八方金融有限公司
OCTAL Capital Limited

5 July 2025

**To the Independent Board Committee and the Independent H Shareholders**

Dear Sirs or Madams,

**(1) PROPOSED PRIVATISATION OF SHANDONG FENGXIANG CO., LTD. BY THE OFFEROR BY WAY OF MERGER BY ABSORPTION;
(2) PROPOSED WITHDRAWAL OF LISTING;
AND
(3) SPECIAL DEAL RELATING TO ROLLOVER ARRANGEMENT**

## INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent H Shareholders in respect of the Merger and the Rollover Arrangement, particulars of which are set out in the letter from the Board of Directors (the "**Letter from the Board**") of the composite document to the Shareholders dated 5 July 2025 (the "**Composite Document**"), of which this letter forms a part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as given to them under the definitions section of the Composite Document.

On 11 April 2025, the Offeror and the Company entered into the Merger Agreement, pursuant to which the Offeror and the Company have agreed to implement the Merger subject to the terms and conditions of the Merger Agreement, including the Pre-Conditions and the Conditions. After the Merger, the Company will be merged into and absorbed by the Offeror in accordance with the PRC Company Law and other applicable PRC Laws.

Meanwhile, the Offeror would like to allow Platinum Peony to retain its shareholding in the Company after the Merger by way of the Rollover Arrangement. As at the Latest Practicable Date, Platinum Peony holds 156,679,000 H Shares, representing approximately 29.10% of the H Shares and approximately 9.90% of the total issued share capital of the Company. Upon satisfaction of all the Conditions to effectiveness, the Company will apply to the Stock Exchange for voluntary withdrawal of the listing of the H Shares from the Stock Exchange pursuant to Rule 6.15(2) of the Listing Rules.

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The Independent Board Committee comprising Ms. Wang Anyi, Ms. Zhao Yinglin and Mr. Chung Wai Man (all being independent non-executive Directors) has been formed to advise the Independent H Shareholders as to (a) whether the terms of the Merger and the Rollover Arrangement are fair and reasonable for the purpose of the Takeovers Code; and (b) voting at the EGM and the H Share Class Meeting.

We, Octal Capital, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent H Shareholders in connection with the Merger and the Rollover Arrangement. The appointment of Octal Capital as the Independent Financial Adviser has been approved by the Independent Board Committee in accordance with Rule 2.1 of the Takeovers Code.

We are not in the same group as the financial or other professional advisers (including a stockbroker) to the Company and the Offeror, and we are not associated with the Company, the Offeror or any party acting, or presumed to be acting, in concert with any of them and we had not had, any connection, financial assistance or otherwise, with either the Company, the Offeror or the controlling shareholder(s) of either of them. Accordingly, we are considered eligible to give independent advice to the Independent Board Committee on the Merger and the Rollover Arrangement pursuant to Rule 2.6 of the Takeovers Code. Apart from normal professional fees paid or payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, the Offeror or any party acting, or presumed to be acting, in concert with any of them. As at the Latest Practicable Date, we do not have any relationships or interests with the Company and the Offeror that could reasonably be regarded as relevant to the independence of Octal Capital. In the last two years, there has been no engagement entered into between the Company, the Offeror and Octal Capital. Accordingly, we do not consider any conflict of interest arises for Octal Capital in acting as the Independent Financial Adviser in respect of the Merger and the Rollover Arrangement.

## BASIS OF OUR OPINION

In formulating our opinion and recommendations, we have reviewed, amongst others (i) the Composite Document; (ii) the annual report of the Company for the financial years ("**FY**") ended 31 December 2022, 2023 and 2024; and (iii) the interim report of the Company for the six months ("**6M**") ended 30 June 2022, 2023 and 2024. We have relied on the statements, information, opinions and representations relating to the operations, financial condition and prospects of the Group contained or referred to in this Composite Document and/or provided to us by the Company and the management of the Group. We have assumed that such information and any representation made to us were true, accurate and complete in all material respects as at the Latest Practicable Date. Should there be any subsequent material changes which occur during the period from the date of the Composite Document up to the date of the EGM and the H Share Class Meeting, we will notify the Independent Board Committee and the Independent H Shareholders as soon as possible. We have also assumed that all statements of belief, opinion and intention made by the Board and the management of the Company and/or the Offeror in this Composite Document were reasonably made after due enquiry. We consider that the information we have received is sufficient for us to reach our advice and recommendation as set out in this letter and to justify our reliance on such information. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Composite Document (other than information relating to the Offeror, Falcon Holding and any parties acting in concert with any of them) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Composite Document (other than those expressed by the sole director of the Offeror and the directors of Falcon Holding GP Limited and PAG Asia Capital GP IV Limited in their capacity as such) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any of the statements in the Composite Document misleading. We have no reason to doubt the truth or accuracy of the information provided to us, or to believe that any material information has been omitted or withheld.

We have not considered the tax implications on the Independent H Shareholders arising from acceptance or non-acceptance of the Merger, if any, and therefore we will not accept responsibility for any tax effect or liability that may potentially be incurred by the Independent H Shareholders as a result of the Merger. In particular, the Independent H Shareholders who are subject to Hong Kong or overseas taxation on dealings in securities are urged to seek their own professional adviser on tax matters. Please refer to the section headed "13. TAXATION" in the Letter from the Board for further details of the taxation implications.

**PRINCIPAL TERMS AND CONDITIONS OF THE MERGER AND THE ROLLOVER ARRANGEMENT**

Details of the terms of the Merger and the Rollover Arrangement are set out in the Letter from the Board. The relevant extracts are reproduced below for your reference.

The principal terms and conditions of the Merger Agreement include:

| | |
|---|---|
| Parties: | (1) the Offeror; and<br>(2) the Company. |
| Overview of the Merger: | Subject to the terms and conditions of the Merger Agreement, which will involve a cancellation of all the Shares and the subsequent absorption of the Company by the Offeror, the Merger will be implemented by the Offeror merging the Company by way of merger by absorption.<br><br>After the Merger, the Offeror will assume all assets, liabilities, interests, businesses, employees, contracts and all other rights and obligations of the Company and the Company will be eventually deregistered. |

Consideration:

Pursuant to the Merger Agreement, conditional upon the fulfilment (or waiver, as applicable) of the Pre-Conditions, the Conditions to effectiveness and the Conditions to implementation set out in the paragraphs headed "Pre-Conditions to the Merger Agreement becoming effective", "Conditions to effectiveness" and "Conditions to implementation" in the section headed "3. PRINCIPAL TERMS OF THE MERGER AGREEMENT" in the Letter from the Board, the Offeror will pay the Cancellation Price in the amount of (a) HK$2.0 per H Share to the H Shareholders for the cancellation of the H Shares and (b) RMB1.858440 per Domestic Share, which is equivalent to the Cancellation Price of each H Share based on the Exchange Rate, to the Domestic Shareholders for the cancellation of the Domestic Shares, in each case other than Falcon Holding and Platinum Peony, as described below.

Pursuant to the Merger Agreement, subject to the same conditions as set out above, in consideration for the cancellation of the H Shares and the Domestic Shares held by Falcon Holding and the H Shares held by Platinum Peony, each of Falcon Holding and Platinum Peony will be issued with RMB1.858440 registered capital of the Offeror for each H Share or Domestic Share, which is equivalent to the Cancellation Price in RMB based on the Exchange Rate for each H Share or Domestic Share. It is contemplated that the Offeror will enter into a capital increase agreement with each of Falcon Holding and Platinum Peony to document the aforementioned arrangement within two months after the Conditions have been satisfied. Please refer to the section headed "5. SPECIAL DEAL RELATING TO ROLLOVER ARRANGEMENT" in the Letter from the Board for details of the terms of the Rollover Arrangement.

| | |
|---|---|
| Pre-Conditions to the Merger Agreement becoming effective, Conditions to effectiveness, and Conditions to implementation: | The Merger Agreement is subject to the satisfaction of the Pre-conditions and the Conditions. As at the Latest Practicable Date, the Pre-Conditions have been satisfied. Details of the Pre-Conditions and the Conditions are set out in the section headed "3. PRINCIPAL TERMS AND CONDITIONS OF THE MERGER" in the Letter from the Board.<br><br>As at the Latest Practicable Date, none of the Conditions to effectiveness and Conditions to implementation had been satisfied or (if applicable) waived. Upon satisfaction of all the Conditions to effectiveness, the Company does not intend to retain its listing on the Stock Exchange and will apply to the Stock Exchange for voluntary withdrawal of the listing of the H Shares from the Stock Exchange pursuant to Rule 6.15(2) of the Listing Rules. |
| Right of a Dissenting Shareholder: | According to the Articles, any Dissenting Shareholder may request the Company to acquire its Shares at a "reasonable price". If any Dissenting Shareholder exercises its right, the Offeror (if so requested by the Company) will assume the obligation which the Company may have towards such Dissenting Shareholder to acquire the Shares held by that Dissenting Shareholder at a "reasonable price".<br><br>Details of the right of a Dissenting Shareholder are set out in the section headed "3. PRINCIPAL TERMS AND CONDITIONS OF THE MERGER" in the Letter from the Board. |
| Rollover Arrangement: | The Offeror would like to allow Platinum Peony to retain its shareholding in the Company after the Merger by way of the Rollover Arrangement. As at Latest Practicable Date, Platinum Peony holds 156,679,000 H Shares, representing approximately 29.10% of the H Shares and approximately 9.90% of the total issued share capital of the Company. Please refer to the section headed "5. SPECIAL DEAL RELATING TO ROLLOVER ARRANGEMENT" in the Letter from the Board for details of the terms of the Rollover Arrangement. |

## PRINCIPAL FACTORS TAKEN INTO CONSIDERATION ON THE MERGER AND ROLLOVER ARRANGEMENT

In formulating our opinion and recommendation to the Independent Board Committee and the Independent H Shareholders in respect of the Merger and the Rollover Arrangement, we have taken into account the following principal factors and reasons:

### 1. BACKGROUND AND FINANCIAL INFORMATION OF THE GROUP

#### 1.1 Background of the Group

The Company is a joint stock limited liability company established in the PRC on 17 December 2010, the H Shares of which are listed on the Main Board of the Stock Exchange. The Group is principally based in Shandong, the PRC and produces and sells processed chicken meat products and raw chicken meat products mainly from white-feathered broilers. The main products include (i) processed chicken meat products; (ii) raw chicken meat products; (iii) chicken breeds; and (iv) others. Apart from its leading domestic market position in the PRC, the Group has an established and growing export business supplying a wide range of premium quality chicken meat products to overseas customers in Japan, Malaysia, Europe, the Middle East, Korea, Mongolia and Singapore.

