlled by the Offeror and such number of shares mirroring its shareholdings in the Company;
- (B) unconditionally and irrevocably agrees and undertakes that during the period from the date of this irrevocable undertaking to the date of the completion of the Proposal (both dates inclusive), each of Easy Beauty, Eternal Asia, Neala Holdings, Atrium Noble, Power Maker and Polka Dots will support the delisting arrangement of the Company (including, amongst others, to vote (if entitled to vote) in favour of any resolution(s) in relation to the delisting arrangement of the Company in the general meeting(s) of the Company if so permitted by the relevant regulators) and each of Easy Beauty, Eternal Asia, Neala Holdings, Atrium Noble, Power Maker and Polka Dots will not, whether directly or indirectly, take any action which will preclude, prejudice, restrict or delay the successful outcome of the Proposal and the delisting of the Company or otherwise conflict with or diminish its obligations thereunder; and
- (C) save as to supporting the Proposal in accordance with the terms of the irrevocable undertaking, confirms, agrees and undertakes that it has not and will not, prior to and including the date of the completion of the Proposal:
 - (1) save as what has been disclosed to the Offeror (if applicable), offer, sell, give, transfer, pledge, encumber, charge, or grant any right over or otherwise dispose of or deal with any of the Shares or any interest therein;
 - (2) enter into any swap or other arrangement that transfers to another party in whole or in part any of the legal, beneficial or economic consequences attached to the Shares held by it;
 - (3) solicit or enter into discussions regarding any proposal or offer by any third party for the Shares or other class of shares of the Company or any proposal or offer so made for a merger, scheme of arrangement, exchange offer, consolidation, partnership, joint venture or other business combination involving the Company, or for any purchase of all or any material part of the assets of the Company and its subsidiary undertakings (other than in the ordinary course of existing business transactions) or other similar transaction that may preclude, prejudice, restrict or delay the successful outcome of the Proposal and delisting of the Company from the Stock Exchange;

- (4) save as what has been disclosed to the Offeror (if applicable), subject any of its Shares to any encumbrance as described under (C)(1) above; or
- (5) enter into any agreement with a view to effecting any of the foregoing.

The Offeror confirmed that nothing has come to their attention which may render any of Easy Beauty, Eternal Asia, Neala Holdings, Atrium Noble, Power Maker and Polka Dots unable to perform or adhere to the Irrevocable Undertaking (as the case may be). The Offeror further confirmed that they are not aware of any circumstance which may preclude any of Easy Beauty, Eternal Asia, Neala Holdings, Atrium Noble, Power Maker and Polka Dots from performing the Irrevocable Undertaking under the Proposal, and that the Shares held by these undertaking shareholders will remain in their hands and there is no chance whereby any of these Shares will be transferred or disposed in any way to other third parties prior to the completion of the Proposal.

Each of the Irrevocable Undertakings respectively entered into by Easy Beauty, Eternal Asia, Neala Holdings, Atrium Noble, Power Maker and Polka Dots will be terminated and cease to be binding immediately upon the Proposal having been withdrawn, lapsed or closed.

Eternal Asia is a direct wholly owned subsidiary of Shenzhen Eternal Asia Supply Chain Company Limited* (深圳市怡亞通供應鏈股份有限公司) and ultimately controlled by State-owned Assets Supervision and Administration Commission of Shenzhen Municipal People's Government, which is an Independent Third Party. Easy Beauty, Neala Holdings and Atrium Noble are Offeror Concert Parties. Power Maker and Polka Dots are directly wholly owned by Mr. Cui and Mr. Jiang, respectively, both Independent Third Parties. Although Power Maker's beneficial owner and director, Mr. Cui, and Polka Dots's beneficial owner and director, Mr. Jiang, are Independent Third Parties, given each of Power Maker and Polka Dots acquired their respective shareholding in the Company from Easy Beauty (which is a party acting in concert with the Offeror) on 30 March 2023 and the considerations had not been settled as at the Latest Practicable Date, such deferred payment arrangements constitute financial assistance provided to each of Power Maker and Polka Dots by Easy Beauty whereby Power Maker and Polka Dots are regarded as acting in concert with the Offeror in relation to the Company accordingly pursuant to the Takeovers Code. Each of Power Maker, Polka Dots, Mr. Cui and Mr. Jiang is therefore also an Offeror Concert Party.

SCHEME OF ARRANGEMENT UNDER SECTION 86 OF THE COMPANIES ACT AND THE COURT MEETING

Pursuant to Section 86 of the Companies Act, where an arrangement is proposed between a company and its members or any class of them, the Grand Court may, on the application of the company or of any member of the company, order a meeting of the members of the company or class of members, as the case may be, to be summoned in such manner as the Grand Court directs.

It is provided in Section 86(2A) of the Companies Act that if members or class of members representing not less than 75% in value as the case may be, present and voting either in person or by proxy at the meeting held as directed by the Grand Court as aforesaid, agree to any arrangement, the arrangement shall, if sanctioned by the Grand Court, be binding on all members or class of members, as the case may be, and also on the company.

ADDITIONAL REQUIREMENTS AS IMPOSED BY RULE 2.10 OF THE TAKEOVERS CODE

In addition to satisfying any requirements under the Companies Act as summarised above, under Rule 2.10 of the Takeovers Code, except with the consent of the Executive, the Scheme may only be implemented if:

- (a) the Scheme is approved (by way of poll) by the Disinterested Scheme Shareholders holding at least 75% in value of the Scheme Shares, present and voting either in person or by proxy at the Court Meeting; and
- (b) the number of vote cast (by way of poll) by the Disinterested Scheme Shareholders present and voting either in person or by proxy against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all Scheme Shares held by all the Disinterested Scheme Shareholders.

For the purpose of counting the votes for (a) and (b) above, Disinterested Scheme Shareholders comprise all Shareholders as at the Meeting Record Date other than the Offeror and the Offeror Concert Parties. As at the Latest Practicable Date, the Disinterested Scheme Shareholders held in aggregate 742,510,000 Shares. On that basis, and assuming that no new Shares are issued on or before the Meeting Record Date, 10% of the votes attached to all the Scheme Shares held by the Disinterested Shareholders referred to in (b) above would represent approximately 74,251,000 Shares.

BINDING EFFECT OF THE SCHEME

Upon the Scheme becoming effective, it will be binding on the Company and all Scheme Shareholders, regardless of how they voted (or whether they voted) at the Court Meeting and the EGM.

REASONS FOR AND BENEFITS OF THE PROPOSAL

The Offeror is of the view that the terms of the Proposal are attractive to the Scheme Shareholders and the Proposal will be beneficial to the Scheme Shareholders.

The liquidity of Shares has been at a relatively low level over a prolonged period of time, with an average daily trading volume of 240,118 Shares, 610,955 Shares, and 547,256 Shares, for the 6 months period, 12 months period, and 24 months period up to and including the Last Trading Day, representing approximately 0.01%, 0.03% and 0.03% respectively of the

total issued Shares as at the Last Trading Day. Low trading liquidity of Shares renders it difficult for Shareholders to execute substantial on-market disposals without adversely affecting the price of the Shares.

The Offeror accordingly considers that the Proposal provides the holders of Scheme Shares with an opportunity to realise their investment in the Company at a compelling premium over the prevailing share price. The cash consideration under the Cash Alternative of HK\$0.5 per Scheme Share represents a premium of approximately 31.6% and 28.9% over the closing price of HK\$0.38 and HK\$0.388 per Share as quoted on the Stock Exchange on the Last Trading Day and for the 30 trading days up to and including the Last Trading Day, respectively.

The maintenance of the listing status of the Company involves administrative, compliance and other listing-related costs and expenses. If the Proposal is successful, these costs and expenses would be eliminated and thus allow the Offeror and the Company to allocate more resources for the development of the business of the Group.

The Proposal is intended to provide the Scheme Shareholders with an opportunity to exit and realise their investments in the Company for cash at a premium. The cash consideration under the Cash Alternative represents a premium of approximately (i) 31.6% over the closing price of the Shares on the Last Trading Day; and (ii) 28.9% over the average closing price of the Shares for the 30 trading days up to and including the Last Trading Day.

INTENTIONS OF THE OFFEROR WITH REGARD TO THE GROUP

Following the implementation of the Proposal, the Offeror intends to continue and focus on the existing businesses of the Group. The Offeror does not have specific plans to make any major changes to the business of the Group or deployment of any fixed assets of the Group upon the Scheme being effective other than exploring new development opportunities and changes which the Offeror may from time to time implement following the review of its strategy relating the business, structure and/or direction of the Group.

Further, the Offeror has no intention to discontinue the employment of the employees of the Group after the implementation of the Proposal, except for staff movements which are part of the normal conduct of business or due to personal performance or conduct issues.

The Offeror does not intend to continue the listing of the Shares.

INFORMATION ON THE GROUP, THE OFFEROR AND THE HOLDCO**Information of the Company and the Group**

The principal activity of the Company is investment holding. The principal activities of the subsidiaries of the Company are in manufacture and sales of feeder cable series, optical fibre cable series and related products, flame-retardant flexible cable series, new-type electronic components and other for mobile communications and telecommunications equipment.

Information of the Offeror

The Offeror is a company incorporated in the British Virgin Islands with limited liability and registered in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). As at the Latest Practicable Date, the Offeror was wholly-owned by Abraholme International, which in turn was wholly-owned by Mr. Qian, the single largest Shareholder, an executive Director and the chairman of the Company. Mr. Qian is the sole director of each the Offeror and Abraholme International respectively.

The Offeror was an investment holding company and held 523,521,750 Shares, representing approximately 29.22% of the issued share capital of the Company as at the Latest Practicable Date.

For details of the shareholding of the Offeror in the Company, please refer to the section headed “Shareholding Structure of the Company” in this Part above.

Information of the Holdco

The Holdco is a company newly incorporated in the British Virgin Islands with limited liability on 10 May 2023. Holdco does not have a principal office in or outside Hong Kong.

As at the Latest Practicable Date, the Holdco was authorised to issue a maximum of 50,000 shares each with a par value of US\$1 each. The total issued share(s) of the Holdco comprised of one Holdco Share, which was wholly owned by the Offeror.

Holdco will not carry on any business other than matters in connection with the Proposal and the Scheme. Upon the Effective Date and after the withdrawal of the listing of the Shares, the Company will become a wholly owned subsidiary of the Holdco and, other than that, the Holdco will not own any other assets or owe any liabilities or engage in any business.

WITHDRAWAL OF LISTING OF SHARES

Upon the Scheme becoming effective, all Scheme Shares will be cancelled and extinguished (with the equivalent number of new Shares being issued and credited as fully paid to the Holdco) and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. The Company will make an application for the listing of the Shares to be withdrawn from the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules, with effect from the Effective Date.

The Scheme Shareholders will be notified by way of an announcement of the exact dates of the last day for dealing in the Shares and the day on which the Scheme and the withdrawal of the listing of the Shares on the Stock Exchange will become effective. A detailed timetable of the implementation of the Proposal is set out in Part III of the Scheme Document.

IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES

Subject to the requirements of the Takeovers Code, the Proposal will lapse if any of the Conditions has not been fulfilled or waived, as applicable, on or before the Long Stop Date. If the Scheme is not approved or the Proposal otherwise lapses, the listing of the Shares on the Stock Exchange will not be withdrawn.

If the Scheme is not approved or the Proposal otherwise lapses, no change in the shareholding structure of the Company will result from the Proposal and the Scheme, and the shareholding structure of the Company as at the Latest Practicable Date as set out in the section headed “Shareholding Structure of the Company” in Part VII — Explanatory Memorandum of this Scheme Document shall remain unchanged (assuming that there is no other change in the shareholding structure of the Company from the Latest Practicable Date). Accordingly, the Company will continue to be able to maintain sufficient public float in its Shares under Rule 8.08 of the Listing Rules in the event that the Scheme is not approved or the Proposal otherwise lapses.

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under Rule 31.1 of the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses announce an offer or possible offer for the Company, except with the consent of the Executive.

COSTS OF THE SCHEME

Pursuant to Rule 2.3 of the Takeovers Code, if the Scheme is not approved and the Proposal is either not recommended by the Independent Board Committee, or is not recommended as fair and reasonable by the Independent Financial Adviser, all costs and expenses incurred by the Company and the Offeror in connection with the Scheme will be borne by the Offeror.

If the Proposal is recommended by the Independent Board Committee, and is recommended as fair and reasonable by the Independent Financial Adviser, the Company and the Offeror have agreed that all costs, charges and expenses of the advisers and counsel appointed by the Company, including the Independent Financial Adviser, will be borne by the Company, whereas all costs, charges and expenses of the advisers and counsels appointed by the Offeror will be borne by the Offeror, and other costs, charges and expenses of the Scheme and Proposal will be shared between the Company and the Offeror equally.

SCHEME SHARES, COURT MEETING AND THE EGM

As at the Latest Practicable Date, the Offeror held 523,521,750 Shares (representing approximately 29.22% of the issued share capital of the Company). Such Shares will not form part of the Scheme Shares and, as the Offeror is not a Scheme Shareholder, the Offeror will not vote on the Scheme at the Court Meeting. The Offeror will undertake to the Grand Court that it will be bound by the Scheme and to execute and do and procure to be executed and done all such documents, acts and things as may be necessary or desirable for the purpose of giving effect to the Scheme.

