
THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your securities in Sunway International Holdings Limited, you should at once hand this Composite Document and the accompanying Form(s) of Acceptance to the purchaser(s) or to the transferee(s) 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(s) or transferee(s). This Composite Document should be read in conjunction with the accompanying Form(s) of Acceptance, the contents of which form part of the terms of the Offers.

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



Wealthy Port Holdings Limited
(Incorporated in Hong Kong with limited liability)

SUNWAY INTERNATIONAL HOLDINGS LIMITED
新威國際控股有限公司*
(Incorporated in Bermuda with limited liability)
(Stock code: 58)

**COMPOSITE DOCUMENT RELATING TO
THE MANDATORY CONDITIONAL CASH OFFER BY
I-ACCESS
FOR AND ON BEHALF OF WEALTHY PORT HOLDINGS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES
AND OUTSTANDING CONVERTIBLE NOTES OF
SUNWAY INTERNATIONAL HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED
BY WEALTHY PORT HOLDINGS LIMITED AND PARTIES
ACTING IN CONCERT WITH IT)**

Financial Adviser to the Offeror



Offer agent to the Offeror



Independent financial adviser to the Takeovers Code Independent Board Committee



Capitalised terms used on this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

A letter from Donvex Capital containing, among other things, the details of the terms and conditions of the Offers is set out on pages 7 to 18 of this Composite Document.

A letter from the Board is set out on pages 19 to 26 of this Composite Document.

A letter from the Takeovers Code Independent Board Committee containing its recommendation in respect of the Offers to the Independent Shareholders is set out on pages IBC-1 to IBC-2 of this Composite Document.

A letter from the Independent Financial Adviser containing its advice to the Takeovers Code Independent Board Committee in respect of the Offers is set out on pages IFA-1 to IFA-19 of this Composite Document.

The procedures for acceptance and settlement of the Offers are set out on pages I-1 to I-10 in Appendix I to this Composite Document and in the accompanying Form(s) of Acceptance. Acceptances of the Offers must be received by the Registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:00 p.m. on Tuesday, 5 May 2020, or such later time and/or date as the Offers or may determine and announce with the consent of the Executive and in accordance with the Takeovers Code.

Any persons including, without limitation, custodians, nominees and trustees who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form(s) of Acceptance to any jurisdiction outside Hong Kong should read the details in this regard which are contained in the section headed "IMPORTANT NOTICES" contained in this Composite Document before taking any action. It is the responsibility of each Overseas Independent Shareholder and Overseas Convertible Noteholder wishing to accept the Offers to satisfy himself, herself or itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or legal requirements and the payment of any transfer or other taxes due in respect of such jurisdiction. Overseas Independent Shareholders and Overseas Convertible Noteholders are advised to seek professional advice on deciding whether to accept the Offers.

This Composite Document will remain on the websites of the Stock Exchange at <http://www.hkexnews.hk> and the Company at <http://www.hk0058.com> as long as the Offers remains open.

* For identification purpose only

14 April 2020

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IMPORTANT NOTICES

NOTICE TO OVERSEAS INDEPENDENT SHAREHOLDERS AND OVERSEAS CONVERTIBLE NOTEHOLDERS

The making of the Offers to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or affected by the laws of the relevant jurisdictions. Overseas Independent Shareholders and Overseas Convertible Noteholders who are citizens or residents or nationals of jurisdictions outside Hong Kong should inform themselves about and observe any applicable legal requirements. It is the responsibility of any such person who wishes to accept the Offers to satisfy himself/herself/itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required or the compliance with other necessary formalities or legal requirements and the payment of any transfer or other taxes or other required payments due in respect of such jurisdiction. The Offeror and parties acting in concert with it, the Company, Directors, Donvex Capital, I-Access, the Registrar and any other person involved in the Offers shall be entitled to be fully indemnified and held harmless by such person for any taxes as such person may be required to pay. Please see the paragraphs headed “OVERSEAS INDEPENDENT SHAREHOLDERS AND OVERSEAS CONVERTIBLE NOTEHOLDERS” and “TAXATION ADVICE” in the “LETTER FROM DONVEX CAPITAL”.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Composite Document contains forward-looking statements, which may be identified by words such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “seek”, “estimate”, “will”, “would” or words of similar meaning, that involve risks and uncertainties, as well as assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. The Offeror and the Company assume no obligation and do not intend to update these forward-looking statements, except as required pursuant to applicable laws and regulations (including the Takeovers Code).