#### 1.2 Financial performance of the Group

The business segments of the Group include processed chicken meat products segment (the "**Processed Chicken Meat Products Segment**"), raw chicken meat products segment (the "**Raw Chicken Meat Products Segment**"), chicken breeds segment (the "**Chicken Breeds Segment**") and other products segment (the "**Other Products Segment**").

Set out below is the financial information of the Company for FY2022, FY2023 and FY2024 extracted from the annual reports of the Company for FY2022, FY2023 and FY2024 respectively:

| | **FY2022**<br>*RMB'000*<br>(audited) | **FY2023**<br>*RMB'000*<br>(audited) | **FY2024**<br>*RMB'000*<br>(audited) |
|---|---|---|---|
| **Total revenue** | **5,085,790** | **5,134,413** | **5,504,651** |
| — *Processed Chicken Meat Products Segment* | 2,371,087 | 2,613,650 | 2,955,393 |
| — *Raw Chicken Meat Products Segment* | 2,500,559 | 2,284,084 | 2,343,404 |
| — *Chicken Breeds Segment* | 53,619 | 61,015 | 26,964 |
| — *Other Products Segment* | 160,525 | 175,664 | 178,890 |
| Total profits/(loss)[1] | (768,257) | 163,945 | 258,216 |
| **Net profit/(loss) for the year** | (768,993) | 160,319 | 280,867 |
| Adjusted net profit | 39,242[2] | 160,319 | 198,048[3] |
| Earnings per Share attributable to ordinary equity holders of the parent (in RMB per Share) | | | |
| — Basic | (0.55) | 0.11 | 0.18 |
| — Diluted | (0.55) | 0.11 | 0.18 |

*Notes:*

1. Total profits/(loss) represent net profit/(loss) before tax.

2. Net profit after deducting monetary fund receivables bad debt loss arising from the recognition of an one-off and non-recurring impairment loss on the deposits due from GMK Finance.

3. Net profit after deducting the reversal of monetary fund receivables bad debt and the corresponding tax and interests arising from the liquidation of GMK Finance.

*FY2022 vs FY2023*

The Group's overall revenue rose by roughly 1.0%, from RMB5,085.8 million in FY2022 to RMB5,134.4 million in FY2023, mainly as a result of the expansion of the Group's B2B customer base and growth in sales volume. Revenue from the Processed Chicken Meat Products Segment increased by approximately 10.2%, from RMB2,371.1 million in FY2022 to RMB2,613.7 million in FY2023, due to higher sales volumes. Conversely, the Raw Chicken Meat Products Segment saw an approximately 8.7% revenue drop, from RMB2,500.6 million in FY2022 to RMB2,284.1 million in FY2023, driven by reduced sales volumes. The Chicken Breeds Segment recorded an approximately 13.8% revenue increase, from RMB53.6 million in FY2022 to RMB61.0

million in FY2023, supported by greater sales volumes. The Other Products Segment's revenue grew by approximately 9.4%, from RMB160.5 million in FY2022 to RMB175.7 million in FY2023.

Total profits improved significantly from a total loss of approximately RMB768.3 million in FY2022 to a net profit of RMB163.9 million in FY2023. Similarly, the net profit for FY2023 shifted from a loss of approximately RMB769.0 million in FY2022 to a net profit of RMB160.3 million in FY2023. This turnaround was mainly driven by (i) the decrease in the Group's selling expenses and research and development expenses; and (ii) the significant decrease in credit impairment loss in relation to the funds deposited with GMK Finance Co. Ltd. ("**GMK Finance**"), which was controlled by the former controlling shareholder of the Company. GMK Finance was involved in overdue repayment disputes and litigation. As at 31 December 2022, a full provision of impairment loss was made for the funds of approximately RMB808.2 million deposited with GMK Finance and included in credit impairment loss for FY2022. After deducting monetary fund receivables bad debt loss arising from the recognition of an one-off and non-recurring impairment loss on the deposits due from GMK Finance, the adjusted net profit for FY2022 was approximately RMB39.2 million.

***FY2023 vs FY2024***

The Group's overall revenue increased by approximately 7.2%, from RMB5,134.4 million in FY2023 to RMB5,504.7 million in FY2024, primarily due to the increase in the sales volume of raw chicken meat products and processed chicken meat products of the Group. Revenue from the Processed Chicken Meat Products Segment surged by approximately 13.1%, from RMB2,613.7 million in FY2023 to RMB2,955.4 million in FY2024, due to the increase in sales volume of the Group's processed chicken meat products. The Raw Chicken Meat Products Segment saw a modest revenue rise of approximately 2.6%, from RMB2,284.1 million in FY2023 to RMB2,343.4 million in FY2024, reflecting the increase in sales volume of the Group's raw chicken meat products. Conversely, the Chicken Breeds Segment experienced a sharp revenue decline of approximately 55.8%, from RMB61.0 million in FY2023 to RMB27.0 million in FY2024, driven by the significant decrease in sales volume of the Group's chicken breeds products. The Other Products Segment's revenue grew slightly by approximately 1.8%, from RMB175.7 million in FY2023 to RMB178.9 million in FY2024.

Total profits improved significantly by approximately 57.5%, from RMB163.9 million in FY2023 to RMB258.2 million in FY2024. Similarly, the net profit for the year rose by approximately 75.2%, from RMB160.3 million in FY2023 to RMB280.9 million in FY2024. This growth was driven by an increase in sales volume of the Group's export business and the receipt of the assets recovered after the liquidation of GMK Finance and relevant taxes thereof. After deducting the reversal of monetary fund receivables bad debt and the corresponding tax and interests arising from the liquidation of GMK Finance, the adjusted net profit for FY2024 was approximately RMB198.0 million.

### 1.3 Financial position of the Group

Set out below is the consolidated statement of financial position of the Group as at 31 December 2023 and 31 December 2024 respectively as extracted from the annual report for FY2024:

| | As at 31 December 2023 *approximately* *RMB'000* (audited) | As at 31 December 2024 *approximately* *RMB'000* (audited) |
|---|---|---|
| Non-current assets | 3,537,488 | 3,504,698 |
| Current assets | 1,519,578 | 1,730,204 |
| **Total assets** | **5,057,066** | **5,234,902** |
| Current liabilities | 1,492,166 | 1,520,431 |
| Non-current liabilities | 533,004 | 408,031 |
| **Total liabilities** | **2,025,170** | **1,928,462** |
| **Net assets attributable to owners of the Company** | **3,031,896** | **3,306,440** |

As at 31 December 2024, the Group had total assets of approximately RMB5,234.9 million, which primarily include, among others, (i) fixed assets of approximately RMB2,844.2 million; (ii) inventories of approximately RMB969.1 million; (iii) monetary funds of approximately RMB355.0 million; (iv) trade receivables of approximately RMB327.0 million; and (v) right-of-use assets of approximately RMB207.7 million. As at 31 December 2024, the Group's total liabilities were approximately RMB1,928.5 million, which primarily include, among others, (i) short-term borrowings of approximately RMB633.6 million; (ii) trade payable of approximately RMB399.5 million; (iii) lease liabilities of approximately RMB203.6 million; (iv) non-current liabilities due within one year of approximately RMB186.8 million; and (v) long-term borrowings of approximately RMB160.0 million.

The Group's net assets attributable to owners of the Company ("**NAV**") as at 31 December 2023 and 2024 amounted to approximately RMB3,031.9 million and RMB3,306.4 million with NAV per Share of approximately RMB1.92 and RMB2.09 respectively. The increase in net assets during FY2024 was mainly attributable to (i) the net profit of the Group for FY2024 of approximately RMB280.9 million; and (ii) the increase in monetary funds of the Group. In addition, the Group had monetary funds of approximately RMB355.0 million as at 31 December 2024, which increased by approximately RMB156.5 million as compared with that of RMB198.5 million as at 31 December 2023, which was mainly due to the increase in net cash flow generated from operating activities of the Group in FY2024.

## 2. INDUSTRY OVERVIEW AND PROSPECTS OF THE GROUP

As stated in the annual report for FY2024 of the Company, the Group faces significant challenges stemming from intense industry competition and a sluggish recovery in domestic consumption, which have kept product prices low, alongside ongoing international trade disputes and frequent global conflicts that negatively impact the export business. Nevertheless, the Group will adhere to the three principles of "continuous" and further enhance the Group's operating efficiency and effectiveness, to realise steady and sustainable high quality growth and create a leading chicken meat brand of China. The Group will continue to (i) promote the refinement of management and efficiency; (ii) deepen channel penetration and expand market share; and (iii) accelerate the construction of talent pool and increase organisational vitality. Where opportunities and challenges coexist, the Group will uphold the spirit of ownership, maintain the quality system, talent system, and management system, and leverage its advantages in capital, brand, and customer to achieve rapid and leapfrog development and improvement.