As at the Latest Practicable Date, the Offeror Concert Parties held in aggregate 525,468,250 Shares (representing approximately 29.33% of the issued share capital of the Company). Such Shares will form part of the Scheme Shares but the Offeror Concert Parties will not vote on the Scheme at the Court Meeting. Each of the Offeror Concert Parties will undertake to the Grand Court that it will be bound by the Scheme and to execute and do and procure to be executed and done all such documents, acts and things as may be necessary or desirable for the purpose of giving effect to the Scheme.

Scheme Shareholders will be entitled to attend and vote, in person or by proxy, at the Court Meeting provided that only votes of the Disinterested Scheme Shareholders will be counted for the purpose of determining whether the requirements set out in the section headed “Additional requirements as imposed by Rule 2.10 of the Takeovers Code” above in this Explanatory Memorandum are satisfied in accordance with the Takeover Code.

All Shareholders will be entitled to attend the EGM to vote on, amongst other things, (i) a special resolution to approve and give effect to the reduction of issued share capital of the Company by the cancellation and extinguishment of the Scheme Shares; and (ii) an ordinary resolution to approve and give effect to the application of the credits created by the cancellation and extinguishment of the Scheme Shares to simultaneously restore the issued share capital of the Company to the amount prior to the cancellation and extinguishment of the Scheme Shares by allotting and issuing to the Holdco the same number of new Shares, credited as fully paid, as the number of Scheme Shares cancelled and extinguished.

In accordance with the directions of the Grand Court, the Court Meeting will be held at 10:00 a.m. (Hong Kong time) on Wednesday, 18 October 2023 at 10/F, Ruttonjee House, Ruttonjee Centre, 11 Duddell Street, Central, Hong Kong. The EGM will be held at the same place and on the same date at 11:00 a.m. (Hong Kong time) (or immediately after the

conclusion of the Court Meeting, whichever is later). Notice of the Court Meeting is set out in Appendix VII to this Scheme Document and notice of the EGM is set out in Appendix VIII to this Scheme Document.

The Offeror and the Offeror Concert Parties have indicated that if the Scheme is approved at the Court Meeting, those Shares held by it will be voted in favor of the resolutions to be proposed at the EGM.

REGISTRATION AND PAYMENT

Assuming that the Scheme Record Date falls on Monday, 13 November 2023, it is proposed that the register of members of the Company will be closed from Monday, 13 November 2023 (or such other date as Shareholders may be notified by announcement) in order to determine entitlements under the Scheme. In order to qualify for entitlements under the Scheme, Scheme Shareholders should ensure that the transfers of Shares to them are lodged with the Share Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration in their names or in the names of their nominees before the closure of the register of members of the Company.

Payment of Offer Consideration to the Scheme Shareholders

Upon the Scheme becoming effective, payment of the Offer Consideration for the Scheme Shares will be made to the Scheme Shareholders whose name appear on the register of members of the Company as at the Scheme Record Date. Assuming that the Scheme becomes effective on Wednesday, 6 December 2023 (Cayman Islands time), (a) a cheque for cash entitlements to those who have validly elected the Cash Alternative and those whose elections for the Share Alternative were invalid, and (b) physical share certificates for Holdco Shares to those who have validly elected the Share Alternative will be despatched as soon as possible but in any event within seven (7) Business Days following the Scheme having become effective and accordingly, the cheques and the physical share certificates for the Holdco Shares are expected to be despatched on or before Friday, 15 December 2023.

In the absence of any specific instruction to the contrary received in writing by the Share Registrar, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, cheques and physical certificates for Holdco Shares will be sent by posting the same in pre-paid envelopes addressed to the persons entitled thereto at their respective registered addresses or, in the case of joint holders, to the registered address of that joint holder whose name stands first in the register of members of the Company in respect of the joint holding. All such cheques and share certificates will be sent at the risk of the person(s) entitled thereto and none of the Holdco, the Offeror, the Company, First Shanghai Capital, the Independent Financial Adviser, the Share Registrar and their respective directors, employees, officers, agents, advisers, associates and affiliates and any other persons involved in the Proposal will be responsible for any loss or delay in despatch.

Beneficial Owners should note if you hold Shares through a nominee (including but not limited to HKSCC Nominees) and elect to receive the Share Alternative, the Holdco Shares to be issued to you as Offer Consideration will be issued in the name of the Registered Owner for subsequent transfer to you. **As Holdco Shares will not become eligible securities in CCASS, you are required to instruct your securities dealer/custodian bank to withdraw the Holdco Shares from CCASS and arrange for the transfer of those shares into your own name, or some other nominee on your behalf, as soon as possible thereafter. Please see the sub-sections headed “Withdrawal from CCASS” and “Procedures for Transfer of the Holdco Shares” below for further details.**

In order to smooth out the settlement process for allotting the Holdco Shares to the relevant Beneficial Owner of the Scheme Shares, Beneficial Owner of the Scheme Shares intending to elect for Share Alternative in respect of any or all the Scheme Shares held for their benefit are advised to withdraw the relevant Shares from CCASS and transfer and register those Shares in its/his/her own name once the Scheme and the Proposal are approved in the Court Meeting and the EGM respectively. After such withdrawal and transfer, the relevant Scheme Shareholders shall complete and lodge the Election Form, together with the KYC Documents (if they elect the Share Alternative), to the Share Registrar, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Thursday, 30 November 2023 or such later date and time as may be notified through announcement. For details on completing the Election Form, please refer to the section headed “Election by Registered Owners” in Part VII — Explanatory Memorandum of this Scheme Document.

Shareholders are recommended to consult their professional advisors if they are in doubt as to the above procedures.

On or after the day being six (6) calendar months after the posting of such cheques, the Offeror (or its nominee) shall have the right to cancel or countermand payment of any such cheque which has not been cashed or has been returned uncashed, and shall place all monies represented thereby in a deposit account in the name of the Offeror (or its nominee) with a licensed bank in Hong Kong selected by the Offeror (or its nominee).

The Offeror (or its nominee) shall hold such monies until the expiry of six (6) years from the Effective Date and shall prior to such date, make payments therefrom of the sums to persons who satisfy the Offeror (or its nominee) that they are respectively entitled thereto. On the expiry of six (6) years from the Effective Date, the Offeror (and, if applicable, its nominee) shall be released from any further obligation to make any payments under the Scheme.

Assuming that the Scheme becomes effective, the register of members of the Company will be updated accordingly to reflect the cancellation of all the Scheme Shares and all existing certificates representing the Scheme Shares will cease to have effect as documents or evidence of title as from the Effective Date, which is expected to be on or about Wednesday, 6 December 2023 (Cayman Islands time).

Any physical certificates of Holdco Shares posted to the Scheme Shareholders pursuant to the Scheme which have been returned or undelivered will be cancelled. The share registrar of the Holdco may at any time thereafter issue new share certificates in respect of such Holdco Shares to those Scheme Shareholders who can establish their entitlements to its satisfaction and transfer to them all accrued entitlements from the original date of allotment or transfer, as the case may be, in respect of such Holdco Shares, subject to the payment of any expenses incurred.

Settlement of the Offer Consideration to which the Scheme Shareholders are entitled under the Scheme will be implemented in full in accordance with the terms of the Scheme, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror or the Holdco may otherwise be, or claim to be, entitled against any such Scheme Shareholder.

Withdrawal from CCASS

The Holdco Shares will not be listed on the Stock Exchange (or any other stock exchange). Accordingly, the Holdco Shares will not be accepted as eligible securities by HKSCC for deposit, clearance or settlement in CCASS. The Holdco Shares received by any persons holding their Holdco Shares through CCASS will initially be held in the name of HKSCC Nominees. HKSCC will not however provide any transfer services in respect of any Holdco Shares. Any person holding any Holdco Shares through HKSCC Nominees wishing to transfer Holdco Shares must first arrange for withdrawal of such Holdco Shares from CCASS and the registration of the Holdco Shares in his own name.

A fee will be charged by HKSCC for withdrawal of Holdco Shares.

Procedures for transfer of the Holdco Shares

It is expected that the register of holders of the Holdco Shares will be maintained by the Holdco in the British Virgin Islands.

A transfer of the Holdco Shares is to be effected by a shareholder of the Holdco completing an instrument of transfer, in a common form or in a form approved by the directors of the Holdco, executed by or on behalf of that shareholder of the Holdco. Until further notice provided by the Holdco, the instrument of transfer can be obtained at the office of the transfer agent of the Holdco, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong and the signed instruments of transfer must be delivered for registration at the aforesaid office of the transfer agent of the Holdco from 9:00 a.m. to 4:30 p.m. on any business day in Hong Kong.

The Holdco confirms that on or before the Effective Date, it will amend its memorandum and articles of association to allow the board of the Holdco to refuse to register the transfer of the Holdco Shares to any person in their absolute discretion without giving any reason for their refusal pursuant to the articles of association of the Holdco. In particular, the board of the Holdco may decline to recognise any instrument of transfer unless:

- (1) such fees, if any, as may be required by the Holdco and/or the transfer agent of the Holdco and/or any of their agents for the purpose of handling the transfer are paid thereof;
- (2) the instrument of transfer is accompanied by the certificate of the Holdco Shares to which it relates, and such other evidence as the board of the Holdco may reasonably require to show the right of the transferor to make the transfer;
- (3) the instrument of transfer is in respect of only one class of shares; and
- (4) any additional information and/or documentary evidence as might be reasonably requested by the board of the Holdco, the share registrar or transfer agent of the Holdco is provided to it.

Each new certificate to be issued upon a transfer of the Holdco Shares will be made available for personal collection by the holder entitled thereto during normal business hours (from 9:00 a.m. to 4:30 p.m.) on any business day in Hong Kong at the aforesaid office of the transfer agent of the Holdco after one (1) calendar month following receipt of the documents specified above by the share registrar of the Holdco and upon production of such identification papers or additional documents as may be reasonably requested by the Holdco or the transfer agent of the Holdco.

Where some but not all of the Holdco Shares in respect of which a certificate is issued are to be transferred, a new certificate in respect of the balance of the Holdco Shares not so transferred will be made available for personal collection by the holder entitled thereto during normal business hours (from 9:00 a.m. to 4:30 p.m.) on any business day in Hong Kong at the aforesaid office of the transfer agent of the Holdco after one (1) calendar month following receipt of the documents specified above by the share registrar of the Holdco and upon production of such identification papers additional documents as may be reasonably requested by the Holdco or the transfer agent of the Holdco.

Any holder of Holdco Shares wishing to split his holding of Holdco Shares into two or more share certificates must lodge his request with the transfer agent. A fee may be charged by the Holdco or the transfer agent of the Holdco or any of its agents for the splitting of the new share certificate. New share certificate(s) issued in respect of the splitting of the new share certificate will be made.

If Shareholders have any questions relating to the share registration process, please contact the transfer agent for the Holdco, Tricor Investor Services Limited, as follows:

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong
Telephone: 2980 1333
Fax: 2810 8185
Email: is-enquiries@hk.tricorglobal.com

OVERSEAS SHAREHOLDERS

The making and implementation of the Proposal to Scheme Shareholders who are not resident in Hong Kong may be affected by the applicable laws of the relevant jurisdictions. Any Scheme Shareholders who are not resident in Hong Kong should inform themselves about and observe any applicable legal and regulatory requirements in their own jurisdictions.

It is the responsibility of any overseas Scheme Shareholders wishing to take any action in relation to the Proposal, respectively, to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, the compliance with the necessary formalities and the payment of any issue, transfer or other taxes due from such shareholder in such jurisdiction.

Any election by the Scheme Shareholders will be deemed to constitute a representation and warranty from such persons to the Offeror and the Company and their respective advisers that those laws and regulatory requirements have been complied with. If you are in doubt as to your position, you should consult your professional advisers.

TAXATION

As the Scheme does not involve the sale and purchase of Hong Kong stock, no stamp duty will be payable pursuant to the Stamp Duty Ordinance (Chapter 117 of Laws of Hong Kong) on the cancellation of the Scheme Shares upon the Scheme becoming effective.

Scheme Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their election for the Cash Alternative or the Share Alternative. It is emphasised that none of the Offeror, the Company, First Shanghai Capital or any of their respective directors, officers or associates or any other person involved in the Proposal accepts responsibility (other than in respect of themselves, if applicable) for any taxation effects on, or liabilities of, any other persons as a result of their election for the Cash Alternative or the Share Alternative.

RECOMMENDATION

Your attention is drawn to the following:

- (a) the paragraph headed “Recommendation” in the letter from the Board set out in Part IV of this Scheme Document;
- (b) the letter from the Independent Board Committee as set out in Part V of this Scheme Document; and
- (c) the letter from the Independent Financial Adviser as set out in Part VI of this Scheme Document.

FURTHER INFORMATION

Further information is set out in the Appendices to, and elsewhere, in this Scheme Document, all of which form part of this Explanatory Memorandum.