EXPECTED TIMETABLE

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

Despatch date of this Composite Document and the accompanying Form(s) of Acceptance and commencement date of the Offers (*Note 1*) Tuesday, 14 April 2020

Latest time and date for acceptance of the Offers on the first Closing Date (*Note 2*) by 4:00 p.m. on Tuesday, 5 May 2020

Announcement of the results of the Offers as at the first Closing Date, to be posted on the website of the Stock Exchange (*Note 2*) by 7:00 p.m. on Tuesday, 5 May 2020

Latest date of posting of remittances for the amounts due in respect of valid acceptances received under the Offers on or before 4:00 p.m. on the first Closing Date assuming the Offers becomes or is declared unconditional on the first Closing Date (*Note 3*) Thursday, 14 May 2020

Latest time and date for the Offers remaining open for acceptance on the final Closing Date assuming the Offers becomes or is declared unconditional on the first Closing Date (*Notes 4, 6, 7, 8*) by 4:00 p.m. on Tuesday, 19 May 2020

Announcement of the results of the Offers as at the final Closing Date, to be posted on the website of the Stock Exchange by 7:00 p.m. on Tuesday, 19 May 2020

Latest date of posting of remittances for the amounts due in respect of valid acceptances received under the Offers after the first Closing Date but on or before 4:00 p.m. on the final Closing Date assuming the Offers becomes or is declared unconditional on the first Closing Date (*Notes 3, 6*) Thursday, 28 May 2020

Latest time and date by which the Offers can become or declared unconditional as to acceptance (*Note 5*) by 7:00 p.m. on Monday, 15 June 2020

Notes:

1. The Offers, which is conditional, is open for acceptance on and from Tuesday, 14 April 2020, being the date of posting of this Composite Document, and is capable of acceptance on and from that date until 4:00 p.m. on the first Closing Date, unless the Offeror revise or extend the Offers in accordance with the Takeovers Code.

EXPECTED TIMETABLE

2. The Offers will initially remain open for acceptances for at least 21 days following the date on which this Composite Document is posted and until 4:00 p.m. on Tuesday, 5 May 2020 unless the Offeror revise or extend the Offers in accordance with the Takeovers Code. The Offeror has the right under the Takeovers Code to extend the Offers until such date as it may determine in accordance with the Takeovers Code (or as permitted by the Executive in accordance with the Takeovers Code). In accordance with the Takeovers Code, an announcement must be issued on the website of the Stock Exchange no later than 7:00 p.m. on Tuesday, 5 May 2020 stating whether the Offers has been revised or extended, has expired or has become or been declared unconditional. The Offeror will issue an announcement in relation to any extension of the Offers, which announcement will state either the next Closing Date or, if the Offers is at that time unconditional as to acceptances, a statement that the Offers will remain open until further notice. In the latter case, at least 14 days' notice in writing must be given before the Offers is closed to those Independent Shareholders and Convertible Noteholders who have not accepted the Offers. The Offers will not be extended beyond the first Closing Date unless the Offers become or are declared unconditional and the Offers would then remain open for acceptance for not less than 14 days thereafter in accordance with the Takeovers Code.
3. Subject to the Offers becoming or being declared unconditional in all respects, remittances in respect of the cash consideration payable for (i) the Offer Shares (after deducting the seller's ad valorem stamp duty in respect of acceptances of the Share Offer); or (ii) the Convertible Notes (after deducting the seller's ad valorem stamp duty in respect of acceptances of the Convertible Notes Offer), tendered under the Offers will be despatched to the accepting (i) Shareholder(s) (to the address specified on the **WHITE** Form of Share Offer Acceptance); or (ii) Convertible Noteholders (to the address specified on the **BLUE** Form of Convertible Notes Offer Acceptance), by ordinary post at his/her/its own risk as soon as possible, but in any event within 7 Business Days following the later of the date (i) on which the Offers become or are declared unconditional in all respects; and (ii) of receipt by (a) the Registrar (in the case of the Share Offer) of the duly completed and signed **WHITE** Form of Share Offer Acceptance; or (b) the company secretary of the Company (in the case of the Convertible Notes Offer) of the duly completed and signed **BLUE** Form of Convertible Notes Offer Acceptance, and all the relevant documents to render the acceptance under the Offers complete and valid.
4. In accordance with the Takeovers Code, where the Offers becomes or is declared unconditional in all respects, the Offers should remain open for acceptance for not less than 14 days thereafter. In such case, at least 14 days' notice in writing must be given before the Offers is closed. The Offeror has the right, subject to the Takeovers Code, to extend the Offers until such date as it may determine or as permitted by the Executive, in accordance with the Takeovers Code. The Offeror will issue an announcement in relation to any extension of the Offers, which will state the next Closing Date or, if the Offers has become or is unconditional at that time, then the Offers will remain open until further notice. **The Offers will not be extended beyond the first Closing Date unless the Offers become or are declared unconditional and the Offers would then remain open for acceptance for not less than 14 days thereafter in accordance with the Takeovers Code.**
5. In accordance with the Takeovers Code, except with the consent of the Executive, the Offers may not become or be declared unconditional as to acceptances after 7:00 p.m. on Monday, 15 June 2020, being the 60th day after the day this Composite Document is posted. Accordingly, unless the Offers have previously become or been declared unconditional as to acceptances, the Offers will lapse on Monday, 15 June 2020 unless extended with the consent of the Executive and in accordance with the Takeovers Code. Therefore, the last day by which the Offers can become or be declared unconditional in all respects is Monday, 15 June 2020.
6. The latest time and date for acceptance of the Offers and the latest date for posting of remittances for the amounts due under the Offers in respect of valid acceptances will not take effect if there is a tropical cyclone warning signal number 8 or above, or a "black rainstorm warning", in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offers and the latest date for posting of remittances for the amounts due under the Offers in respect of valid acceptances. Instead, the latest time for acceptance of the Offers and the posting of remittances will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.
7. Beneficial owners of the Shares who hold their Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements (as set out in Appendix I to this Composite Document) for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures.
8. Acceptance of the Offers would be irrevocable and would not be capable of being withdrawn, subject to the provisions of the Takeovers Code which is administered by the Executive.