The PRC is the Group's largest market, contributing over approximately 70% of its total revenue over the past three years. Europe and Japan rank as the second and third largest markets respectively. The European market has shown growth, rising from approximately 11% of total revenue in FY2022 to 15% in FY2024, while the Japanese market has remained relatively steady at approximately 8% of the Group's total revenue during the same period. The remaining revenue was derived from the Malaysia market and other countries market, contributing approximately 5% and 2% respectively, to the Group's total revenue over the past three years.

According to the Ministry of Agriculture and Rural Affairs of the PRC (the "**Agriculture Ministry**"), the poultry output in the PRC has shown a steady increase, reaching approximately 24.4 million tons in 2022, 25.6 million tons in 2023, and 26.6 million tons in 2024. This reflects a compound annual growth rate (CAGR) of approximately 2.9% over the past three years, indicating a consistent but moderate expansion in production. Additionally, the Agriculture Ministry reports that the average price of poultry meat has remained relatively stable at approximately RMB26.0 per kilogram over the same period. The Company's annual report highlights that corn serves as the primary raw material for the Group's animal feed. Data from the National Bureau of Statistics of China indicates that the average price of corn has followed a downward trend, decreasing from approximately RMB2.86 per kilogram in 2022 to RMB2.53 per kilogram in 2024, suggesting potential cost benefits for feed production.

While the poultry market in the PRC has experienced growth, with poultry output rising from approximately 24.4 million tons in 2022 to 26.6 million tons in 2024 at a CAGR of 2.9%, this increase is mild, and its future stability remains uncertain. The stable poultry meat price together with the declining corn price over the past three years have contributed to (i) the Group's revenue growth during the years from FY2022 to FY2024 as discussed in the above paragraph headed "1.2

Financial information of the Group"; and (ii) the improvement on the Group's gross profit margin from approximately 11.5% in FY2022 to 12.0% in FY2024, and there is no assurance that the trend of the stable poultry meat price and the declining corn price will persist in future.

Apart from the challenges in the domestic market, the international market poses additional challenges for the Group, including threats of a global economic downturn and persistent international trade disputes. These uncertainties may disrupt demand in major export markets like Europe, which has demonstrated growth, and Japan, a consistent revenue contributor, potentially impacting the Group's overall performance. Additionally, ongoing trade frictions could result in stricter regulations or tariffs, adding complexity to the Group's efforts to sustain its export activities. Although the Group does not engage in exports to the United States and is therefore not directly affected by the tariffs imposed by the United States, the wider unstable global business climate, combined with shifting policies and the potential for currency volatility, will influence the Group's international operations and the overall financial performance of the Group.

Based on the above, and considering the Group's business model where it generates most revenue from the PRC with a significant portion of income from export business, its performance is hinged on the overall domestic demand in the PRC and degree of international trade conflicts which are ever-changing, we are of the view that the Group's outlook is generally positive but confronted with an uncertain and challenging market and business environment in the foreseeable future.

## 3. BACKGROUND INFORMATION OF THE OFFEROR

### 3.1 The Offeror and its controlling shareholder

The Offeror is a company incorporated in the PRC with limited liability on 23 November 2022 and is an investment holding company.

The Offeror is wholly-owned by Falcon Holding, a limited partnership formed in Cayman Islands and principally engaged in investment holding services.

The general partner of Falcon Holding is Falcon Holding GP Limited, being a company directly wholly-owned by PAG Capital Limited. As at the Latest Practicable Date, the largest limited partner of Falcon Holding is PAG Fund IV. The general partner of PAG Fund IV is PAG Asia Capital GP IV Limited, being a company directly wholly-owned by PAG Capital Limited. PAG Capital Limited is wholly-owned by Pacific Alliance Group Limited, which is in turn wholly-owned by PAG.

PAG is a leading Asia-Pacific-focused alternative investment firm with three core businesses: Real Assets, Credit & Markets and Private Equity. It manages over US$55 billion in capital on behalf of nearly 300 global institutional investors. The firm has over 790 staff across 15 key offices globally. PAG Private Equity manages four pan-Asian buyout funds and two growth funds with US$19 billion of capital under management.

### 3.2 The Offeror's intention in relation to the Company

As stated in the Letter from the Board, after the Merger, the Company will merge into the Offeror, with the Offeror as the surviving entity, and will cease to exist as a separate legal entity. It is the intention of the Offeror that it will continue to carry on its business. It is also the intention of the Offeror that it will continue to carry on the business of the Group.

In view of the Merger, the Offeror will review the holding structure of certain business, assets, properties and operation units within the Group, and may implement changes to be determined with reference to such review to be conducted after the delisting of the Company's H Shares which the Offeror deems necessary, appropriate or convenient, which may include redeployment of fixed assets of the Group. As at the Latest Practicable Date, the Offeror had not formulated any concrete plans for redeployment of fixed assets of the Group.

The Offeror does not intend to make any significant changes to the continued employment of the employees of the Group.

## 4. BACKGROUND OF AND REASONS FOR THE MERGER

Pursuant to the Merger Agreement, conditional upon the fulfilment (or waiver, as applicable) of the Pre-Conditions and the Conditions, the Offeror will pay the Cancellation Price in the amount of (a) HK$2.0 per H Share to the H Shareholders for the cancellation of the H Shares and (b) RMB1.858440 per Domestic Share, which is equivalent to the Cancellation Price of each H Share based on the Exchange Rate, to the Domestic Shareholders for the cancellation of the Domestic Shares, other than Falcon Holding (being the parent company of the Offeror) and Platinum Peony (being a party acting in concert with the Offeror).

The amount of aggregate Cancellation Price required to be paid by the Offeror to cancel (i) the H Shares held by the H Shareholders and (ii) the Domestic Shares held by the Domestic Shareholders, other than Falcon Holding and Platinum Peony, is HK$488,806,990 and approximately RMB96,909,284, respectively.

After the Merger, the Offeror will assume all assets, liabilities, interests, businesses, employees, contracts and all other rights and obligations of the Company and the Company will be eventually deregistered.

As stated in the section headed "7. REASONS FOR AND BENEFITS OF THE MERGER" set out in the Letter from the Board, the Merger is being proposed for several reasons. The Merger represents an attractive exit opportunity for H Shareholders while addressing the Company's operational and financial challenges as a listed entity. Specifically, the Merger offers the following benefits: (a) it allows H Shareholders to realise their investments at a significant premium amidst low trading liquidity; (b) it addresses the Company's limited ability to raise equity funds due to its diminished status as a listed platform; and (c) it supports the Company's long-term development by providing strategic flexibility in a challenging market environment.

Since 2021, the H Shares have experienced a persistent downward trend in price, coupled with low trading volumes, and trading was suspended from 2 February 2023 to 30 July 2024, due to insufficient public float. This has severely restricted the Company's ability to raise funds through equity markets. Additionally, the Company faces ongoing challenges, including volatility in the international landscape and weak domestic consumer markets, which may necessitate strategic initiatives that could impact short-term financial performance and potentially lead to losses for H Shareholders. The Merger enables the Company to delist from the Stock Exchange, reducing administrative, compliance, and other listing-related costs, while allowing greater focus on long-term growth strategies without the pressures of market expectations and stock price volatility. Further details are provided in the same section of the Letter from the Board.

## 5. ANALYSIS OF THE CANCELLATION PRICE

In assessing the reasonableness of the Cancellation Price, we have considered the following principal factors:

### 5.1 Cancellation Price comparison

The Cancellation Price is HK$2.0 per H Share and RMB1.858440 per Domestic Share (equivalent to the Cancellation Price of HK$2.0 per H Share based on the Exchange Rate). The Cancellation Price per H Share represents:

(a) a premium of approximately 6.38% over the closing price per H Share of HK$1.88 on the Stock Exchange on the Latest Practicable Date;

(b) a premium of approximately 33.33% over the closing price per H Share of HK$1.50 on the Stock Exchange on the Last Trading Date;

(c) a premium of approximately 39.86% over the average closing price of HK$1.43 per H Share based on the daily closing prices of H Shares as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Date;

(d) a premium of approximately 44.93% over the average closing price of HK$1.38 per H Share based on the daily closing prices of H Shares as quoted on the Stock Exchange for the 60 consecutive trading days immediately prior to and including the Last Trading Date;

(e) a premium of approximately 62.60% over the average closing price of HK$1.23 per H Share based on the daily closing prices of H Shares as quoted on the Stock Exchange for the 90 consecutive trading days immediately prior to and including the Last Trading Date;

(f) a premium of approximately 72.41% over the average closing price of HK$1.16 per H Share based on the daily closing prices of H Shares as quoted on the Stock Exchange for the 120 consecutive trading days immediately prior to and including the Last Trading Date;

(g) a discount of approximately 11.50% to the audited NAV of the Company of approximately RMB2.09 (equivalent to approximately HK$2.26) per Share as at 31 December 2024 (calculated based on (i) the audited consolidated net asset value attributable to the Shareholders as stated in the 2024 annual results of the Company published on 28 March 2025; (ii) 1,583,348,000 Shares in issue as at the Latest Practicable Date; and (iii) the exchange rate of HK$1:RMB0.92604, being the median exchange rate on 31 December 2024 as announced by the People's Bank of China); and