Shareholders and Scheme Shareholders should rely only on the information contained in this Scheme Document. None of the Company, the Offeror, the Holdco, First Shanghai Capital, the Independent Financial Adviser, the Share Registrar and their respective directors, employees, officers, agents, advisers, associates and affiliates and any other person involved in the Proposal has authorised anyone to provide you with information that is different from what is contained in this Scheme Document.

FINANCIAL SUMMARY

Set out below is a summary of the unaudited consolidated financial information of the Group for the six months ended 30 June 2023 and the audited consolidated financial information of the Group for each of the three years ended 31 December 2020, 31 December 2021 and 31 December 2022. The figures for the six months ended 30 June 2023 was extracted from the interim report of the Group published on 13 September 2023. The figures for the years ended 31 December 2020, 31 December 2021 and 31 December 2022 are extracted from the annual reports of the Group for the respective years.

The auditors' reports issued by the auditors of the Group, Deloitte Touche Tohmatsu, in respect of the audited consolidated financial statements of the Group for each of the three years ended 31 December 2020, 31 December 2021 and 31 December 2022 did not contain any modified opinion, emphasis of matter or material uncertainty related to going concern.

There was no item which was exception because of its size, nature or incidence that was recorded in the unaudited consolidated financial information of the Group for the six months ended 30 June 2023 and the audited consolidated financial statements of the Group for each of the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022.

APPENDIX I**FINANCIAL INFORMATION OF THE GROUP**

Save as disclosed below, there are no other items of income or expenses which are material to the Group for the six months ended 30 June 2023 and each of the three years ended 31 December 2020, 31 December 2021 and 31 December 2022.

	For the six months ended 30 June 2023 (RMB'000)	For the year ended 31 December 2022 (RMB'000)	For the year ended 31 December 2021 (RMB'000)	For the year ended 31 December 2020 (RMB'000)
Turnover	1,250,560	2,630,326	2,862,456	2,873,078
Cost of goods sold	(1,093,166)	(2,278,036)	(2,438,537)	(2,361,706)
Gross profit	157,394	352,290	423,919	511,372
Other income	8,440	19,059	19,534	21,289
Impairment losses under expected credit loss model, net of reversal	(23,793)	(203,902)	24,212	(189,245)
Impairment loss of goodwill	—	—	—	(156,527)
Impairment loss of intangible assets	—	—	—	(92,366)
Other gain and loss	850	2,931	(572)	(5,746)
Selling and distribution costs	(25,745)	(50,146)	(71,993)	(60,750)
Administrative expense	(22,417)	(38,665)	(41,690)	(43,906)
Research and development costs	(23,713)	(44,195)	(58,147)	(60,424)
Finance costs	(27,520)	(61,706)	(65,366)	(66,766)
Profit before taxation	43,496	(24,334)	229,897	(143,069)
Taxation charge	(9,007)	(32,028)	(22,430)	3,705
(Loss) profit for the year	34,489	(56,362)	207,467	(139,364)
Other comprehensive expense	—	(166)	(475)	—
Total comprehensive (expense) income for the year	34,489	(56,528)	206,992	(139,364)
	For the six months ended 30 June 2023 (RMB'000)	For the year ended 31 December 2022 (RMB'000)	For the year ended 31 December 2021 (RMB'000)	For the year ended 31 December 2020 (RMB'000)
(Loss) earnings per share	RMB1.93 cents	RMB(3.15) cents	RMB11.58 cents	RMB(7.78) cents
Dividend per share	—	—	—	—

CONSOLIDATED FINANCIAL RESULTS OF THE GROUP

The unaudited consolidated interim financial information for the six months ended 30 June 2023 (the “**2023 Interim Financial Information**”) are set out in the interim report of the Company (the “**2023 Interim Report**”), which was published on 13 September 2023. The 2023 Interim Report is posted on the website of the Company at <http://www.trigiant.com.hk/> and the website of the Stock Exchange at <http://www.hkexnews.hk>. Please also see below a direct link to the 2023 Interim Report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0913/2023091300337.pdf>

The audited consolidated financial statements of the Group for the year ended 31 December 2020 and the notes hereto (including on the basis of preparation of consolidated financial statements and significant accounting policies) are set out on pages 78 to 146 of the annual report of the Group for the year ended 31 December 2020 (the “**2020 Annual Report**”), which was published on 28 April 2021. The 2020 Annual Report is posted on the website of the Company at <http://www.trigiant.com.hk/> and the website of the Stock Exchange at <http://www.hkexnews.hk>. Please also see below a direct link to the 2020 Annual Report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0428/2021042800535.pdf>

The audited consolidated financial statements of the Group for the year ended 31 December 2021 and the notes hereto (including on the basis of preparation of consolidated financial statements and significant accounting policies) are set out on pages 81 to 142 of the annual report of the Group for the year ended 31 December 2021 (the “**2021 Annual Report**”), which was published on 20 April 2022. The 2021 Annual Report is posted on the website of the Company at <http://www.trigiant.com.hk/> and the website of the Stock Exchange at <http://www.hkexnews.hk>. Please also see below a direct link to the 2021 Annual Report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0420/2022042000438.pdf>

The audited consolidated financial statements of the Group for the year ended 31 December 2022 and the notes hereto (including on the basis of preparation of consolidated financial statements and significant accounting policies) are set out on pages 84 to 142 of the annual report of the Group for the year ended 31 December 2022 (the “**2022 Annual Report**”), which was published on 20 April 2023. The 2022 Annual Report is posted on the website of the Company at <http://www.trigiant.com.hk/> and the website of the Stock Exchange at <http://www.hkexnews.hk>. Please also see below a direct link to the 2022 Annual Report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0420/2023042001176.pdf>

The audited consolidated financial statements of the Group for each of the three financial years ended 31 December 2020, 2021 and 2022 are incorporated by reference into this Scheme Document and form part of this Scheme Document.

INDEBTEDNESS STATEMENT

As at the close of business on 30 June 2023, being the latest practicable date for the purpose of preparing this indebtedness statement prior to the printing of this Scheme Document, the total indebtedness of the Group mainly comprised borrowings which amounted to approximately RMB1,665,943,000, representing bank borrowings of RMB1,205,000,000 and loans under supplier finance arrangement of RMB460,943,000.

Save as disclosed, as at 30 June 2023, the Group did not have any material outstanding (i) debt securities, whether issued and outstanding, authorised or otherwise created but unissued, or term loans, whether guaranteed, unguaranteed, secured (whether the security is provided by the Group or by third parties) or unsecured; (ii) other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments, whether guaranteed, unguaranteed, secured or unsecured; (iii) mortgage or charges; or (iv) guarantees or other contingent liabilities.

MATERIAL CHANGE

Except for (1) the Proposal for, among other things, the delisting of the Company by way of the Scheme (details of which have been sent out in this Scheme Document); and (2) a decrease in the Group's impairment losses under expected credit loss model, net of reversal of trade receivables recorded for the six months ended 30 June 2023 subsequent to 31 December 2022 as disclosed in the 2023 Interim Report, the Directors confirm that there had not been any material change in the financial or trading position or outlook of the Group since 31 December 2022, 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.

FINANCIAL INFORMATION OF THE HOLDCO

The Holdco is a company incorporated on 10 May 2023 in the British Virgin Islands with limited liability. The principal business of the Holdco is investment holding. The Holdco has not carried on any business or financial activities since its incorporation and is not expected to carry on any business or financial activities other than acting as a holding company of the Company pursuant to and after completion of the Proposal. The Holdco has not published any financial information for the last three financial years.

Paragraph 12(a) of Schedule I of the Takeovers Code requires certain financial information of the Holdco to be disclosed in this Scheme Document. As the Holdco is newly incorporated for the purpose of the Proposal, the Holdco does not carry on any business or financial activities other than acting as a holding company of the Company pursuant to and after completion of the Proposal. As at the Latest Practicable Date, save for the initial subscription price paid to the Holdco for the one Holdco Share issued to the initial shareholder on 23 May 2023, the Holdco (a) had not received or expended money; (b) had not sold or purchased goods; and (c) had not have any assets or liabilities. On the basis of the foregoing, the Offeror has made an application to the Executive for a waiver from strict compliance with paragraph 12(a) of Schedule I of the Takeovers Code and the waiver has been granted.

As at the Latest Practicable Date, being the latest practicable date for the purpose of ascertaining the indebtedness of the Holdco prior to the printing of the Scheme Document, the Holdco had no material indebtedness.

1. RESPONSIBILITY STATEMENTS

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Scheme Document (other than that relating to the Offeror and the Offeror Concert Parties) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Scheme Document (other than those expressed by the sole director of the Offeror in his capacity as the director of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this Scheme Document the omission of which would make any statements in this Scheme Document misleading.

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

2. SHARE CAPITAL OF THE COMPANY

As at the Latest Practicable Date:

- (i) the authorised share capital of the Company was HK\$100,000,000 divided into 10,000,000,000 Shares of HK\$0.01 each;
- (ii) the Company had 1,791,500,000 Shares in issue;
- (iii) since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Company were made up, and up to the Latest Practicable Date, the Company had not issued any new Shares;
- (iv) all of the issued Shares ranked pari passu in all respects with each other, including all rights as to dividends, voting and capital; and
- (v) there was no outstanding share options under the Share Option Scheme and that the Company has no outstanding options, warrants, derivatives or other securities that are convertible or exchangeable into Shares or other types of securities in the Company.

3. INFORMATION REGARDING THE OFFEROR SHARES

As at the Latest Practicable Date:

- (A) the issued share capital of the Offeror comprised of 670 Offeror Shares;
- (B) there were no options, derivatives, warrants or other securities (as defined in Note 4 to Rule 22 of the Takeovers Code) issued by the Offeror that carry a right to subscribe for or which are convertible into Offeror Shares;
- (C) since 31 December 2022, being the end of the last financial year of the Offeror, no new Offeror Shares had been issued by the Offeror;
- (D) there was no re-organisation of capital during the two financial years ended 31 December 2022, being the two (2) financial years preceding the Announcement Date; and
- (E) no Offeror Share had been bought back by the Offeror since 31 December 2022, being the end of the last financial year of the Offeror.

4. INFORMATION REGARDING THE HOLDCO SHARES

As at the Latest Practicable Date:

- (A) the total issued share(s) of the Holdco comprised of one Holdco Share;
- (B) there were no options, derivatives, warrants or other securities (as defined in Note 4 to Rule 22 of the Takeovers Code) issued by the Holdco that carry a right to subscribe for or which are convertible into Holdco Shares;
- (C) since 10 May 2023, being the date of incorporation of the Holdco, no new Holdco Shares had been issued by the Holdco other than the one Holdco Share issued to the initial shareholder on 23 May 2023;
- (D) there was no re-organisation of authorised or issued shares of the Holdco since 10 May 2023, being the date of incorporation of the Holdco; and
- (E) no Holdco Share had been bought back by the Holdco since 10 May 2023, being the date of incorporation of the Holdco.

5. MARKET PRICES

(1) In respect of the Company

- (a) The table below shows the closing market prices of the Shares as quoted on the Stock Exchange (i) on the Latest Practicable Date; (ii) on the Last Trading Date; and (iii) at the end of each month during the Relevant Period:

	Closing price for each Share <i>HK\$</i>
30 December 2022	0.39
31 January 2023	0.395
28 February 2023	0.405
31 March 2023	0.385
28 April 2023	0.39
22 May 2023 (Last Trading Date)	0.38
30 May 2023	0.38
30 June 2023	0.46
31 July 2023	0.52
30 August 2023	0.49
19 September 2023 (Latest Practicable Date)	0.48

- (b) During the Relevant Period, the highest closing price of the Shares was HK\$0.55 per Share as quoted on the Stock Exchange on 7 August 2023 and the lowest closing price of the Shares was HK\$0.365 per Share as quoted on the Stock Exchange on 17 May 2023.

(2) In respect of the Offeror

There had been no transaction in relation to the Offeror Shares which have taken place during the Relevant Period.

(3) In respect of the Holdco

There had been no transaction in relation to the Holdco Shares which have taken place since its incorporation and up to the Latest Practicable Date other than the issuance of one Holdco Share at US\$1 to the initial shareholder, being the Offeror, on 23 May 2023.

6. DISCLOSURE OF INTERESTS, DEALINGS AND OTHER ARRANGEMENTS

(i) Disclosure of interests

(a) *Interests of the Directors and chief executives in Shares and underlying Shares*

As at the Latest Practicable Date, the interests of the Directors or chief executive of the Company in the Shares and underlying Shares, which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which were required, pursuant to Section 352 of the SFO, to be recorded in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”) or were required to be disclosed pursuant to the requirement of the Takeovers Code were as follows:

Name of Director or chief executive	Nature of interest	Number of Shares	Number of underlying Shares	Approximate percentage of interest in the Company
Mr. Qian	Interest in controlled corporations	523,521,750 ^(1, 2)	523,521,750	29.22%

Notes:

- (1) These shares are registered in the name of the Offeror, company wholly owned by Abraholme International which is in turn wholly owned by Mr. Qian. By virtue of the provisions in Part XV of the SFO, Mr. Qian is deemed to be interested in all the shares held by the Offeror and Abraholme International. Mr. Qian is a director of each of the Offeror and Abraholme International.
- (2) These interests are long position.