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

All time and date references contained in this Composite Document and accompanying Form(s) of Acceptance are to Hong Kong times and dates.

DEFINITIONS

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

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associate(s)”	has the meaning ascribed to it under the Takeovers Code, unless the context otherwise specifies
“ BLUE Form of Convertible Notes Offer Acceptance”	the blue form of acceptance and transfer of the Convertible Notes in respect of the Convertible Notes Offer
“Board”	the board of Directors
“Business Day(s)”	a day on which the Stock Exchange is open for the transaction of business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
“Closing Date”	Tuesday, 5 May 2020, being the closing date of the Offers, which is 21 days after the date on which this Composite Document is posted, or if the Offers are extended, any subsequent closing date of the Offers as extended and announced by the Offeror in accordance with the Takeovers Code
“Company”	Sunway International Holdings Limited (stock code: 58), a company incorporated in Bermuda with limited liability and the Shares are listed on the Main Board of the Stock Exchange
“Composite Document”	this composite offer and response document jointly issued by the Offeror and the Company in accordance with the Takeovers Code containing, among other things, details of the Offers, the recommendation from the Takeovers Code Independent Board Committee to the Independent Shareholders and the Convertible Noteholders and the advice from the Independent Financial Adviser to the Takeovers Code Independent Board Committee in respect of the Offers and the Form(s) of Acceptance
“Condition”	the condition of the Offers, as set out under the paragraph headed “Conditions of the Offers” in the “LETTER FROM DONVEX CAPITAL” in this Composite Document