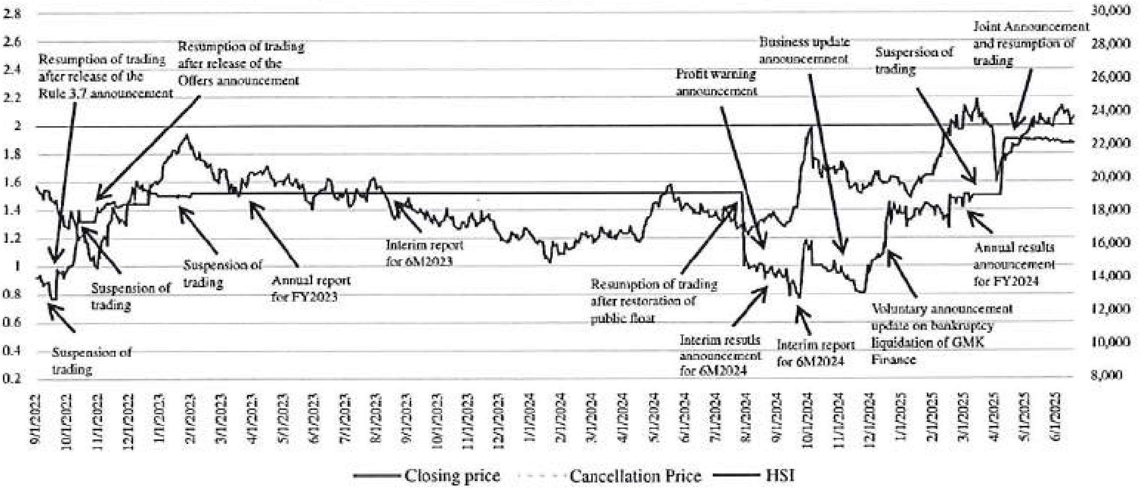
(h) a discount of approximately 15.25% to the unaudited adjusted NAV of the Company (the "**Adjusted NAV**") of approximately RMB2.19 (equivalent to approximately HK$2.36) per Share as at 31 December 2024, after taking into account of the property valuation report as at 30 April 2025 set out in Appendix II to this Composite Document, calculated based on (i) the total number of issued Shares as at the Latest Practicable Date; and (ii) the exchange rate of HK$1: RMB0.92604, being the median exchange rate on 31 December 2024 as announced by the People's Bank of China.

According to the property valuation report enclosed in Appendix II to the Composite Document, we noted that the Group's property interests (including but not limited to, interests in land and buildings held by the Group) (collectively, the "**Properties**") subject to valuation are currently utilised by the Group for its production and operating purposes (such as feed factory, tractor station, hatchery, petroleum station, cold storage plants, wastewater treatment plant, packaging plant, cooked food plant, office and ancillary facilities). Given that the Properties are held for operational purposes rather than for investment, and considering their limited liquidity in the open market due to their specialised nature, we are of the view that the upward adjustment in NAV of the Company is purely theoretical gain which is not meant to be recognised or realised by the Group under the current circumstances.

**5.2 Share price analysis**

Trading of the H Shares was suspended from 2 February 2023 to 30 July 2024 as a result of insufficient public float following the close of the unconditional mandatory cash offers for all the H Shares and the Domestic Shares made by Falcon Holding (the "**Offers**"). To provide a comprehensive view of at least one year (i.e. approximately 250 trading days) of trading activity of the H Shares prior to the Last Trading Date, we set out below the chart showing the movement of the daily closing prices of the H Shares as quoted on the Stock Exchange during the period from 1 September 2022 to the Last Trading Date and up to and including the Latest Practicable Date (the "**Review Period**"). We consider the Review Period to be fair, reasonable and representative as we consider it a sufficient period to illustrate the general trend and level of movement of the daily closing prices of the H Shares. For the purpose of this analysis, we also conducted a comparison of the closing prices of the H Shares with Hang Seng Index (the "**HSI**") and the Cancellation Price.

**H Share price performance and HSI performance during the Review Period**




*Source: the Stock Exchange*

Prior to the release of the Rule 3.7 announcement in relation to the Offers published on 20 September 2022 (the "**Rule 3.7 Announcement**"), the H Shares traded between HK$0.77 to HK$0.94 from 1 September 2022 to 16 September 2022. Following the release of the Rule 3.7 Announcement, the H Share trading price increased substantially from HK$0.77 on 16 September 2022, being the trading date prior to the release of the Rule 3.7 Announcement, to HK$0.98 on 21 September 2022. The H Share trading price further increased to HK$1.42 on 31 October 2022 after the release of the joint announcement in relation to the Offers pursuant to Rule 3.5 of the Takeovers Code on 28 October 2022. Subsequently, the H Shares traded in a range of HK$1.39 to HK$1.54, closely aligning with the offer price of the Offers of HK$1.5132 per H Share. Trading of the H Shares was suspended from 2 February 2023 to 30 July 2024, due to insufficient public float following the close of Offers.

After fulfillment of the public float requirement under the Listing Rules, H Shares resumed trading on 31 July 2024, the closing price of the H Shares fell sharply from HK$1.52 per H Share to HK$1.31 per H Share on 31 July 2024 and further dropped to HK$1.00 per H Share on 1 August 2024. Meanwhile, we note that the HSI experienced a downward trend during the suspension period of the H Shares where HSI experienced a drop from a peak of around 22,700 points on 27 January 2023 to a low of around 14,900 points on 22 January 2024. We consider the substantial decline in the H Share trading price immediately after its resumption of trading could be primarily a result of aligning with the HSI's downturn during the suspension period. Thereafter, the closing price of the H Shares continued to drop to HK$0.77 on 25 and 26 September 2024. During this period, the Company issued its interim results for 6H2024 on 24 August 2024. The closing price of the H Shares started to rise from

HK$0.77 to HK$0.87 per H Share on 27 September 2024 and rose further to HK$1.18 per H Share on 2 October 2024 and closed above HK$1.17 per H Share on 7 October 2024. We note that this aligned with strong rising trend of the HSI due to the stimulus package announced by the Chinese regulatory authorities in late September 2024 aiming at revitalising the economy, during the same timeframe where HSI reached its peak of 2024, which closed at 23,099 points on 7 October 2024.

Following the significant rebound of the H Share price in early October 2024, the closing price of the H Shares started to decline, reaching another low of HK$0.81 per H Share in late November 2024 during the Review Period. The performance of the H Shares was generally in line with the HSI during the same period. In early December, the closing price of the H Share began to recover. On 19 December 2024, the Company announced an update on the bankruptcy liquidation of GMK Finance, indicating its entitlement to receive related liquidation assets, which led to a sharp increase of approximately 15.9% in the closing price of the H Shares from HK$1.13 to HK$1.31 on the following day. Subsequently, the closing prices of the H Shares fluctuated between HK$1.27 and HK$1.51 during the period from 20 December 2024 to 14 March 2025. Trading of the H Shares was suspended on 17 March 2025 pending the issue of the joint announcement in relation to the Merger and the Rollover Arrangement (the "**Joint Announcement**").

Subsequent to the publication of the Joint Announcement on 11 April 2025 and resumption of trading on 14 April 2025, the closing price of the H Shares surged to HK$1.87 per H Share. During the period from the first trading day after the publication of the Joint Announcement and up to the Latest Practicable Date (the "**Post Joint Announcement Period**"), the closing prices of the H Shares had been trading below the Cancellation Price within a narrow band of between HK$1.87 per H Share and HK$1.90 per H Share, which is significantly above the average closing H Shares price of approximately HK$1.32 per H Share during the Review Period.

The last closing price of the H Shares immediately before the suspension of trading of H Shares on 2 February 2023 in relation to the Company's non-fulfillment of the minimum public float requirement under the Listing Rules was HK$1.52. Based on the H Shares trading days during the Review Period, the H Shares traded at an average of approximately HK$1.32, with the highest and lowest closing prices of the H Shares, being approximately HK$1.90 recorded on 16 April 2025, 17 April 2025, 22 April 2025, 23 April 2025, 24 April 2025, 25 April 2025, 28 April 2025 and 29 April 2025, 2 May 2025, 6 May 2025, 7 May 2025, 9 May 2025, 14 May 2025, 16 May 2025, 19 May 2025, 20 May 2025, 21 May 2025, 22 May 2025, 26 May 2025 and 27 May 2025, and HK$0.77 recorded on 16 September 2022, 25 September 2024 and 26 September 2024, respectively. The Cancellation Price is higher than the historical closing prices of the H Shares throughout the entire Review Period and represents premia of approximately 159.7%, 5.3% and 51.5% over the lowest, highest and average closing prices of the H Shares, respectively, during the Review Period.

The Cancellation Price of HK$2.0 per H Share consistently exceeded the closing prices on all trading days throughout the Review Period. Therefore, we consider that the Merger provides an opportunity for the Independent H Shareholders, especially those with relatively sizeable shareholdings, to liquidate their investment in H Shares at a fixed price representing premium to the prevailing trading price of the H Shares.