Save as disclosed above, so far as the Directors are aware, none of the Directors or chief executive of the Company had any interest in the Shares and underlying Shares (within the meaning of Part XV of the SFO) (i) which will be required, pursuant to Section 352 of the SFO, to be recorded in the register kept by the Company, or (ii) which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code or required to be disclosed pursuant to the Takeovers Code as at the Latest Practicable Date.

(b) Interests of the Offeror and Offeror Concert Parties in the Shares

Save for the interest of Mr. Qian, an Executive Director (who is also the sole director of the Offeror) as disclosed in sub-paragraph (a) above and the holdings by First Shanghai Securities Limited (being a stock broker under the same control as First Shanghai Capital) conducted in the normal course of business for and on behalf of its non-discretionary clients and save for disclosed below, as at the Latest Practicable Date, none of the Offeror, its directors and any Offeror Concert Parties (i) had any interest in the Shares; or (ii) owned or controlled any Shares or any options, warrants, derivatives or securities convertible into Shares:

Shareholders	Nature of interest	Number of Shares	Approximate percentage of the issued share capital
Offeror			
Offeror	Beneficial owner	523,521,750	29.22%
Offeror Concert Parties subject to the Scheme			
Easy Beauty ^(Note 1)	Beneficial owner	340,000,000	18.98%
Neala Holdings ^(Note 2)	Beneficial owner	51,591,330	2.88%
Atrium Noble ^(Note 3)	Beneficial owner	37,668,920	2.10%
Power Maker ^(Note 4)	Beneficial owner	48,000,000	2.68%
Polka Dots ^(Note 5)	Beneficial owner	40,000,000	2.23%
Mr. Cui ^(Note 4)	Beneficial owner	4,182,000	0.23%
Mr. Jiang ^(Note 5)	Beneficial owner	4,026,000	0.23%

Notes:

- (1) Easy Beauty is ultimately beneficially 70% owned by Mr. Dai Xiaolin and 30% owned by Ms. Qian Xiwen, daughter of Mr. Qian, and therefore is regarded as acting in concert with the Offeror in relation to the Company.
- (2) Neala Holdings Limited is controlled by Mr. Shen Xinren, a brother-in-law of Mr. Qian. Neala Holdings is owned as to 57.69% by Mr. Shen Xinren, the sole director of Neala Holdings, and 42.31% by Mr. Sun Xuelin, an uncle of Mr. Qian, and therefore is regarded as acting in concert with the Offeror in relation to the Company.

- (3) Atrium Noble Limited is controlled by Mr. Shen Xinren, a brother-in-law of Mr. Qian. Atrium Noble is owned as to 50% by Mr. Shen Xinren, the sole director of Atrium Noble, 29.17% by Mr. Dai Xiaolin and 20.83% by Mr. Yu Daxiong, and therefore is regarded as acting in concert with the Offeror in relation to the Company.
- (4) Power Maker is directly wholly owned by Mr. Cui. Although Power Maker's beneficial owner and director, Mr. Cui, is an Independent Third Party, given Power Maker acquired its shareholding in the Company from Easy Beauty (which is a party acting in concert with the Offeror) on 30 March 2023 and the consideration had not been settled as at the Latest Practicable Date, such transfer constitutes a financial assistance provided to Power Maker by Easy Beauty whereby Power Maker is regarded as acting in concert with the Offeror in relation to the Company accordingly pursuant to the Takeovers Code. Each of Power Maker and Mr. Cui is therefore also an Offeror Concert Party.
- (5) Polka Dots is directly wholly owned by Mr. Jiang. Although Polka Dots's beneficial owner and director, Mr. Jiang, is an Independent Third Party, given Polka Dots acquired its shareholding in the Company from Easy Beauty (which is a party acting in concert with the Offeror) on 30 March 2023 and the consideration had not been settled as at the Latest Practicable Date, such transfer constitutes a financial assistance provided to Polka Dots by Easy Beauty whereby Polka Dots is regarded as acting in concert with the Offeror in relation to the Company accordingly pursuant to the Takeovers Code. Each of Polka Dots and Mr. Jiang is therefore also an Offeror Concert Party.

(c) Interests of the Offeror and Offeror Concert Parties, the Directors and the Company in the shares of the Offeror and the Holdco

As at the Latest Practicable Date, Mr. Qian through the Offeror, which was wholly-owned by Abraholme International and ultimately beneficially owned by Mr. Qian, indirectly held one Holdco Share, being 100% of the issued share capital in the Holdco.

As at the Latest Practicable Date, save as disclosed above, none of the Offeror Concert Parties, any directors of the Offeror, the Company or any of the Directors owned or controlled any shares or any convertible securities, warrants, options or derivatives in respect of shares of the Offeror or the Holdco.

As at the Latest Practicable Date, none of the persons who have irrevocably committed themselves to accept the Proposal, owned or controlled any Holdco Shares or any convertible securities, warrants, options or derivatives in respect of any Holdco Shares. None of such persons has dealt for value in any Holdco Shares or any convertible securities, warrants, options or derivatives in respect of the Holdco Shares since the incorporation of the Holdco.

(d) Other information

As at the Latest Practicable Date, each of Easy Beauty, Eternal Asia, Neala Holdings, Atrium Noble, Power Maker and Polka Dots (which had entered into the Irrevocable Undertakings to vote in favour of the Proposal (being an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code)) was interested in

an aggregate of 810,136,250 Shares. As at the Latest Practicable Date, save as these undertaking shareholders, no other person had irrevocable committed themselves to accept or reject, or vote in favour or against, the Proposal.

As at the Latest Practicable Date, none of the Offeror or Offeror Concert Parties had borrowed or lent any Shares or any shares of the Offeror or any shares of the Holdco or any convertible securities, warrants, options or derivatives in respect of any Shares or any shares of the Offeror or any shares of the Holdco, save for any borrowed Shares which have been either on-lent or sold.

As at the Latest Practicable Date, the Offeror and the Offeror Concert Parties had indicated that if the Scheme is approved at the Court Meeting, those Shares held by it will be voted in favor of the resolutions to be proposed at the EGM.

Save as disclosed above, no other Directors intend, in respect of their own beneficial shareholdings, to accept or reject the Proposal.

As at the Latest Practicable Date and during the Relevant Period, no Shares, no shares of the Offeror, no shares of the Holdco, and no convertible securities, warrants, options or derivatives in respect of the Shares or the shares of the Offeror or the shares of the Holdco, was managed on a discretionary basis by any fund managers (other than exempt fund managers) connected with the Company.

As at the Latest Practicable Date, neither the Company nor any Director had borrowed or lent (as the case may be) any Shares or any shares of the Offeror or any shares of the Holdco, or any convertible securities, warrants, options or derivatives in respect of the Shares or the shares of the Offeror or the shares of the Holdco, save for any borrowed shares which have been either on-lent or sold.

As at the Latest Practicable Date, no material contract had been entered into by the Offeror in which any Director has a material personal interest.

(ii) Dealings in the Company's securities, the Offeror's securities or the Holdco's securities

During the Relevant Period:

- (a) none of the directors of the Offeror, the Offeror Concert Parties, the Company or the Directors had dealt for value in any shares of the Offeror or any convertible securities, warrants, options or derivatives in respect of shares of the Offeror or the Holdco;
- (b) save as disclosed in (c) below and save for the dealings in the Shares by First Shanghai Securities Limited (being a stock broker under the same control as First Shanghai Capital) conducted in the normal course of business for and on behalf of its non-discretionary clients, none of the Offeror, the directors of the

Offeror, the Offeror Concert Parties or the Directors had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares;

- (c) save as disclosed below, none of the persons who have irrevocably committed themselves to accept or reject the Proposal has dealt for value in any Shares, any shares of the Offeror or the Holdco or any convertible securities, warrants, options or derivatives in respect of the Shares or shares of the Offeror or the Holdco:

Date	Name of undertaking shareholder	Nature of securities	Purchase/Sale	Number of Shares	Price per Share (HK\$)
30 March 2023	Power Maker	Shares of the Company	Purchase	48,000,000	0.395
30 March 2023	Easy Beauty	Shares of the Company	Sale	48,000,000	0.395
30 March 2023	Polka Dots	Shares of the Company	Purchase	40,000,000	0.395
30 March 2023	Easy Beauty	Shares of the Company	Sale	40,000,000	0.395

- (d) no subsidiary of the Company, no pension fund of the Company or of a subsidiary of the Company, no person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code (but excluding exempt principal traders and exempt fund managers) had dealt for value in any the Shares or any shares of the Offeror or any convertible securities, warrants, options or derivatives in respect of the Shares or the shares of the Offeror or the Holdco; and
- (e) save as disclosed in the paragraph headed “(d) Other information” in this section, no person having any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) or (4) of the definition of “associate” under the Takeovers Code had dealt for value

in any Shares or any shares of the Offeror or the Holdco, or any convertible securities, warranties, options or derivatives in respect of the Shares or the shares of the Offeror or the Holdco.

(iii) Other arrangements in relation to the Proposal

As at the Latest Practicable Date:

- (a) the emoluments of the directors of the Offeror and the emoluments of the directors of Holdco would not be affected by or amended as a result of the Proposal or by any other associated transaction;
- (b) save as disclosed in the paragraph headed “(b) Interests of the Offeror and Offeror Concert Parties in the Shares” in this section, none of the Offeror or the Offeror Concert Parties owned or controlled or directed any existing holding of voting rights and rights over shares in the Company, or any convertible securities, warrants or options in the Company;
- (c) there was no outstanding derivative in respect of securities in the Company entered into by the Offeror or the Offeror Concert Parties;
- (d) neither the Offeror nor the Offeror Concert Parties had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (e) save as (i) the sale of 48,000,000 Shares and 40,000,000 Shares to Power Maker and Polka Dots, respectively, by Easy Beauty on 30 March 2023 at a price of HK\$0.395 per Share; and (ii) the dealings in the Shares by First Shanghai Securities Limited (being a stock broker under the same control as First Shanghai Capital) conducted in the normal course of business for and on behalf of its non-discretionary clients, the Offeror and the Offeror Concert Parties had not dealt for value in the Shares during the Relevant Period and there were no outstanding convertible securities, warrants, options or derivatives in respect of the Shares which had been entered into by the Offeror or any of the Offeror Concert Parties and the Offeror;
- (f) (i) no subsidiary of the Company, (ii) no pension fund of the Company or of a subsidiary of the Company and (iii) no person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code (but excluding exempt principal traders and exempt fund managers) owned or controlled (as the case may be) any Shares or any shares of the Offeror or any convertible securities, warrants, options or derivatives in respect of the Shares or shares of the Offeror;

- (g) 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 or shares of the Offeror which might be material to the Proposal;
- (h) there was no agreement or arrangement to which the Offeror or any of the Offeror Concert Parties was a party which related to circumstances in which it may or may not invoke or seek to invoke a Condition to the Proposal;
- (i) no benefit was or would be given to any Director as compensation for loss of office or otherwise in connection with the Proposal;
- (j) save for the Irrevocable Undertakings as set out under the section headed “Irrevocable Undertakings”, neither the Offeror nor the Offeror Concert Parties had received any irrevocable commitment from any Shareholders in respect of the voting at the Court Meeting and/or the EGM;
- (k) there was no agreement, arrangement or understanding between the Offeror and any other person in relation to the transfer, charge or pledge of Shares acquired pursuant to the Proposal;
- (l) save for the cash consideration under the Cash Alternative and the share consideration under the Share Alternative, there was no other consideration, compensation or benefit in whatever form paid or to be paid by the Offeror or the Offeror Concert Parties to the Scheme Shareholders or any person acting in concert with the Scheme Shareholders in connection with the cancellation and extinguishment of the Scheme Shares (as applicable);
- (m) there was no understanding, arrangement, agreement or special deal between the Offeror or the Offeror Concert Parties on the one hand, and the Scheme Shareholders or any person acting in concert with the Scheme Shareholders on the other hand;
- (n) there was no agreement, arrangement or understanding between the Director and any other person who is conditional on or dependent upon the outcome of the Proposal or otherwise connected with the Proposal;
- (o) there was no agreement, arrangement or understanding between the Offeror or the Offeror Concert Parties and any of the Director or any other person which was conditional or dependent upon the outcome of the Proposal or otherwise connected with the Proposal; and
- (p) there was no understanding, arrangement, agreement or special deal between any Shareholder and (A) the Offeror or the Offeror Concert Parties or (B) the Company, its subsidiaries or associated companies.

7. MATERIAL LITIGATION

(1) In respect of the Offeror

As at the Latest Practicable Date, neither the Offeror nor any of its subsidiary was engaged in any material litigation and no material litigation or claim of material importance was known to the director of the Offeror to be pending or threatened by or against the Offeror or any of its subsidiaries.

(2) In respect of the Holdco

As at the Latest Practicable Date, the Holdco was not engaged in any material litigation and no material litigation or claim of material importance was known to the director of the Holdco to be pending or threatened by or against the Holdco or any of its subsidiaries.

(3) In respect of the Company

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

8. MATERIAL CONTRACTS

(1) In respect of the Offeror

No contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Offeror or any of its subsidiaries) had been entered by the Offeror and/or any of its subsidiaries after the date two (2) years before the Announcement Date up to and including the Latest Practicable Date.

(2) In respect of the Holdco

No contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Holdco or any of its subsidiaries) had been entered by the Holdco and/or any of its subsidiaries from the date of its incorporation (i.e. 10 May 2023) up to and including the Latest Practicable Date.

(3) In respect of the Company

On 9 September 2022, 江蘇俊知技術有限公司 (Jiangsu Trigiant Technology Co., Ltd.) (“**Jiangsu Trigiant**”), an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with 宜興亦樂文旅開發有限公司 (Yixing Yile Cultural Tourism Development Co., Ltd.*) (“**Yixing Yile**”), pursuant to which, Jiangsu Trigiant agreed to acquire, and Yixing Yile agreed to sell a building located in

Yixing City, Jiangsu Province, PRC, with a construction area of approximately 945.85 square metres, at a consideration of RMB43,680,000. For details of this transaction, please refer to the announcement of the Company dated 9 September 2022.

Save as disclosed above, no contracts (not being contracts entered in the ordinary course of the business carried on or intended to be carried on by the Group) had been entered into by members of the Group within the two (2) years before the Announcement Date up to and including the Latest Practicable Date that were or might be material.

9. SERVICE CONTRACTS

As at the Latest Practicable Date, save as disclosed below, none of the Directors had any service contract with the Company or any of its subsidiaries or associated companies in force which (a) (including both continuous and fixed term contracts) had been entered into or amended within 6 months preceding the commencement of the Offer Period; or (b) was a continuous contract with a notice period of 12 months or more; or (c) was a fixed term contract that has more than 12 months to run irrespective of the notice period:

Name	Date of service contract	Term	Amount of remuneration
Mr. Qian	18 March 2021	A fixed term of three (3) years with effect from 19 March 2021 and expiring on 18 March 2024	HK\$600,000 and RMB480,000 per annum and discretionary bonus
Mr. Qian Chenhui (note 1)	31 December 2022	A fixed term of three (3) years with effect from 31 December 2022 and expiring on 30 December 2025	RMB420,000 per annum and discretionary bonus
Mr. Zhang Dongjie	9 January 2023	A term of three (3) years commencing from 9 January 2023 and expiring on 8 January 2026	HK\$120,000 per annum
Mr. Chan Fan Shing	30 August 2021	A term of three (3) years commencing from 30 September 2021 and expiring on 29 September 2024	HK\$150,000 per annum

Name	Date of service contract	Term	Amount of remuneration
Professor Jin Xiaofeng (note 2)	23 August 2023	A term of three (3) years commencing from 23 August 2023 and expiring on 22 August 2026	HK\$90,000 per annum
Mr. Zhao Huanqi	28 March 2023	A term of three (3) years commencing from 28 March 2023 and expiring on 27 March 2026	HK\$90,000 per annum

Notes:

1. Service contract of Mr. Qian Chenhui was renewed on 31 December 2022. Prior to this, Mr. Qian Chenhui entered into a service contract with the Company on 31 December 2019 which was expired on 30 December 2022. Pursuant to the precedential service contract, Mr. Qian Chenhui was entitled to RMB240,000 per annum (excluding arrangements for pension payments). Save for discretionary bonus, no variable remuneration (e.g. commission on profits) was provided under the precedential service contract nor the service contract with Mr. Qian Chenhui currently effective.
2. The appointment of Professor Jin Xiaofeng was renewed on 23 August 2023 pursuant to an appointment letter dated 23 August 2023. Prior to this, Professor Jin Xiaofeng entered into an appointment letter with the Company on 23 August 2020 which was expired on 22 August 2023. Pursuant to the precedential appointment letter, Professor Jin Xiaofeng was entitled to HK\$90,000 per annum (excluding arrangements for pension payments). No variable remuneration (e.g. commission on profits) was provided under the precedential appointment letter nor the appointment letter with Professor Jin Xiaofeng currently effective.

10. CONSENTS AND QUALIFICATIONS OF EXPERTS

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

Name	Qualification
First Shanghai Capital Limited	a licensed corporation registered under the SFC, licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFC
SBI China Capital Hong Kong Securities Limited	a licensed corporation registered under the SFC, licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFC

As at the Latest Practicable Date, the above experts had given and had not withdrawn its written consent to the issue of this Scheme Document with the inclusion herein of its letters and opinions (as the case may be) and/or references to its name, opinions, reports and/or letters (as the case may be) in the form and context in which they respectively appear.

11. MISCELLANEOUS

- (i) Principal members of the Offeror concert group include the Offeror, Mr. Qian, Easy Beauty, Neala Holdings, Atrium Noble, Mr. Cui, Mr. Jiang, Power Maker and Polka Dots.
- (ii) The registered office and principal office of the Offeror is situated at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. The principal office of the Offeror in Hong Kong is situated at Room 1801, 18th Floor, Tai Tung Building, 8 Fleming Road, Wanchai, Hong Kong.
- (iii) The correspondence address of Mr. Qian is Room 1801, 18th Floor, Tai Tung Building, 8 Fleming Road, Wanchai, Hong Kong.
- (iv) The registered office of Easy Beauty, Neala Holdings, Atrium Noble, Power Maker and Polka Dots are all at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.
- (v) The correspondence address of Mr. Cui is Room 301, Building No. 13, Wanghu South District, Qidu Town, Wujiang District, Suzhou City, Jiangsu Province, PRC.
- (vi) The correspondence address of Mr. Jiang is No.28, Guojia Village, Yang'an Village, Dingshu Town, Yixing District, Suzhou City, Jiangsu Province, PRC.
- (vii) Mr. Qian is the ultimate beneficial owner and sole director of the Offeror.
- (viii) Easy Beauty is ultimately beneficially 70% owned by Mr. Dai Xiaolin and 30% owned by Ms. Qian Xiwen and its sole director is Mr. Dai Xiaolin.
- (ix) Neala Holdings is owned as to 57.69% by Mr. Shen Xinren and 42.31% by Mr. Sun Xuelin and its sole director is Mr. Shen Xinren.
- (x) Atrium Noble is owned as to 50% by Mr. Shen Xinren, 29.17% by Mr. Dai Xiaolin, and 20.83% by Mr. Yu Daxiong, its sole director is Mr. Shen Xinren.
- (xi) Mr. Cui is the beneficial owner and sole director of Power Maker.
- (xii) Mr. Jiang is the beneficial owner and sole director of Polka Dots.

- (xiii) First Shanghai Capital is the financial adviser to the Offeror in relation to the Proposal, and its registered address is at 19/F Wing On House, 71 Des Voeux Road Central, Hong Kong.
- (xiv) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (xv) The principal place of business of Company in Hong Kong is situated at Room 1801, 18th Floor, Tai Tung Building, 8 Fleming Road, Wanchai, Hong Kong.
- (xvi) The Board comprises Mr. Qian and Mr. Qian Chenhui as the executive Directors; Mr. Zhang Dongjie as the non-executive Director; and Professor Jin Xiaofeng, Mr. Chan Fan Shing and Mr. Zhao Huanqi as the independent non-executive Directors.
- (xvii) The chief financial officer and the company secretary of the Company is Lee Yiu Wai William who is a fellow member of The Hong Kong Institute of Certified Public Accountants and a chartered professional accountant member of Chartered Professional Accountants of British Columbia, Canada.
- (xviii) The principal share registrar and transfer office in the Cayman Islands is Conyers Trust Company (Cayman) Limited at Cricket Square, Hutchins Drive, P.O. box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (xix) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (xx) The principal place of business of the Independent Financial Adviser is 4/F, Henley Building, No. 5 Queen's Road Central, Hong Kong.

In case of inconsistency, the English language text of this Scheme Document and the accompanying forms of proxy, Election Form and Account Holder Form shall prevail over the Chinese language text.

Copies of the following documents are available for display from the date of this Scheme Document until the Effective Date or the date on which the Scheme lapses or is withdrawn, whichever is earlier, (i) during normal business hours from 9:00 a.m. to 5:30 p.m. (except Saturdays, Sundays and public holidays in Hong Kong) at the principal place of business of the Company at Room 1801, 18/F, Tai Tung Building, 8 Fleming Road, Wanchai, Hong Kong; (ii) on the website of the Company (www.trigiant.com.hk); and (iii) on the respective websites of the SFC (www.sfc.hk) and the Stock Exchange (www.hkexnews.hk):

- (a) the memorandum and articles of association of the Company;
- (b) the memoranda and articles of association of each of the Offeror and the Holdco;
- (c) the annual reports containing the audited consolidated financial statements of the Company for each of the two years ended 31 December 2021 and 31 December 2022;
- (d) the interim reports containing the unaudited consolidated financial statements of the Company for each of the six months ended 30 June 2021, 30 June 2022 and 30 June 2023;
- (e) the letter from the Board, the text of which is set out in Part IV of this Scheme Document;
- (f) the letter from the Independent Board Committee, the text of which is set out in Part V of this Scheme Document;
- (g) the letter from the Independent Financial Adviser, the text of which is set out in Part VI of this Scheme Document;
- (h) written consents referred to in the section headed “Consents and Qualifications of Experts” in Appendix III — General Information to this Scheme Document;
- (i) the material contracts referred to in the paragraph headed “Material Contracts” in Appendix III — General Information to this Scheme Document;
- (j) the service contracts referred to in the paragraph headed “Service Contracts” in Appendix III — General Information to this Scheme Document;
- (k) the Irrevocable Undertakings; and
- (l) this Scheme Document.

The sole director
Trigiant Investments Limited
Vistra Corporate Services Centre
Wickhams Cay II, Road Town
Tortola, VG1110
British Virgin Islands

22 September 2023

**PROPOSED PRIVATISATION OF TRIGIANT GROUP LIMITED
BY TRIGIANT INVESTMENTS LIMITED
BY WAY OF A SCHEME OF ARRANGEMENT
UNDER SECTION 86 OF
THE COMPANIES ACT OF THE CAYMAN ISLANDS**

Dear Sirs,

Pursuant to the requirements of the Takeovers Code, you have requested us to provide you with an estimate of the value of the Holdco Shares (the “**Estimates of Value**”). Under the Proposal, Scheme Shareholders may elect to receive: (i) the Cash Alternative: cash of HK\$0.5 for every Scheme Share; or (ii) the Share Alternative: one Holdco Share for every Scheme Share held. The Holdco Shares are unlisted and therefore do not have a publicly traded price.

Capitalised terms used in this letter will, unless otherwise stated, have the same meaning given to them in the document of even date jointly issued by Trigiant Investments Limited and Trigiant Group Limited (the “**Scheme Document**”) of which this letter forms part.

PURPOSE

The Estimates of Value have been provided to the Offeror solely for the purposes of Paragraph 30 of Schedule I to the Takeovers Code, and shall not be used or relied upon for any other purpose whatsoever, and is not made on behalf of, and shall not confer rights or remedies upon, any third party. It is to be emphasised that the Estimates of Value contained herein are an estimated value of each Holdco Share based on certain assumptions and therefore do not necessarily reflect the actual value of Holdco Shares. This letter is not addressed to any third party and the contents of it may not be relied upon by any third party for any purpose whatsoever; and First Shanghai Capital expressly disclaims any duty or liability to any third party with respect to the contents of this letter. Except for its inclusion in the Scheme Document, this letter may not be quoted or referred to, in whole or in part, nor may any other public reference to First Shanghai Capital be made, without our prior written consent.

This letter sets our Estimates of Value of each Holdco Shares assuming the Proposal has become or been declared effective and such share is in issue as at the date of this letter.

The Estimates of Value do not represent the value that a holder of a Holdco Share may realise on any future sale. The Estimates of Value are necessarily based on economic, market and other conditions as in effect on, and the information made available to us as of, the Latest Practicable Date. It should be understood that subsequent development may affect the Estimates of Value expressed herein. First Shanghai Capital assumes no obligation to update, revise or reaffirm the Estimate of Value based upon circumstances or events occurring after the Latest Practicable Date.

Additionally, the Estimates of Value are based on the announced value of HK\$0.50 per Scheme Share under the Cash Alternative on which First Shanghai Capital express no opinion or representation. In providing the Estimates of Value, First Shanghai Capital expresses no opinion or recommendation to any person as to whether they should accept the Proposal or whether they should make any election to choose the Cash Alternative or the Share Alternative. Further First Shanghai Capital expresses no opinion as to the fairness of the financial terms of the Scheme or the Proposal.