### 5.3 Discount of the H Share price to net asset value attributable to owners of the Company per Share

The Cancellation Price of HK$2.0 per Share represents (i) a discount of approximately 11.5% to the NAV per Share of approximately HK$2.26 as at 31 December 2024; and (ii) a discount of approximately 15.3% to the Adjusted NAV per Share of approximately HK$2.36 as at 31 December 2024. Set out below is a table illustrating the historical average market capitalisation of the Company against the Company's published NAV/Adjusted NAV for the previous three years and up to the Last Trading Date.

| Period | Latest published NAV/ Adjusted NAV per H Share[1] | Closing price per H Share | | | Premium/(Discount) over/to NAV/ Adjusted NAV per H Share | | |
|---|---|---|---|---|---|---|---|
| | | Highest | Lowest | Average | Highest | Lowest | Average |
| | *(HK$)* | *(HK$)* | *(HK$)* | *(HK$)* | *Approx. %* | *Approx. %* | *Approx. %* |
| 2022/4/1–2022/8/15 | 2.62 | 1.51 | 0.79 | 1.19 | (42.4) | (69.9) | (54.6) |
| 2022/8/16–2023/3/31[2] | 2.54 | 1.54 | 0.77 | 1.27 | (39.6) | (69.8) | (50.2) |
| 2023/4/1–2023/8/16[3] | 2.02 | N/A | N/A | N/A | N/A | N/A | N/A |
| 2023/8/17–2024/3/28[3] | 2.08 | N/A | N/A | N/A | N/A | N/A | N/A |
| 2024/3/29–2024/8/25[4] | 2.07 | 1.31 | 0.91 | 1.01 | (36.7) | (56.0) | (51.2) |
| 2024/8/26–Last Trading Date[5] | 2.11 | 1.51 | 0.77 | 1.14 | (28.3) | (63.5) | (45.9) |
| 2024/8/26–Last Trading Date[6] | 2.36[7] | 1.51 | 0.77 | 1.14 | (36.0) | (67.4) | (51.7) |

*Source: the Stock Exchange*

*Notes:*

1. The NAV per H Share represents the latest published NAV of the Company divided by number of issued Shares prior to the respective months based on the exchange rate of HK$1=RMB0.92604 for illustrative purpose. The respective latest published NAVs of the Company were extracted from the Company's annual results announcement for FY2021, FY2022 and FY2023 published on 31 March 2022, 31 March 2023 and 28 March 2024 respectively and the Company's interim results announcements for 6H2022, 6H2023 and 6H2024 published on 15 August 2022, 16 August 2023 and 25 August 2024 respectively.

2. During the period from 16 August 2022 to 31 March 2023, as the trading of H Shares was suspended since 2 February 2023, the closing price data for H Shares covers the period from 16 August 2022 to 1 February 2023.

3. The trading of H Shares was suspended during the period from 2 February 2023 to 30 July 2024 due to the Company's failure to meet the public float requirement under the Listing Rules following the close of the Offers, hence no relevant pricing information for comparison during the periods.

4. During the period from 29 March 2024 to 25 August 2024, as the trading of H Shares was not resumed until 31 July 2024, the closing price data for H Shares covers the period from 31 July 2024 to 25 August 2024.

5. The Company's annual results announcement for FY2024 was published on 28 March 2025, after the Last Trading Date.

6. As the Company's annual results announcement for FY2024 was published after the Last Trading Date, we demonstrated the comparison of the Adjusted NAV with the closing price data of H Shares during the period from 26 August 2024 to the Last Trading Date.

7. The Adjusted NAV per H Share as at 31 December 2024 in HK$, based on the number of issued Shares as at the Latest Practicable Date and the exchange rate of HK$1=RMB0.92604 for illustrative purpose.

As shown in the table above, the H Shares have consistently traded at a discount to the NAV/Adjusted NAV per H Share, with the average discounts (the "**Average Discounts**"), following the release of annual and interim results announcements, ranging from approximately 45.9% to 54.6%. Despite the trading suspension of the H Shares from 2 February 2023 to 30 July 2024, the table shows that the average closing price of the H Shares remained below the latest published NAV/Adjusted NAV per H Share both before and after the suspension. During the last period (i.e. 26 August 2024 to the Last Trading Date), the H Shares also traded at an average discount to the Adjusted NAV per Share of approximately 51.7%, aligning with the Average Discounts in other periods. This suggests that over the past three years, the investors in the stock market may not have valued the H Shares primarily based on the NAV/Adjusted NAV per Share of the Company. Instead, they likely focused on other fundamentals, such as financial performance metrics of the Company (including revenue growth and profit margin), the valuation ratios, the industry trends, the market position and the Company's future prospects when determining the trading price of the H Shares. Based on the above, we consider the discount to the Cancellation Price to NAV/Adjusted NAV per H Share, which is lower than the Average Discounts, is acceptable.

### 5.4 Historical trading liquidity of the H Shares

Apart from the H Share price analysis, we have conducted a review on the trading liquidity of the H Shares. The table below sets out the average daily trading volume of the H Shares on a monthly basis during the Review Period and the respective percentages of the average daily trading volume of the H Shares as compared to the total number of issued H Shares and H Shares held by Independent H Shareholders.

| | Number of trading days | Approximate average daily trading volume of the H Shares | Approximate percentage of average daily trading volume to the total number of H Shares in issue[1] | Approximate percentage of average daily trading volume to the total number of H Shares held by the Independent H Shareholders[2] |
|---|---|---|---|---|
| **2022** | | | | |
| September | 19 | 586,789 | 0.037% | 0.269% |
| October | 20 | 2,057,100 | 0.130% | 0.942% |
| November | 22 | 1,096,227 | 0.069% | 0.502% |
| December | 20 | 1,333,121 | 0.084% | 0.610% |
| **2023** | | | | |
| January | 18 | 1,348,500 | 0.085% | 0.617% |
| February | 1 | 15,000 | 0.001% | 0.007% |
| March–December[3] | N/A | N/A | N/A | N/A |
| **2024** | | | | |
| January–June[3] | N/A | N/A | N/A | N/A |
| July | 1 | 13,000 | 0.001% | 0.006% |
| August | 22 | 577,727 | 0.036% | 0.264% |
| September | 19 | 317,700 | 0.020% | 0.145% |
| October | 21 | 166,857 | 0.011% | 0.076% |
| November | 21 | 239,890 | 0.015% | 0.110% |
| December | 20 | 293,350 | 0.019% | 0.134% |
| **2025** | | | | |
| January | 19 | 71,421 | 0.005% | 0.033% |
| February | 20 | 120,000 | 0.008% | 0.055% |
| March | 10 | 36,200 | 0.002% | 0.017% |
| April | 11 | 874,273 | 0.055% | 0.400% |
| May | 20 | 200,150 | 0.013% | 0.092% |
| June | 21 | 218,381 | 0.014% | 0.100% |
| July | 2 | 184,000 | 0.006% | 0.042% |

*Source: the Stock Exchange*

*Notes:*

1. The calculation is based on the average of the daily trading volume of the H Shares divided by the total number of H Shares in issue in the relevant period.

2. The calculation is based on the average daily trading volume of the H Shares divided by the number of Shares held by the Independent H Shareholders.

3. Trading of H Shares was suspended during the relevant periods, resulting in no trading transactions.

As illustrated in the above table, throughout the Review Period and up to the Latest Practicable Date, the liquidity of Shares remained generally low. The average daily trading volume as a percentage of the total issued Shares ranged from approximately 0.001% to 0.130%, and from 0.006% to 0.942% when considering only the H Shares held by Independent H Shareholders. The average daily trading volume of the H Shares during the Review Period was approximately 547,018 H Shares, representing approximately 0.035% of the total issued H Shares and 0.250% of the H Shares held by Independent H Shareholders respectively.

Given the above, we consider that the trading volume of the H Shares was thin and any sale of a significant number of the H Shares on the market may exert downward pressure on the market price of the H Shares.

Independent H Shareholders should note that in the event which the Merger is not effective or the Merger lapses, neither the Offeror nor any person who acted in concert with the Offeror may announce an offer or possible offer for the Company within 12 months. As such, in lieu of the Merger, Independent H Shareholders may only dispose of their H Shares on-market. Considering the trading volume of the H Shares was thin, Independent H Shareholders may experience difficulty in disposing of their H Shares and any sale of a significant number of the H Shares on the market may result in downward pressure on the market price of the H Shares. In addition, once trading in the H Shares is suspended, it will create further obstacle for the Independent H Shareholders to dispose of their H Shares.

From a trading liquidity standpoint, we consider that the Merger provides an exit alternative for the H Shareholders to realise their investments in the H Shares at the Cancellation Price of HK$2.0 per H Share, which is fair and reasonable.

### 5.5 Comparable companies

The Group is a white-feathered broiler meat exporter and retail enterprise of chicken meat food in the PRC. The Company produces and sells processed chicken meat products and raw chicken meat products mainly from white-feathered broilers. Although the Group has successfully achieved international coverage, its principal place of operation is Mainland China, which generated over approximately 70% of the Group's total revenue for the three years ended 31 December 2024. Price-to-earnings ("**P/E(s)**") and price-to-book ("**P/B(s)**") are the two most commonly used benchmarks in valuing a company which is in net profit position. Since the Group recorded a net profit for FY2024 and maintained a net assets position as at 31 December 2024, we consider the valuation methodology using P/E and P/B is more appropriate in valuing the Group.

In assessing the fairness and reasonableness of the Cancellation Price, we consider that it is relevant to assess the Cancellation Price by marking reference to market valuation for companies listed on the Main Board of the Stock Exchange which are principally engaged in business similar to those of the Group. Based on our search on the website of the Stock Exchange, we sought to identify other listed companies operating in the same industry as the Group, specifically poultry breeding and meat production in the PRC. However, we were unable to find any companies meeting these exact criteria. As a result, we expanded the industry scope to include livestock production in the PRC, covering animal breeding and meat production. This led us to compile an exhaustive list of companies (the "**Comparable Companies**") which are (i) principally engaged in livestock production business in the PRC; (ii) have their shares listed and traded on the Main Board of the Stock Exchange; and (iii) recorded positive net assets in their most recent audited financial statements. Based on the aforesaid criteria, we have identified four Comparable Companies. Given that the Comparable Companies are principally engaged in the livestock production business as the Group does and all of them generated over 50% of total revenue from the PRC, we consider that the Comparable Companies are fair and representative for comparison purpose.