ASSUMPTIONS

For the purpose of our analysis, we have made the following assumptions:

- i. there exists a willing buyer and seller, neither being under any compulsion to buy or sell, dealing on an arm's length basis, each having knowledge of all relevant facts;
- ii. as at the date of this letter, the Proposal has become effective;
- iii. the Holdco Shares issued in connection with the Proposal comprise the entire issued share capital of the Holdco and no person has any right to acquire or subscribe for any share or loan capital of the Holdco other than the Holdco Shares issued in connection with the Proposal. Such shares have been issued pursuant to the terms of the Proposal free from all encumbrances, credited as fully-paid, non-assessable, and ranking *pari passu* with all issued shares in the Holdco, including the right to receive in full all dividends and other distributions (if any) declared, made or paid on or after the date of their issue;
- iv. the Holdco was established for the sole purpose of the Proposal and as such, we have assumed that at the time the Proposal becomes effective, the Holdco consolidated turnover, profits, assets and liabilities will be the same as the Company, save for any costs and expenses incurred in connection with the Proposal and any cash balance that may remain in the Holdco that was not required to finance the amount payable in cash to Scheme Shareholders under the Proposal;
- v. we have assumed no dividends or other distributions are paid or payable by the Holdco;
- vi. the Offeror, the Holdco and the Company exist on a continuing basis;

- vii. Holdco Shares are unlisted and value is estimated on this basis. It is not possible to give a precise measure of the discount to reflect the lack of marketability of unlisted securities, but for the purpose of calculating our range of Estimates of Value we have assumed a range of discounts of 0 — 30% to an equivalent listed security to reflect the lack of marketability. Whilst no methodological analysis can be undertaken for the purposes of estimating such a discount, based on our experience we believe that a 0 -30% discount range is an appropriate assumption to use for this purpose. We believe such a discount range is an appropriate assumption to use for this purpose as it is consistent with (i) the theoretical foundation from industry and academic studies (such as the 2022 Edition of the Stout Restricted Stock Study Companion Guide, which is adopted by various professional valuers), where there exists a discount for lack of marketability for stocks that may not be sold through public transactions; and (ii) the illiquidity/marketability discounts practically adopted in recent market privatisation precedents in Hong Kong which involved unlisted shares being offered as an alternative transaction consideration and adopted an illiquidity/marketability discount to assess the value of the unlisted shares. We have identified the following general offer/privatisation cases in the past three years from the Latest Practicable Date which involved valuation of unlisted share being offered as an alternative transaction consideration, and noted that a lack of illiquidity/marketability discount of 30% was applied to derive the low-end of the unlisted shares under the share alternative in the respective cases:

Date of scheme/ composite document	Company (stock code)	Discount applied
4 May 2022	Suchuang Gas Corporation Limited (1430)	30%
10 November 2021	Lee Hing Development Limited (68)	30%
3 August 2021	Clear Media Limited (100)	30%
27 January 2021	Huifu Payment Limited (1806)	30%

- viii. we have relied on and assumed, without assuming responsibility or liability for independent verification, the accuracy and completeness of the information which was furnished or made available to us or otherwise reviewed by us for the purposes of the Estimates of Value including the information on illiquidity/marketability discount we have reviewed as aforesaid. We have not conducted any independent valuation or appraisal of the assets and liabilities of the Company, nor have we sought or been provided with any such valuation of appraisal. We have not evaluated the solvency of the Company under any applicable laws relating to bankruptcy, insolvency or similar matters, and, in addition, we have assumed that the Group will continue to trade in the ordinary course as a going concern;

- ix. the taxation of individual shareholders will vary and we have not taken account of the effects of any taxation exemptions, allowances or reliefs available for the purposes of income, capital gains, inheritance or any other applicable tax, duty or levy, notwithstanding these may be significant in the case of some shareholders; and
- x. the Company and its subsidiaries will continue to operate in the ordinary course as a going concern and are not subject to any material adverse event; the assets and liabilities of the Company on consolidated basis are fairly reflected in the Company's consolidated accounts for the year ended 31 December 2022; neither the Company nor any of its subsidiaries will dispose any asset for less than its fair value as reflected in the Company's consolidated accounts for the year ended 31 December 2022 nor suffers or incurs any liabilities other than in the ordinary course of business.

METHODOLOGY

In our Estimates of Value, we derive ranges of value for Holdco Shares which reflect the estimated value of such shares hypothetically assuming for the purpose of calculating the top end of the range that they are listed and freely tradable, and for the purpose of calculating the bottom end of the range we have assumed a discount of 30% to reflect, among other things, the lack of marketability and shareholders' rights.

The estimated value of the Holdco Shares is based on the total value of all issued shares of the Company and the percentage of Holdco's shareholding in the Company on an enlarged basis. As such, at the top end of our range, the total value of the Holdco Shares is assumed to be calculated as:

$$(a) \times (b)$$

Where (a) and (b) are defined as follows:

- (a) the value of all issued shares of the Company; and
- (b) the percentage of Holdco's shareholding in the Company on an enlarged basis

Following the implementation of the Proposal, the Holdco will not own any other assets or any other liabilities except for the issued shares of the Company. As a result, the estimated value of the Holdco Shares is equal to (a) \times (b).

In deriving a value for (a) at the top end of the range, we have used a value of HK\$0.50 per Share which is equivalent to the value per Share under the Cash Alternative. Additionally, the Estimates of Value are based on the announced value of HK\$0.50 per Share under the Cash Alternative on which First Shanghai Capital expresses no opinion or representation. The Holdco is established for the purpose of the Proposal and will not hold any cash, assets, indebtedness nor liabilities.

Assuming all Scheme Shareholders choose the Share Alternative, upon the completion of the Proposal, the Company will be held as to approximately 29.22% by the Offeror and 70.78% by the Holdco.

At the top end of the range, we derive our value of the Holdco Shares with the following values for (a) and (b):

- (a) is equal to approximately HK\$895,750,000 which is the estimated value of all of the outstanding shares (calculated by multiplying the Cash Alternative of HK\$0.50 per Share by the total number of issued share of the Company of 1,791,500,000); and
- (b) is equal to approximately 70.78%,

the multiplication of the values above implies a total value of Holdco Shares of approximately HK\$633,989,125. Based on the number of Holdco Shares in issue of 1,267,978,250, this implies a value per Holdco Share of HK\$0.50 at the top end of the range.

At the bottom end of the range, we derive our value of the Holdco Shares by assuming a 30% discount of non-marketability of the Holdco Shares, this implies a value per Holdco Share of HK\$0.35 at the bottom end of the range.

In any circumstances, where a proportion of the Scheme Shareholders, other than those choose the Share Alternative under the Irrevocable Undertakings, elect either of the Cash Alternative or the Share Alternative, the Estimates of Value for each of the Holdco Shares would remain the same at HK\$0.50 at the top end of the range, and an estimated value of HK\$0.35 at the bottom end of the range.

In determining the Estimates of Value, we have not taken into account, among other things, any financial projections of the Company. No account has been taken of any potential transaction costs that a holder of the Shares may incur in regard to accepting the Proposal, or in any attempted or actual sale of Holdco Shares, which might be expected to reduce any return to a holder of a Holdco Share upon the occurrence of such an event.

ESTIMATES OF VALUE

We have produced the Estimates of Value using these methodologies and taken into account the information, factors, assumptions and limitations set out above. The Estimates of Value as defined in this letter are within a range of between HK\$0.35 and HK\$0.50 for each Holdco Share. Under the Share Alternative, each Shareholder is entitled to receive one Holdco Share for every Scheme Share held. This Estimates of Value does not represent a formal opinion of the value of a Holdco Share or a Share by First Shanghai Capital.

GENERAL

First Shanghai Capital is acting as the Financial Adviser to the Offeror in connection with the Proposal. First Shanghai Capital will not be responsible to anyone other than the Offeror for providing advice in relation to the Proposal, the contents of the Scheme Document or any other matter referred to in the Scheme Document.

Further, in providing the Estimates of Value, First Shanghai Capital expresses no opinion or recommendation to any person as to whether they should vote in favour of the Proposal or whether they should make any election to choose the Cash Alternative or the Share Alternative. Shareholders are urged to read carefully all the information contained in the Scheme Document and recommended to seek their own independent financial advice. Further, First Shanghai Capital expresses no opinion as to the fairness of the amount of the Cash Alternative and/or the number and nature of shares comprised in the Share Alternative as referenced in the Proposal.

Yours faithfully,

For and on behalf of

First Shanghai Capital Limited

Edmond Kwan
Managing Director

Kenneth Yam
Director
Corporate Finance

**IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION**

Cause No. FSD 234 of 2023

**IN THE MATTER OF SECTIONS 15 AND 86 OF THE COMPANIES ACT
(2023 REVISION) AND IN THE MATTER OF ORDER 102 OF
THE GRAND COURT RULES 1995 AND IN THE MATTER OF
TRIGIANT GROUP LIMITED**

SCHEME OF ARRANGEMENT

Between

TRIGIANT GROUP LIMITED

and

THE SCHEME SHAREHOLDERS (as hereinafter defined)

(A) In this scheme of arrangement, unless inconsistent with the subject or context, the following expressions shall bear the following meanings:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code and “concert party” shall be construed accordingly
“Atrium Noble”	Atrium Noble Limited, a company incorporated in the British Virgin Islands with limited liability and controlled by Mr. Shen Xinren, a brother-in-law of Mr. Qian. Atrium Noble is owned as to 50% by Mr. Shen Xinren, the sole director of Atrium Noble, 29.17% by Mr. Dai Xiaolin, and 20.83% by Mr. Yu Daxiong
“Beneficial Owner”	beneficial owner(s) of the Shares registered in the name of the Registered Owner(s)
“Board”	the board of Directors
“Business Day(s)”	a day on which the Stock Exchange is open for the transaction of business
“Cash Alternative”	the cash consideration alternative under the Scheme, being HK\$0.50 in cash for every Scheme Share

“Company”	Trigiant Group Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1300)
“Companies Act”	the Companies Act (2023 Revision) of the Cayman Islands, as amended from time to time
“Condition(s)”	the condition(s) to the implementation of the Proposal and the Scheme as described in the section headed “The Proposal — Conditions of the Proposal and the Scheme” in Part VII — Explanatory Memorandum of the Scheme Document
“Court Meeting”	a meeting of the Scheme Shareholders to be convened at the direction of the Grand Court at 10:00 a.m. on Wednesday, 18 October 2023 at 10/F, Ruttonjee House, Ruttonjee Centre, 11 Duddell Street, Central, Hong Kong, or any adjournment thereof, at which the Scheme (with or without modification) will be voted upon, notice of which is set out in Appendix VII to the Scheme Document
“Court Orders”	the orders of the Grand Court sanctioning the Scheme and confirming the reduction of the issued share capital of the Company as required by the Companies Act
“Director(s)”	the director(s) of the Company
“Disinterested Scheme Shareholder(s)”	Scheme Shareholder(s) other than the Offeror Concert Parties
“Easy Beauty”	Easy Beauty Limited, a company incorporated in the British Virgin Islands with limited liability and registered in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). Easy Beauty is ultimately beneficially 70% owned by Mr. Dai Xiaolin and 30% owned by Ms. Qian Xiwen, daughter of Mr. Qian

“Effective Date”	the date on which the Scheme, if approved and sanctioned by the Grand Court, becomes effective in accordance with its terms and the Companies Act, being the date on which a copy of the Court Orders is delivered to the Registrar of Companies for registration pursuant to Section 86(3) of the Companies Act, and which is expected to be Wednesday, 6 December 2023 (Cayman Islands time)
“EGM”	an extraordinary general meeting of the Shareholders to be held at 11:00 a.m. (or immediately after the conclusion or adjournment of the Court Meeting, whichever is later) on Wednesday, 18 October 2023 at 10/F, Ruttonjee House, Ruttonjee Centre, 11 Duddell Street, Central, Hong Kong, or any adjournment thereof, to consider and vote on such matters as set out in the notice of EGM which is set out in Appendix VIII to the Scheme Document
“Election Form”	The blue form of election to be completed by the Scheme Shareholders for election of the Cash Alternative or the Share Alternative or a combination of both, which is despatched to the Shareholders together with the Scheme Document
“Eternal Asia”	Eternal Asia (HK) Limited, a company incorporated in Hong Kong with limited liability, an Independent Third Party. Eternal Asia is a direct wholly owned subsidiary of Shenzhen Eternal Asia Supply Chain Company Limited* (深圳市怡亞通供應鏈股份有限公司) and ultimately controlled by State-owned Assets Supervision and Administration Commission of Shenzhen Municipal People’s Government
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate thereof
“Explanatory Memorandum”	the explanatory memorandum set out in Part VII of the Scheme Document

“First Shanghai Capital”	First Shanghai Capital Limited (第一上海融資有限公司), a company incorporated in Hong Kong with limited liability and licensed to carry on Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), and the financial adviser to the Offeror in connection with the Proposal
“Grand Court”	the Grand Court of the Cayman Islands
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Holdco”	Pure Success Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability. As at the Latest Practicable Date, it was wholly owned by the Offeror and its sole director is Mr. Qian
“Holdco Share(s)”	share(s) with a par value of US\$1 each in the Holdco or with a par value of US\$0.00000001 each following a share subdivision prior to the Effective Date as describe in the Scheme Document
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee of the Company established by the Board to advise the Disinterested Scheme Shareholders in respect of the Proposal
“Independent Financial Adviser”	SBI China Capital Hong Kong Securities Limited, the independent financial adviser to the Independent Board Committee in respect of the Proposal. SBI China Capital Hong Kong Securities Limited is a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
“Independent Third Party(ies)”	individual(s) or company(ies) who/which is/are not connected person (as defined in the Listing Rules) of the Company
“Latest Practicable Date”	19 September 2023, being the latest practicable date for ascertaining certain information contained in the Scheme Document

“Long Stop Date”	31 March 2024 or such later date as the Offeror and the Company may agree or, to the extent applicable, as the Grand Court may direct and, in all cases, as permitted by the Executive
“Mr. Cui”	Mr. Cui Zhenrong (崔振榮), the beneficial owner and sole director of Power Maker
“Mr. Jiang”	Mr. Jiang Linfei (蔣林飛), the beneficial owner and sole director of Polka Dots
“Mr. Qian”	Mr. Qian Lirong (錢利榮), who is the beneficial owner and the sole director of the Holdco and the Offeror, and a substantial Shareholder, an executive Director and the chairman of the Company
“Neala Holdings”	Neala Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and controlled by Mr. Shen Xinren, a brother-in-law of Mr. Qian. Neala Holdings is owned as to 57.69% by Mr. Shen Xinren, the sole director of Neala Holdings, and 42.31% by Mr. Sun Xuelin, an uncle of Mr. Qian
“Offer Consideration”	the consideration payable by the Offeror to the Scheme Shareholders pursuant to the Scheme, being the Cash Alternative or the Share Alternative or a combination of both
“Offeror”	Trigiant Investments Limited, a company incorporated in the British Virgin Islands with limited liability and registered in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), which is beneficially wholly-owned by Mr. Qian
“Offeror Concert Party(ies)”	all parties acting, or presumed to be acting, in concert with the Offeror in relation to the Company as defined under the Takeovers Code, including Mr. Qian, Easy Beauty, Neala Holdings, Atrium Noble, Mr. Cui, Mr. Jiang, Power Maker and Polka Dots
“Polka Dots”	Polka Dots Investments Limited, a company incorporated in the British Virgin Islands with limited liability and is solely owned by Mr. Jiang

“Power Maker”	Power Maker Investments Limited, a company incorporated in the British Virgin Islands with limited liability and is solely owned by Mr. Cui
“PRC”	the People’s Republic of China, which, for the purposes of the Scheme, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Proposal”	the proposal for the privatisation of the Company by the Offeror by way of the Scheme and the withdrawal of the listing of the Shares from the Stock Exchange, on the terms and subject to the conditions set out in the Scheme Document
“Registered Owner(s)”	holder(s) of Shares (including without limitation a nominee, trustee, depository or any other authorised custodian or third party) whose name is entered in the register of members of the Company as a holder of Shares
“Scheme”	a scheme of arrangement between the Company and the Scheme Shareholders under Section 86 of the Companies Act, involving the cancellation of all of the Scheme Shares for the Offer Consideration and the simultaneous restoration of the number of issued Shares in the share capital of the Company to the number prior to the cancellation and extinguishment of the Scheme Shares, with or subject to any modification, addition or condition approved or imposed by the Grand Court or agreed by the Company and the Offeror
“Scheme Document”	the composite scheme document of the Company and the Offeror issued to, among others, the Scheme Shareholders, including each of the letters, statements, memorandum, appendixes and notices in it
“Scheme Record Date”	Monday, 13 November 2023, or such other date as shall be announced to the Shareholders, being the record date for determining entitlements of the Scheme Shareholders upon the Scheme becoming effective
“Scheme Share(s)”	Share(s) other than those held by the Offeror
“Scheme Shareholder(s)”	holder(s) of Scheme Share(s)
“SFC”	the Securities and Futures Commission of Hong Kong

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Alternative”	the share consideration alternative under the Scheme, being one Holdco Share for every Scheme Share held
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers of Hong Kong
“trading day”	a day on which the Stock Exchange is open for the business of dealings in securities
“%”	per cent

- (B) The Company was incorporated as an exempted company limited by shares on 23 December 2010 in the Cayman Islands under the Companies Act, Cap 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands.
- (C) As at the Latest Practicable Date, the authorised share capital of the Company was HK\$100,000,000 divided into 10,000,000,000 Shares of HK\$0.01 each, and the Company had 1,791,500,000 Shares in issue. Since 19 March 2012, the Shares have been listed and traded on the Main Board of the Stock Exchange.
- (D) The Offeror has proposed the privatisation of the Company by way of the Scheme.
- (E) The primary purpose of this Scheme is for Offeror and the Holdco, a wholly-owned subsidiary of the Offeror, to hold the entire issued share capital of the Company upon the completion of the Scheme, and for the Shares to be delisted from the Stock Exchange. This is proposed to be achieved by the steps as set out in this Scheme below.
- (F) As at the Latest Practicable Date, the Offeror owned 523,521,750 Shares, representing approximately 29.22% of the issued share capital of the Company. The Offeror Concert Parties held in aggregate 525,468,250 Shares, representing approximately 29.33% of the issued share capital of the Company. Save for these 1,048,990,000 Shares referred to above, the Offeror and the Offeror Concert Parties were not interested in Shares as at the Latest Practicable Date.

- (G) While the Shares held by the Offeror will not form part of the Scheme Shares, the Shares held by the Offeror Concert Parties will form part of the Scheme Shares. Nevertheless, in accordance with the Takeovers Code, votes of these Shares will not be counted for the purpose of satisfying the additional requirements under Rule 2.10 of the Takeovers Code. The Offeror and the Offeror Concert Parties will abstain from voting on the Scheme at the Court Meeting.
- (H) The Offeror has agreed to appear by Conyers Dill & Pearman at the hearing of the petition to sanction the Scheme. Each of the Offeror and the Offeror Concert Parties has provided an undertaking to the Grand Court to be bound by the Scheme and to execute and do and procure to be executed and done all such documents, acts and things as may be necessary or desirable for the purpose of giving effect to the Scheme.

THE SCHEME

PART I

CANCELLATION AND EXTINGUISHMENT OF THE SCHEME SHARES

1. On the Effective Date:
 - (a) the issued share capital of the Company shall be reduced by cancelling and extinguishing all of the Scheme Shares and the Scheme Shareholders shall cease to have any rights with respect to the Scheme Shares except for the right to receive the Offer Consideration;
 - (b) subject to and forthwith upon the reduction of the issued share capital referred to in paragraph (a) above, the issued share capital of the Company shall be increased to its former amount by the issuance to the Holdco, credited as fully paid, the same number of new Shares which is equal to the number of Scheme Shares cancelled and extinguished; and
 - (c) the Company shall apply the credits created in its books of account as a result of the cancellation and extinguishment of the Scheme Shares in paying up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled, which shall be allotted and issued, credited as fully paid, as mentioned in paragraph (b) above.

PART II**CONSIDERATION FOR CANCELLATION AND
EXTINGUISHMENT OF THE SCHEME SHARES**

2. In consideration of the cancellation and extinguishment of the Scheme Shares, the Offeror shall pay or cause to be paid the Offer Consideration to each Scheme Shareholder. Scheme Shareholders are entitled to, at their election, the Cash Alternative or the Share Alternative or a combination of both as the form of Offer Consideration in respect of their entire holdings of the Scheme Shares held as at the Effective Date. Scheme Shareholders who do not make any election or whose elections are invalid will receive the Cash Alternative.

PART III**ELECTION FORM**

3. (a) The election for the Cash Alternative or the Share Alternative or a combination of both referred to in Part II above may be made by the Scheme Shareholders in respect of their entire holdings of Scheme Shares, and such election shall be made by properly completing and signing the Election Form in accordance with the instructions appearing thereon (and, in the case of joint holders, signed by all the joint holders to which it relates, and in the case of a holder or a joint holder which is a corporation, signed by one of its directors or a duly authorised signatory as further detailed therein), which shall be lodged so as to be received by the branch share registrar of the Company in Hong Kong, being Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than, not later than 4:30 p.m. on 30 November 2023 or such later date as shall have been announced to the Shareholders. No such election shall be valid unless the Election Form is properly completed in all respects. An Election Form so completed and delivered shall not be capable of amendment.
- (b) An Election Form shall be irrevocable and incapable of being withdrawn unless the Company expressly consents in writing to such withdrawal or revocation.
- (c) The Company shall have the right to reject any or all of the Election Forms that it determines are invalid or in improper form. In addition, the Company shall also have the right to treat any Election Form that has been completed incorrectly, as being valid, provided that the Company in its absolute discretion considers the omissions or errors to be immaterial. The Company shall not be obliged to give notice of any such defects or irregularities and will not incur any liability for failure to give any such notice. Scheme Shareholders whose elections are invalid will receive the Cash Alternative.

PART IV

GENERAL

4. (a) As soon as possible and but in any event within seven (7) Business Days following the Effective Date, the Offeror shall (i) post or cause to be posted cheques representing the sums payable to the Scheme Shareholders who have validly elected the Cash Alternative and the Scheme Shareholders whose elections for the Share Alternative were invalid; and (ii) procure that Holdco allot and issue new Holdco Shares and issue physical share certificates to the Scheme Shareholders who have validly elected the Share Alternative pursuant to paragraph 2 of this Scheme.
- (b) Unless otherwise indicated in writing to the Hong Kong branch share registrar of the Company, being Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, all cheques and certificates for shares in the Holdco to be despatched to Scheme Shareholders shall be sent by ordinary post in postage pre-paid envelopes addressed to Scheme Shareholders at their respective registered addresses as appearing in the Register as at the Scheme Record Date or, in the case of joint holders, at the address appearing in the register of members of the Company as at the Scheme Record Date of the joint holder whose name then stands first in the register of members of the Company in respect of the relevant joint holding.
- (c) All cheques shall be made payable to the order of the person or persons to whom, in accordance with the provisions of paragraph 4(b) of this Scheme, the envelope containing the same is addressed and the encashment of any such cheque shall be a good discharge to the Offeror for the moneys represented thereby.
- (d) All cheques and certificates for shares in the Holdco shall be posted at the risk of the addressees and none of the Holdco, the Offeror, the Company, First Shanghai Capital, the Independent Financial Adviser and the share registrar of the Company and their respective nominees, directors, employees, officers, agents, advisers, associates and affiliates and any other persons involved in the Proposal shall be responsible for any loss or delay in receipt.
- (e) On or after the day being six (6) calendar months after the posting of the cheques pursuant to this paragraph 4(b) of this Scheme, the Offeror (or its nominee) shall have the right to cancel or countermand payment of any such cheque which has not been cashed or has been returned uncashed, and shall place all monies represented thereby in a deposit account in the name of the Offeror (or its nominee) with a licensed bank in Hong Kong selected by the Offeror (or its nominee). The Offeror (or its nominee) shall hold such monies for those entitled under the terms of this Scheme until the expiry of six (6) years from the Effective Date and shall, prior to such date, make payments therefrom of the sums payable pursuant to paragraph 2 of this Scheme to persons who satisfy the Offeror (or its nominee) that they are respectively entitled thereto, provided that the cheques referred to in the foregoing

sentence of which they are payees have not been cashed. Any payments made by the Offeror (or its nominee) shall not include any interest accrued on the sums to which the respective persons are entitled pursuant to this Scheme. The Offeror (or its nominee) shall exercise its absolute discretion in determining whether or not it is satisfied that any person is so entitled, and a certificate of the Offeror (or its nominee) to the effect that any particular person is so entitled or not so entitled, as the case may be, shall be conclusive and binding upon all persons claiming an interest in the relevant monies.

- (f) On the expiry of six (6) years from the Effective Date, the Offeror (and, if applicable, its nominee) shall be released from any further obligation to make any payments under this Scheme and the Offeror (and, if applicable, its nominee) shall be absolutely entitled to the balance (if any) of the sums then standing to the credit of the deposit account referred to in paragraph 4 of this Scheme, including accrued interest subject to any deduction required by law and expenses incurred.
 - (g) The preceding sub-paragraphs of this paragraph 4 shall take effect subject to any prohibition or condition imposed by law.
 - (h) Upon cancellation of the Scheme Shares, the register of members of the Company shall be updated to reflect such cancellation.
5. As from and including the Effective Date:
- (a) all certificates for the Scheme Shares shall cease to have effect as documents or evidence of title for such Scheme Shares and every holder thereof shall be bound, at the request of the Company, to deliver up such certificates to the Company or to any person appointed by the Company to receive the same for cancellation;
 - (b) all instruments of transfer validly subsisting as at the Scheme Record Date in respect of the transfer of any number of the Scheme Shares shall cease to be valid for all purposes as instruments of transfer; and
 - (c) all mandates or other instructions to the Company in force as at the Scheme Record Date in relation to any of the Scheme Shares shall cease to be valid as effective mandates or instructions.
6. Subject to the Conditions having been fulfilled or waived, as applicable, this Scheme shall become effective as soon as a copy of the order of the Grand Court sanctioning this Scheme under Section 86 of the Companies Act has been delivered to the Registrar of Companies in the Cayman Islands for registration pursuant to Section 86(3) of the Companies Act.
7. Unless this Scheme shall have become effective on or before the Long Stop Date, this Scheme shall lapse.