The following table set out the details of the Comparable Companies:

| Company name (stock code) | Principal business | Market capitalisation as at the Last Trading Date *(HK$ million)* | P/E[1] | P/B[2] |
|---|---|---|---|---|
| China Kangda Food Company Limited (834.HK) | Processing and sales of rabbit meat and chicken meat businesses | 74.3 | NA | 0.13 |
| Huisheng International Holdings Limited (1340.HK) | Production and sale of (i) pork and related meat food products; and (ii) hog breeding and hog farming | 31.4 | NA | 0.07 |
| COFCO Joycome Foods Limited (1610.HK) | Feed production, hog production, slaughtering and cutting, production, distribution and sale of fresh pork and processed meat products, import and distribution of meat products | 6,918.8 | 11.90 | 0.68 |
| Dekon Food and Agriculture Group (a joint stock company incorporated in the PRC with limited liability) (2419.HK) | Providing market hogs, breeding pigs, market piglets and boar semen; providing yellow-feathered broilers, chicks and eggs; and providing ancillary products such as ingredients, fresh meat and others | 13,435.7 | 3.03 | 1.47 |
| | | **Highest** | 11.90 | 1.47 |
| | | **Lowest** | 3.03 | 0.07 |
| | | **Mean** | 7.47 | 0.59 |
| | | **Median** | 7.47 | 0.41 |
| The Company (9977.HK) | Production and sale of processed chicken meat products and raw chicken meat products mainly from white-feathered broilers | 3,166.7[3] | 10.44[4] | 0.89[5]<br>0.85[6] |

*Source: the Stock Exchange*

*Notes:*

1. For each of the Comparable Companies, its P/E is calculated based on the market capitalisation as at the Last Trading Date, the profit attributable to its shareholders for the latest financial year and the exchange rate of HK$1=RMB0.92604 for illustrative purpose;

2. For each of the Comparable Companies, its P/B is calculated based on the market capitalisation as at the Last Trading Date, the NAV as at the end of the latest financial year and the exchange rate of HK$1=RMB0.92604 for illustrative purpose;

3. The implied market capitalisation of the Company is calculated based on the Cancellation Price and the total number of issued Shares as at the Last Trading Date;

4. The implied P/E of the Company is calculated based on the Cancellation Price, the total number of issued Shares as at the Last Trading Date, the profit attributable to the Shareholders of the Company for FY2024 and the exchange rate of HK$1=RMB0.92604 for illustrative purpose;

5. The implied P/B of the Company is calculated based on the Cancellation Price, the total number of issued Shares as at the Last Trading Date, the NAV of the Company as at 31 December 2024 and the exchange rate of HK$1=RMB0.92604 for illustrative purpose; and

6. The implied P/B of the Company is calculated based on the Cancellation Price, the total number of issued Shares as at the Last Trading Date, the Adjusted NAV of the Company as at 31 December 2024 and the exchange rate of HK$1=RMB0.92604 for illustrative purpose.

As shown in the table above, among the four selected Comparable Companies, two of them reported net losses in their most recent financial year. On the Last Trading Date, the P/E ratios of the Comparable Companies ranged from approximately 3.03 to 11.90 times, with both the mean and median of the P/E ratios of the Comparable Companies of approximately 7.47 times. The Company's implied P/E ratio of approximately 10.44 times exceeds both the mean and median P/E ratios of the Comparable Companies. On the other hand, the P/B ratios of the Comparable Companies ranged from approximately 0.07 time to 1.47 times, with a mean of about 0.59 time and a median of 0.41 time on the Last Trading Date. The Company's implied P/B ratio based on the NAV of the Company as at 31 December 2024 of approximately 0.89 time is above both the mean and median P/B ratios of the Comparable Companies. Moreover, The Company's implied P/B ratio based on the Adjusted NAV of the Company as at 31 December 2024 of approximately 0.85 time is above both the mean and median P/B ratios of the Comparable Companies.

As indicated in the table above, a total of four Comparable Companies were identified for analysis. Of these, two companies reported a net profit, while the remaining two incurred a net loss for the latest financial year. As a result, only the two companies with positive net profits have a P/E ratio available for comparison with the implied P/E ratio of the Cancellation Price. Despite the limited number of companies with P/E ratios, we consider the comparison remains meaningful given that (i) the selected Comparable Companies are representative of the Group's industry and exhibit business operations that are sufficiently similar to the Group's, ensuring relevance in the analysis; (ii) additional valuation metric, such as the P/B ratio, is available for all four Comparable Companies, providing a broader basis for comparison; and (iii) the results from both valuation metrics did not contradict with each other where both indicated the Cancellation Price to be fair and reasonable. In conclusion, despite the constraint of having only two Comparable Companies with P/E ratios, the comparison remains sufficient and meaningful, supported by the representativeness of the selected companies, the alignment of their business profiles with the Group's operations and the use of other metric and we consider the Cancellation Price to be fair and reasonable from the perspective of Comparable Companies comparison.

### 5.6 Precedent privatisations

To evaluate the fairness and reasonableness of the Cancellation Price, we conducted a search for completed privatisation proposals of companies listed on the Main Board of the Stock Exchange, excluding those without a cash alternative consideration during the last 12 month period prior to the Last Trading Date and up to the Latest Practicable Date (the "**Privatisation Precedents**"). We believe such review period is appropriate and reasonable to capture a sufficient number of recent Privatisation Precedents for our analysis of the Cancellation Price. While the Company's business, operations, profitability, financial position and prospects differ from those of the companies in the Privatisation Precedents, these precedents reflect market practices for similar transactions during last 12 months and may offer another angle for the Independent H Shareholders for consideration.

The table below details the premiums or discounts of the cancellation/offer price relative to the last trading day prior to the respective announcement of the Privatisation Precedents and the average share prices over the preceding 5, 10, 30, 60 and 90 days prior to the respective announcement of the Privatisation Precedents as well as latest NAV per share, or reassessed/adjusted NAV per share (if available) for these privatisation proposals. The Privatisation Precedents compare the cancellation/offer price to the prevailing market prices per share of successful privatisation proposals executed. Since market sentiment toward successful privatisation proposals can be assessed by comparing the cancellation/offer price to prevailing market prices per share, we consider the Privatisation Precedents a suitable basis for evaluating the fairness and reasonableness of the Cancellation Price. A list of 13 Privatisation Precedents below represent an exhaustive list of privatisation proposals meeting the specified criteria, with a summary provided in the table below:

| Date of Rule 3.5 announcement | Company name (stock code) | Principal business | Premium/(discount) of cancellation/offer price over/to the closing price/average closing price per share on/over[1] | | | | | | Premium or (discount) represented by cancellation/offer price over/to the latest NAV/Adjusted NAV per share as disclosed in the respective scheme/offer document[2] | NAV to revenue ratio[3] |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Last full trading days | 5-trading day | 10-trading day | 30-trading day | 60-trading day | 90-trading day | | |
| 2024/4/18 | Kin Yat Holdings Limited (638.HK) | Development and production of electrical and electronic products and real estate development in the PRC | 33.3% | 43.4% | 47.3% | 51.5% | 53.6% | 55.9% | (57.4)% | 77.5% |
| 2024/4/29 | L'Occitane International S.A. (973.HK) | Manufactures and retails beauty and well-being products | 30.8% | 36.1% | 40.6% | 49.9% | 60.8% | 60.5% | 598.5%[4] | 33.7% |
| 2024/5/27 | Huafa Property Services Group Company Limited (982.HK) | Property management services, hotel advisory and exhibition services in the PRC | 30.6% | 36.8% | 40.1% | 70.6% | 82.4% | 88.3% | 970.1%[4] | 13.8% |
| 2024/6/7 | CPMC Holdings Limited (906.HK) | Manufacturing and sales of packaging products for consumer goods such as food, beverages and household chemical products in the PRC | 4.9% | 5.6% | 5.8% | 6.8% | 5.7% | 5.4% | 26.7% | 54.1% |
| 2024/6/12 | A8 New Media Group Limited (800.HK) | Cultural business and property investment in the PRC | 162.8% | 159.0% | 168.7% | 185.7% | 185.7% | 174.8% | (48.1)% | 2,276.6% |
| 2024/6/19 | Asia Standard Hotel Group Limited (292.HK) | Holding and operating hotels in Hong Kong and property development in Canada | 52.8% | 48.6% | 41.0% | 57.1% | 71.9% | 71.9% | (98.6)% | 253.6% |
| 2024/7/16 | Samson Holding Ltd. (531.HK) | Manufacturing and sale of furniture, trading of furniture and procurement services | 50.0% | 75.3% | 94.6% | 143.2% | 181.4% | 182.2% | (47.1)% | 75.7% |

| Date of Rule 3.5 announcement | Company name (stock code) | Principal business | Premium/(discount) of cancellation/offer price over/to the closing price/average closing price per share on/over[1]: Last full trading days | 5-trading day | 10-trading day | 30-trading day | 60-trading day | 90-trading day | Premium or (discount) represented by cancellation/ offer price over/ to the latest NAV/Adjusted NAV per share as disclosed in the respective scheme/offer document[2] | NAV to revenue ratio[3] |
|---|---|---|---|---|---|---|---|---|---|---|
| 2024/9/2 | Doyen International Holdings Limited (668.HK) | Investment property holding in the PRC, provision of financing, investment holding, sales of flowers and plants and distressed assets management | 78.6% | 81.4% | 82.3% | 81.4% | 86.2% | 112.9% | (39.3)% | 1,051.6% |
| 2024/10/14 | CM Hi-Tech Cleanroom Limited (2115.HK) | Provision of cleanroom wall and ceiling systems and cleanroom equipment in the PRC, Malaysia and Philippines | 25.0% | 23.8% | 26.9% | 30.2% | 39.7% | 41.7% | (3.2)% | 90.1% |
| 2024/10/28 | Beijing Capital Grand Limited (1329.HK) | Investment property development and operation, property development and sale of merchandise inventories | 44.6% | 54.6% | 55.1% | 41.8% | 47.9% | 65.4% | (52.9)% | 204.6% |
| 2024/11/22 | Ronshine Service Holding Co., Ltd (2207.HK) | Property management services provider in the PRC | 15.4% | 9.1% | 1.7% | (6.3)% | 1.9% | (6.5)% | (53.5)% | 79.1% |