8. The Company and the Offeror may jointly consent for and on behalf of all parties concerned to any modification of or addition to this Scheme or to any condition which the Grand Court may see fit to approve or impose.
9. All costs, charges and expenses incurred by the Company and/or its advisers and counsels, including the Independent Financial Adviser, will be borne by the Company, whereas all costs, charges and expenses incurred by the Offeror and/or their advisers and counsels will be borne by the Offeror, and other costs, charges and expenses of the Scheme and the Proposal will be shared between the Offeror and the Company equally.
10. The Scheme shall be governed by the laws of the Cayman Islands.

22 September 2023

IN THE GRAND COURT OF THE CAYMAN
ISLANDS FINANCIAL SERVICES DIVISION

Cause No. FSD 234 of 2023

IN THE MATTER OF SECTIONS 15 AND 86 OF THE COMPANIES ACT
(2023 REVISION) AND IN THE MATTER OF ORDER 102 OF
THE GRAND COURT RULES 1995 AND IN THE MATTER OF
TRIGIANT GROUP LIMITED

NOTICE OF COURT MEETING

NOTICE IS HEREBY GIVEN that, by an order dated 13 September 2023 (the “**Order**”) made in the above matter, the Grand Court of the Cayman Islands (the “**Grand Court**”) has directed a meeting of the Scheme Shareholders (as defined in the Scheme, as further defined below) (the “**Court Meeting**”) to be convened for the purpose of considering and, if thought fit, approving, with or without modification, a scheme of arrangement (the “**Scheme**”) proposed to be made between the Company and the Scheme Shareholders and that the Court Meeting will be held at 10:00 a.m. on Wednesday, 18 October 2023 at 10/F, Ruttonjee House, Ruttonjee Centre, 11 Duddell Street, Central, Hong Kong at which all Scheme Shareholders are invited to attend.

A copy of the Scheme and a copy of the explanatory memorandum (the “**Explanatory Memorandum**”) explaining the effect of the Scheme are incorporated in the composite scheme document of which this notice forms part (the “**Scheme Document**”), which has been despatched to the Scheme Shareholders. A copy of the Scheme Document can also be obtained by any person entitled to attend the Court Meeting during usual business hours on any day prior to the day appointed for the said meeting (other than a Saturday, a Sunday or a public holiday in Hong Kong) from the Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

Any Scheme Shareholders entitled to attend and vote at the Court Meeting may attend and vote in person at the Court Meeting or he/she may appoint another person, whether a member of the Company or not, as his/her proxy to attend and vote in his/her stead. A Scheme Shareholder who is the holder of two or more Scheme Shares may appoint more than one proxy to represent him/her. If more than one proxy is appointed, the number of Scheme Shares in respect of which each such proxy is so appointed must be specified in the relevant form of proxy. A pink form of proxy for use at the Court Meeting is enclosed with the Scheme Document.

In the case of joint holders of a Scheme Share, the vote of the most senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the Scheme

Share. In the case of a Scheme Shareholder which is a corporation, such corporate Scheme Shareholder may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its corporate representative at the Court Meeting and exercise the same powers on behalf of the corporate Scheme Shareholder as if the corporate Scheme Shareholder was an individual Scheme Shareholder of the Company.

It is requested that the pink form of proxy, together with the letter or power of attorney or other authority (if any) under which they are signed or a certified copy thereof (in the case of a corporation either under its common seal or under the hand of an officer, attorney or other person authorised to sign the same), be lodged at the Share Registrar as stated above no later than 48 hours before the time appointed for holding the Court Meeting or any adjournment thereof although it may be handed to the chairman of the Court Meeting at the Court Meeting (who shall have absolute discretion as to whether or not to accept it).

Completion and return of the form of proxy will not preclude a Scheme Shareholder from attending and voting in person at the Court Meeting or any adjournment thereof. In the event that a Scheme Shareholder attends and votes at the Court Meeting or any adjournment thereof after having lodged his/her form of proxy, his/her form of proxy shall be deemed to have been revoked.

For the purpose of determining the entitlements of Scheme Shareholders to attend and vote at the Court Meeting, the register of members of the Company will be closed from Tuesday, 10 October 2023 to Wednesday, 18 October 2023, and during such period, no transfer of Shares will be effected. In order to qualify to vote at the Court Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Share Registrar as stated above before 4:30 p.m. on Monday, 9 October 2023.

By the Order, the Court has appointed Mr. Chan Fan Shing, an independent non-executive Director, or failing him Mr. Zhao Huanqi, an independent non-executive Director, or failing whom any other director of the Company as at the date of the Court Meeting, to act as the chairman of the Court Meeting and has directed the chairman of the Court Meeting to report the results of the Court Meeting to the Court. In the event that a director of the Company (other than Mr. Chan Fan Shing and Mr. Zhao Huanqi) is to act as the chairman of the Court Meeting, such director of the Company shall not be a person considered to be acting in concert with the Offeror.

The Scheme will be subject to the subsequent sanction of the Court as set out in the Explanatory Memorandum contained in the Scheme Document.

By Order of the Court
Trigiant Group Limited

Dated 22 September 2023

Registered Office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Principal place of business in Hong Kong:

Room 1801, 18th Floor
Tai Tung Building
8 Fleming Road
Wanchai
Hong Kong

Headquarter and principal place of business in the People's Republic of China:

No. 1 Junzhi Road
Industrial Park for Environmental Protection
Science and Technology
Yixing City
Jiangsu Province
PRC

- (i) Unless otherwise defined in this notice or the context otherwise requires, terms defined in the composite scheme document of the Company dated 22 September 2023 of which this notice forms part (the “**Scheme Document**”) shall have the same meanings when used in this notice.
- (ii) Voting at the Court Meeting will be taken by way of a poll.
- (iii) A Scheme Shareholder entitled to attend and vote at the Court Meeting convened by this notice shall be entitled to appoint another person as his/her/its proxy to attend and vote instead of him/her/it. A Scheme Shareholder who is the holder of two or more Scheme Shares may appoint more than one proxy to represent him/her/it and vote on his/her/its behalf at the Court Meeting. A proxy need not be a member of the Company.
- (iv) A pink form of proxy for use at the Court Meeting (the “**Form of Proxy**”) is enclosed with the Scheme Document.

- (v) In order to be valid, the Form of Proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority (if any) under which it is signed, or a certified copy of that power or authority, at the office of the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited (the "**Share Registrar**") at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by 10:00 a.m. on Monday, 16 October 2023 or not less than 48 hours before the time for holding any adjourned meeting but if the Form of Proxy is not so lodged, they may be handed to the chairman of the Court Meeting at the Court Meeting before the taking of the poll and the chairman of the Court Meeting should have absolute discretion whether or not to accept them.
- (vi) Completion and return of the pink form of proxy will not preclude a Scheme Shareholder from attending and voting in person at the Court Meeting or any adjournment thereof. In the event that a Scheme Shareholder attends and votes at the Court Meeting after having lodged his/her form of proxy, his/her form of proxy deemed to be revoked.
- (vii) In the case of joint holders of a Scheme Share, the vote of the most senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the Scheme Share.
- (viii) In order to ascertain the entitlement to attend and vote at the Court Meeting, the register of members of the Company will be closed from Tuesday, 10 October 2023 to Wednesday, 18 October 2023, both days inclusive, and during such period, no transfer of Shares will be registered. In order to qualify for the entitlement to attend and vote at the Court Meeting, all transfer of shares accompanied by the relevant share certificates must be lodged with the Share Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by 4:30 p.m. on Monday, 9 October 2023.
- (ix) If a typhoon signal no. 8 or above is hoisted, or "extreme conditions" caused by a super typhoon or a black rainstorm warning signal is in force at or at any time after 7:00 a.m. on the date of the Court Meeting, the Court Meeting will be postponed or adjourned in accordance with the articles of association of the Company. The Company will post an announcement on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.trigiant.com.hk) to notify shareholders of the Company of the date, time and place of the rescheduled meeting.



TRIGIANT
— 俊知集團 —

TRIGIANT GROUP LIMITED

俊知集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1300)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of Trigiant Group Limited (the “**Company**”) will be held at 11:00 a.m. on Wednesday, 18 October 2023 (or immediately after the conclusion of the meeting of the holders of the Scheme Shares (as defined in the Scheme referred to below) convened at the direction of the Grand Court of the Cayman Islands for the same day and place, whichever is later) at 10/F, Ruttonjee House, Ruttonjee Centre, 11 Duddell Street, Central, Hong Kong, for the purpose of considering and, if thought fit, passing with or without modification, the resolutions set out below:

SPECIAL RESOLUTION

“**THAT:**

- (A) pursuant to the scheme of arrangement dated 22 September 2023 (the “**Scheme**”) between the Company and the Scheme Shareholders (as defined in the Scheme) in the form of the print thereof, which has been produced to this meeting and for the purposes of identification signed by the chairman of this meeting, or in such other form and on such terms and conditions as may be approved or imposed by the Grand Court of Cayman Islands, on the Effective Date (as defined in the Scheme), the issued shares in the share capital of the Company shall be reduced by the cancellation and extinguishment of the Scheme Shares (as defined in the Scheme); and
- (B) any one of the directors of the Company be and is hereby authorised to do all acts and things considered by him to be necessary or desirable in connection with the implementation of the Scheme and the reduction of the number of issued shares in the share capital of the Company pursuant to the Scheme, including (without limitation) giving consent to any modification of, or addition to, the Scheme or the reduction of the number of issued shares in the issued share capital of the Company which the Grand Court of the Cayman Islands may see fit to impose.”

ORDINARY RESOLUTION

“THAT:

- (A) subject to and simultaneously with the cancellation and extinguishment of the Scheme Shares, the number of issued shares in the share capital of the Company be restored to its former amount by allotting and issuing to Pure Success Enterprises Limited, the same number of new shares of the Company (the “Shares”), credited as fully paid, as the number of Scheme Shares cancelled and extinguished;
- (B) the credits arising in the books of account of the Company consequent upon the reduction of its issued share capital resulting from the cancellation and extinguishment of the Scheme Shares shall be applied in paying up in full at par the new Shares so issued, credited as fully paid, to Pure Success Enterprises Limited, and any one of the directors of the Company be and is hereby authorised to allot and issue the same accordingly;
- (C) any one of the directors of the Company be and is hereby authorised to do all such acts and things considered by him/her to be necessary or desirable in connection with the implementation of the Scheme and the restoration of capital pursuant to the Scheme; and
- (D) any one of the directors of the Company be and is hereby authorised to apply to The Stock Exchange of Hong Kong Limited for the withdrawal of the listing of the Shares.”

On behalf of the Board
Trigiant Group Limited
Qian Lirong
Chairman

Hong Kong, 22 September 2023

Principal place of business in Hong Kong:

Room 1801, 18th Floor

Tai Tung Building

8 Fleming Road

Wanchai

Hong Kong

Notes:

- (i) Unless otherwise defined in this notice or the context otherwise requires, terms defined in the composite scheme document of the Company dated 22 September 2023 of which this notice forms part (the “**Scheme Document**”) shall have the same meanings when used in this notice.

- (ii) Voting at the EGM will be taken by poll pursuant to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and the Hong Kong Code on Takeovers and Mergers, and the results of the poll will be published on the websites of the Stock Exchange and the Company in accordance with the Listing Rules.
- (iii) A member entitled to attend and vote at the EGM convened by this notice shall be entitled to appoint another person as his/her/its proxy to attend and vote instead of him/her/it. A member who is the holder of two or more Shares may appoint more than one proxy to represent him/her/it and vote on his/her/its behalf at the EGM. A proxy need not be a member of the Company.
- (iv) A white form of proxy for use at the EGM (the “**Form of Proxy**”) is enclosed with the Scheme Document.
- (v) In order to be valid, the Form of Proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority (if any) under which it is signed, or a certified copy of that power or authority, at the office of the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited (the “**Share Registrar**”) at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by 11:00 a.m. on Monday, 16 October 2023 or not less than 48 hours before the time for holding any adjourned meeting.
- (vi) Completion and return of the white form of proxy will not preclude a member from attending and voting in person at the EGM or any adjournment thereof. In the event that a member attends and votes at the EGM after having lodged his/her form of proxy, his/her form of proxy deemed to be revoked.
- (vii) In the case of joint holders of a Share, the vote of the most senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the Share.
- (viii) In order to ascertain the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 10 October 2023 to Wednesday, 18 October 2023, both days inclusive, and during such period, no transfer of Shares will be registered. In order to qualify for the entitlement to attend and vote at the EGM, all transfer of shares accompanied by the relevant share certificates must be lodged with the Share Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by 4:30 p.m. on Monday, 9 October 2023.
- (ix) If a typhoon signal no. 8 or above is hoisted, or “extreme conditions” caused by a super typhoon or a black rainstorm warning signal is in force at or at any time after 7:00 a.m. on the date of the EGM, the EGM will be postponed or adjourned in accordance with the articles of association of the Company. The Company will post an announcement on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.trigiant.com.hk) to notify shareholders of the Company of the date, time and place of the rescheduled meeting.

As at the date hereof, the board of Directors comprises the following members:

Executive Directors:

Mr. Qian Lirong
(Chairman and Group chief executive officer)
Mr. Qian Chenhui

Non-executive Director:

Mr. Zhang Dongjie

Independent non-executive Director:

Professor Jin Xiaofeng
Mr. Chan Fan Shing
Mr. Zhao Huanqi