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OCTAL Capital Limited

| Date of Rule 3.5 announcement | Company name (stock code) | Principal business | Premium/(discount) of cancellation/offer price over/to the closing price/average closing price per share on/over[1]: Last full trading days | 5-trading day | 10-trading day | 30-trading day | 60-trading day | 90-trading day | Premium or (discount) represented by cancellation/ offer price over/ to the latest NAV/Adjusted NAV per share as disclosed in the respective scheme/offer document[2] | NAV to revenue ratio[3] |
|---|---|---|---|---|---|---|---|---|---|---|
| 2024/12/19 | Pentamaster International Limited (1665.HK)[5] | Designing, development and manufacturing of standard and non-standard automated test equipment, designing, development and installation of integrated factory automation solutions, and manufacturing and assembling of medical machines and manufacturing of die casting parts | 25.0% | 49.3% | 53.6% | 52.7% | 50.2% | 51.0% | 32.6% | 122.6% |
| 2024/12/27 | Vesync Co., Ltd (2148.HK) | Design, development and sales of small home appliances | 33.3% | 34.4% | 37.3% | 44.4% | 36.1% | 36.4% | 122.3% | 56.6% |
| | **Highest** | | 162.8% | 159.0% | 168.7% | 185.7% | 185.7% | 182.2% | 970.1% *122.3%*[6] | 2,276.6% |
| | **Lowest** | | 4.9% | 5.6% | 1.7% | (6.3)% | 1.9% | (6.5)% | (98.6)% *(98.6)%*[6] | 13.8% |
| | **Mean** | | 45.2% | 50.6% | 53.5% | 62.2% | 69.5% | 72.3% | 103.9% *(19.9)%*[6] | 337.6% |
| | **Median** | | 33.3% | 43.4% | 41.0% | 51.5% | 53.6% | 60.5% | (39.3)% *(47.1)%*[6] | 79.1% |
| 2025/4/14 | The Company | | 33.3% | 34.8% | 35.5% | 39.9% | 44.9% | 62.6% | (11.5)%[7] *(15.3)%*[8] | 60.1% |

*Source: the Stock Exchange*

*Notes:*

1. The above figures are extracted from the respective scheme documents. If such data is not available, the figures are calculated based on the cancellation/offer price divided by average closing price of shares during the relevant period.

2. Premium/(discount) represented by cancellation/offer price over/to the then latest NAV per share, or reassessed/adjusted NAV per share (if available), as disclosed in the respective scheme or offer document.

3. The NAV to revenue ratio is computed by dividing revenue by NAV of the respective Privatisation Precedents, using the revenue and NAV figures from the Privatisation Precedents' most recent financial annual results prior to their respective privatisation or offer announcement.

4. The Outliers (as defined below), which significantly deviate from other Privatisation Precedents due to their substantially higher or lower values, were excluded from our analysis.

5. The shareholders of Pentamaster International Limited received a total of HK$1.00 per scheme share, including the cancellation price of HK$0.93 per scheme share and the special dividend of HK$0.07 per scheme share.

6. The premium/(discount) represented by cancellation/offer price over/to the then latest NAV per share are adjusted by removing the Outliers (as defined below).

7. The discount is computed based on the Cancellation Price and the NAV per Share as at 31 December 2024.

8. The discount is computed based on the Cancellation Price and the Adjusted NAV per Share as at 31 December 2024.

As shown in the above table, the mean premia and/or discounts of the Privatisation Precedents, relative to the closing price on the respective last trading day prior to the respective announcement of the Privatisation Precedents and the average closing prices over the last 5, 10, 30, 60, and 90 trading days prior to the respective announcement of the Privatisation Precedents, range from approximately 45.2% to 72.3%. The median premia and/ or discounts for the same periods range from approximately 33.3% to 60.5%. Upon comparison, the premia represented by the Cancellation Price of HK$2.0 over the last trading day and the average closing prices over the last 5, 10, 30, 60, and 90 trading days of the H Shares prior to the date of the Joint Announcement ranging from approximately 33.3% to 62.6% are generally in line with those of the Privatisation Precedents under the corresponding timeframes.

On the other hand, the mean premia of the Privatisation Precedents, relative to the NAV per share, was approximately 103.9%, while the median reflected a discount of approximately 39.3%. We observed that such significant disparity between the mean and median is primarily attributed to two notable privatisation precedents with the exceptionally high premia to the NAV per share, being L'Occitane International S.A. ("**L'Occitane**") and Huafa Property Services Group Company Limited ("**Huafa**"). They recorded premia over their NAV per share of approximately 598.5% and 970.1% respectively. Based on our analysis of the NAV to revenue ratio for the companies in the Privatisation Precedents which we consider to be a parameter showing whether a company's revenue is dependent on the operating assets, we note that L'Occitane and Huafa recorded the lowest ratios at 33.7% and 13.8% respectively. According to L'Occitane's annual report, it is an international multi-brand company and its tangible assets such as property, plants and equipment, and inventories accounted for around 19% of its total assets as at 31 March 2024. On the other hand, Huafa's annual report indicates that, Huafa is a property management company and had total assets of approximately RMB1,047.2 million as at 31 December 2023, with tangible assets such as property, plants and equipment, and inventories accounting for around 4.9% of its total assets. Above findings indicate that L'Occitane and Huafa which have low NAV to revenue ratio and low tangible asset ratio are comparatively asset-light companies among the companies in the Privatisation Precedents. Considering that these extremely high premia of the cancellation prices relative to their respective NAV could distort the overall results, we excluded these two Privatisation Precedents (the "**Outliers**") to present the shortlisted results of the analysis of the cancellation price to the NAV per share of the Privatisation Precedents (the "**Shortlisted Results**"). After excluding the Outliers, the mean and median discounts of the Shortlisted Results are approximately 19.9% and 47.1% respectively. In comparison, (i) the Cancellation Price of HK$2.0 per H Share representing approximately 11.5% discount to the NAV of the Company as of 31 December 2024 per H Share is lower than the mean and median discounts to the respective NAV per share of the Shortlisted Results; and (ii) the Cancellation Price of HK$2.0 per H Share representing approximately 15.3% discount to the Adjusted NAV of the Company as of 31 December 2024 per H Share is lower than the mean and median discounts to the respective NAV per share of the Shortlisted Results.

Based on above, the Cancellation Price, being similar to the cancellation/offer price of the Privatisation Precedents, was also set at premium to the recent closing prices. Notwithstanding that the premium implied by the Cancellation Price over past 5, 10, 30 and 60 consecutive trading days immediately prior to and including the last trading day are lower than the mean and median of those of the Privatisation Precedents, we consider the level of premia were significant higher than the relevant average closing prices in general implying H Shareholders who acquired their H Shares during these time will record gain if they choose to approve the Merger and such phenomenon is in line with other Privatisation Precedents.

Although there are differences in the business nature, operational models, profitability, financial position and prospects between the Group and the companies included in the Privatisation Precedents, we wish to highlight that the above analysis can provide an insight of the recent pricing on the privatisation cases in the Hong Kong capital market. We are of the opinion that the results of the relevant comparison from the perspective of the Privatisation Precedents above does not contradict with our analysis of the Merger. Independent H Shareholders should not only rely on the above analysis of the Privatisation Precedents to make their decisions and should consider the overall perspective of the various factors, including the historical price performance of the H Shares, the discounts of the H Share price to NAV over the recent years and Adjusted NAV, the P/E ratio and P/B ratio of the Company implied by the Cancellation Price.

## 6. THE ROLLOVER ARRANGEMENT

The Offeror would like to allow Platinum Peony to retain its shareholding in the Company after the Merger by way of the Rollover Arrangement. As at the Latest Practicable Date, Platinum Peony holds 156,679,000 H Shares, representing approximately 29.10% of the H Shares and approximately 9.90% of the total issued share capital of the Company.

Platinum Peony is a restricted scope company incorporated under the laws and regulations of the Abu Dhabi Global Market (in the Emirate of Abu Dhabi, United Arab Emirates), and is wholly owned by the Abu Dhabi Investment Authority. The principal business activity of Platinum Peony is investment holding.

The Offeror is of the view that it is important for the Company to retain Platinum Peony after the Merger, which will enhance the Group's competitiveness in the market and benefit the Group's long-term sustainable development and growth.

To document the Rollover Arrangement, Platinum Peony has issued a confirmation letter to the Offeror, pursuant to which Platinum Peony confirms that, subject to (i) the final offer price for the cancellation of H Shares held by Platinum Peony under the Merger being HK$2.0 per H Share, and the registered capital of the Offeror to be issued to Platinum Peony being RMB291,178,520.76, (ii) the signing of the Merger Agreement in the form attached to the confirmation letter, and (iii) there being no material deviation between the form and contents of the executed version of the Merger Agreement with the agreed form and contents of such agreement as appended to the confirmation letter, Platinum Peony agrees to be issued with RMB1.858440 registered capital of the Offeror for each H Share it holds, which is equivalent to the Cancellation Price in RMB based on the Exchange Rate for each H Share, in consideration for the cancellation of the H Shares it holds pursuant to the Merger Agreement.

In connection with the Rollover Arrangement, it is contemplated that the Offeror and Platinum Peony will enter into the Capital Increase Agreement within two months after the Conditions have been satisfied. In consideration for the cancellation of the H Shares held by Platinum Peony, Platinum Peony will be issued with RMB1.858440 registered capital of the Offeror for each H Share, which is equivalent to the Cancellation Price in RMB based on the Exchange Rate for each H Share. It is also contemplated that Falcon Holding and Platinum Peony will enter into the Shareholders Agreement on or around the same time as the signing of the Capital Increase Agreement.

As the Rollover Arrangement is not offered to all Shareholders, the Rollover Arrangement constitutes a special deal and requires the consent of the Executive under Rule 25 of the Takeovers Code. The Offeror has made an application for consent from the Executive to the Rollover Arrangement conditional on: (i) the Independent Financial Adviser to the Independent Board Committee confirming that the Rollover Arrangement is fair and reasonable so far as the Independent H Shareholders are concerned; and (ii) the passing of an ordinary resolution by the Shareholders other than the Offeror, its concert parties and any other Shareholders who are involved or interested in the Rollover Arrangement (including Falcon Holding and Platinum Peony) at the EGM to approve the Rollover Arrangement. Accordingly, as set out in the paragraph headed "Conditions to effectiveness" in the Letter from the Board, the Merger Agreement shall become effective subject to, among other things, (i) the receipt of an opinion from the Independent Financial Adviser to the Independent Board Committee confirming that the Rollover Arrangement is fair and reasonable so far as the Independent H Shareholders are concerned; (ii) the passing of an ordinary resolution by the Shareholders other than the Offeror, its concert parties and any other Shareholders who are involved or interested in the Rollover Arrangement (including Falcon Holding and Platinum Peony) at the EGM to approve the Rollover Arrangement; and (iii) the grant of consent under Rule 25 of the Takeovers Code from the Executive in respect of the Rollover Arrangement. Each of Falcon Holding, Platinum Peony and Chelt is considered to be acting in concert with the Offeror, and is therefore not an Independent H Shareholder and will not be voting on the Merger at the H Share Class Meeting or the Rollover Arrangement at the EGM.

### 6.1 Assessment on the Rollover Arrangement

Under the Rollover Arrangement, the Offeror and Platinum Peony will enter into the Capital Increase Agreement. In assessing the fairness and reasonableness of the Rollover Arrangement, we have considered the following factors:

The primary objective of the Rollover Arrangement is to incentivise Platinum Peony to remain a significant shareholder in the Company, thereby fostering the Group's market competitiveness and supporting its long-term sustainable growth and development. Platinum Peony, a wholly owned subsidiary of the Abu Dhabi Investment Authority, operates as an investment holding entity with a robust and sophisticated background, bringing valuable expertise and credibility to the Group.

As highlighted in the section titled "2. Industry overview and prospects of the Group" in this letter, while the Group's long-term outlook remains generally optimistic, it faces uncertainties such as the ongoing effects of the economic downturns and the US-China trade tensions. Retaining Platinum Peony as a shareholder through the Rollover Arrangement offers multiple benefits, such as enhancing the Group's competitiveness in the market and supporting the Group's long-term sustainable development and growth. This continued partnership not only solidifies the Group's financial foundation but also positions it as an attractive opportunity for other international investors. The presence of a prestigious shareholder like Platinum Peony can boost investor confidence, potentially drawing additional overseas investment to support the Group's future growth. Moreover, this arrangement equips the Group to better navigate the uncertain business environment, ensuring resilience and adaptability in the face of global challenges.

As set out in the Letter from the Board, in connection with the Rollover Arrangement, it is contemplated that the Offeror and Platinum Peony will enter into the Capital Increase Agreement within two months after the Conditions have been satisfied. In consideration for the cancellation of the H Shares held by Platinum Peony, Platinum Peony will be issued with RMB1.858440 registered capital of the Offeror for each H Share, which is equivalent to the

Cancellation Price in RMB based on the Exchange Rate for each H Share. It is also contemplated that Falcon Holding and Platinum Peony will enter into the Shareholders Agreement on or around the same time as the signing of the Capital Increase Agreement.

On the other hand, as detailed in the section "5. Analysis of the Cancellation Price" of this letter, the Merger presents Independent H Shareholders with a valuable opportunity to liquidate their investments in the Company for cash at a premium, should they choose to do so, while we have concluded that the Cancellation Price is fair and reasonable. Consequently, we view the option of remaining a shareholder in the Company after Merger, if offered to the Independent H Shareholders, as a less favorable choice. This is due to the diminished regulatory protections and increased risks associated with investing in a private company, where oversight and safeguards typically provided by the Stock Exchange for listed entities are absent. Following the Merger, the Offeror (being the successor of the Company) will become a private company and no longer be subject to the same corporate governance and minority shareholder protection requirements of the Listing Rules. In contrast to Platinum Peony, which benefits from its prominent role, long-term strategic outlook, and access to sophisticated resources, enabling it to effectively assess risks and make informed decisions about retaining its equity in an unlisted company, Independent H Shareholders, as minority stakeholders, face significant risks by continuing to hold equity in the Company following the Merger. Resulting from restricted access to comprehensive information and lack of specialised expertise, making Independent H Shareholders more vulnerable to uncertainties such as reduced transparency, potential dilution of their stake, and limited influence over corporate decisions in the absence of public company protections.

Furthermore, the transition to a private entity would eliminate the public trading market for the Offeror's shares, severely limiting Independent H Shareholders' ability to sell their holdings. This lack of liquidity could trap their capital, making it challenging to divest their investments without significant delays or losses, particularly in an unlisted environment where finding buyers is often difficult and transaction costs may be higher. These factors collectively underscore the potential drawbacks and increased risk profile for individual shareholders who retain their stake in the Company following the Merger.

Independent H Shareholders' attention is drawn to the fact that the Merger Agreement shall become effective subject to, among other things, (i) the receipt of an opinion from the Independent Financial Adviser to the Independent Board Committee confirming that the Rollover Arrangement is fair and reasonable so far as the Independent H Shareholders are concerned; (ii) the passing of an ordinary resolution by the Shareholders other than the Offeror, its concert parties and any other Shareholders who are involved or interested in the Rollover Arrangement (including Falcon Holding and Platinum Peony) at the EGM to approve the Rollover Arrangement; and (iii) the grant of consent under Rule 25 of the Takeovers Code from the Executive in respect of the Rollover Arrangement. In other words, Independent H Shareholders who wish to receive the Cancellation Price in relation to the Merger should vote in favour of the resolutions at the EGM and, if applicable, the H Share Class Meeting (as the case may be) to approve the Merger and the Rollover Arrangement.

## RECOMMENDATION

Having considered the abovementioned principal factors and reasons, in particular the followings:

(i) the Group's performance depends on domestic demand in the PRC and the level of international trade conflicts, which are constantly evolving. While the Group's outlook is generally positive, it faces an uncertain and challenging market and business environment in the foreseeable future;

(ii) the fact that the Cancellation Price exceeds the closing price of the H Shares on all trading days during the Review Period;

(iii) the implied P/E and P/B ratios by the Cancellation Price exceeded both the mean and median ratios of the Comparable Companies, indicating that the Cancellation Price is relatively more attractive when compared to the Comparable Companies as at the Last Trading Date;

(iv) the premia represented by the Cancellation Price are generally in line with those of the Privatisation Precedents notwithstanding such premia were lower than the mean and the median of the Privatisation Precedents for certain periods;

(v) the H Shares have consistently traded at a discount to the NAV per H Share for the previous three years and up to the Last Trading Date;

(vi) the consistently low trading liquidity of the H Shares throughout the Review Period, with the Merger offering Independent H Shareholders a guaranteed exit opportunity; and

(vii) as addressed in the section "6.1 Assessment on the Rollover Arrangement" above, we do not consider, after considering the above factors and from the perspective of the Independent H Shareholders' interests, that the Rollover Arrangement extends any preferential terms to Platinum Peony,

we are of the opinion that the terms of the Merger and the Rollover Arrangement are fair and reasonable from the perspective of the Independent H Shareholders. Therefore, we advise the Independent Board Committee to recommend that the Independent H Shareholders vote in favor of the Merger at both the EGM and the H Share Class Meeting and the Rollover Arrangement at the EGM.

**Independent H Shareholders are reminded to monitor the trading price and liquidity of the H Shares during the Offer Period and, having regard to their own circumstances, consider selling their H Shares in the open market, if the net proceeds from such sales exceed the net amount receivable under the Merger.**

**As different Independent H Shareholders would have different investment criteria, objectives or risk appetite and profiles, we recommend any Independent H Shareholders who may require advice in relation to any aspect of this Composite Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser.**

Yours faithfully,
For and on behalf of
**Octal Capital Limited**

| | |
|---|---|
| **Alan Fung** | **Louis Chan** |
| *Managing Director* | *Director* |

*Note:*

*Mr. Alan Fung has been a responsible officer of Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities since 2003. Mr. Fung has more than 30 years of experience in corporate finance and investment banking and has participated in and completed various advisory transactions in respect of mergers and acquisitions, connected transactions and transactions subject to the compliance to the Takeovers Code of listed companies in Hong Kong.*

*Mr. Louis Chan has been a responsible officer of Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities since 2008. Mr. Chan has more than 20 years of experience in corporate finance and investment banking and has participated in and completed various advisory transactions in respect of mergers and acquisitions, connected transactions and transactions subject to the compliance to the Takeovers Code of listed companies in Hong Kong.*

* *For identification purposes only*