DEFINITIONS

“Convertible Notes”	the outstanding convertible notes due on 28 April 2017 in the principal amount of HK\$30,000,000 which could be convertible into a total of 16,393,442 new conversion Shares at the conversion price of HK\$1.83 per conversion share (assuming the Share Consolidation in relation to the Convertible Notes are valid and completed)
“Convertible Noteholder(s)”	the holder of the Convertible Note(s) from time to time
“Convertible Notes Offer”	the mandatory conditional cash offer to be made by I-Access for and on behalf of the Offeror to acquire the Convertible Notes in accordance with the terms described in this Composite Document
“Director(s)”	the director(s) of the Company from time to time
“Donvex Capital”	Donvex Capital Limited, the financial adviser of the Offeror in respect of the Offers, and a corporation licensed to carry on business in type 6 (advising on corporate finance) regulated activity under the SFO
“Encumbrances”	includes any option, right to acquire, right of pre-emption, mortgage, charge, pledge, lien, hypothecation, title retention, right of set off, claim, counterclaim, trust arrangement or other security, any equity or restriction (including any restriction imposed under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) or other adverse rights and interests of all kinds and descriptions)
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Form(s) of Acceptance”	the WHITE Form of Share Offer Acceptance and/or the BLUE Form of Convertible Notes Offer Acceptance (as the context may require) in respect of the Offers which accompany(ies) this Composite Document
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“Independent Financial Adviser” or “Ample Capital”	Ample Capital Limited, a licensed corporation to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the independent financial adviser appointed by the Takeovers Code Independent Board Committee to advise the Takeovers Code Independent Board Committee and the Independent Shareholders in relation to the terms of the Offers
“Independent Shareholders”	the Shareholders other than the Offeror and the parties acting in concert with it
“Irrevocable Undertaking”	the deed of irrevocable undertaking dated 3 January 2020 pursuant to which Mr. Li has irrevocably undertaken to the Offeror that, among others, it will not accept any general offer to be made by the Offeror with respect to the Shares held by him
“I-Access”	I-Access Investor Limited, a licensed corporation under the SFO, licensed to carry on type 1 (dealing in securities), type 2 (dealing in future contracts), type 6 (advising on corporate finance) and type 7 (providing automated trading services) regulated activities under the SFO
“Joint Announcement”	the announcement jointly issued by the Company and the Subscriber on 8 January 2020 in relation to, among others, the Subscription Agreement and the transaction contemplated thereunder and the Offers
“Last Trading Day”	29 November 2019, the last trading day for the Shares prior to the halt of trading in the Shares prior to the release of the Joint Announcement
“Latest Practicable Date”	9 April 2020, being the latest practicable date prior to the printing of this Composite Document for the purpose of ascertaining certain information contained in this Composite Document prior to its publication
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 March 2020 (or such other date as the Company and the Subscriber may agree in writing)
“Main Board”	the main board maintained and operated by the Stock Exchange
“Mr. Chim”	Mr. Chim Sai Yau Oscar, the sole shareholder and sole director of the Offeror

DEFINITIONS

“Mr. Li”	Mr. Li Chongyang, an executive Director of the Company, a Shareholder who holds 4,610,000 Shares as at the joint announcement, representing approximately 0.62% of the total issued share capital of the Company, and a person presumed to be a party acting in concert with the Offeror
“Offeror” or “Subscriber”	Wealthy Port Holdings Limited, a company incorporated in Hong Kong with limited liability and a substantial shareholder of the Company, which is beneficially and wholly owned by Mr. Chim
“Offers”	the Share Offer and the Convertible Notes Offer (as the case may be)
“Offer Period”	has the meaning ascribed to it under the Takeovers Code, being the period commencing from 8 January 2020 and ending on the Closing Date
“Offer Share(s)”	the Shares (other than those already owned or to be acquired by the Offeror or parties acting in concert with it) that are subject to the Share Offer
“Overseas Independent Shareholders”	Independent Shareholders whose addresses as shown on the register of members of the Company are outside Hong Kong
“Registrar”	Tricor Tengis Limited, the Hong Kong branch share registrar of the Company, whose office is situated at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Relevant Period”	the period from 8 July 2019, being the date falling six months preceding the commencement of the Offer Period up to and including the Latest Practicable Date
“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)”	the ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Share Consolidation”	the consolidation of the Shares whereas every ten issued ordinary shares of HK\$0.01 each in the then share capital of the Company be consolidated into one consolidated share of HK\$0.10, which became effective on 4 June 2018

DEFINITIONS

“Share Offer”	the mandatory conditional cash offer to be made by I-Access for and on behalf of the Offeror for all the Offer Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) in accordance with the Takeovers Code
“Share Offer Price”	HK\$0.100 per Offer Share
“Shareholder(s)”	the holder(s) of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares by the Offeror under the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 29 November 2019 entered into amongst the Offeror and the Company in relation to the Subscription Shares, as supplemented by a supplemental agreement dated 28 February 2020 entered into amongst the Offeror and the Company
“Subscription Completion”	the completion of the subscription of the Subscription Shares in accordance with the terms and conditions of the Subscription Agreement
“Subscription Price”	the average closing price per Share as quoted on the Stock Exchange for the 5 consecutive trading days prior to the date of the Subscription Agreement, or the nominal Share value of HK\$0.100 per Share, whichever is the higher
“Subscription Shares”	an aggregate of 149,063,676 Shares to be subscribed by the Subscriber upon Subscription Completion
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Takeovers Code Independent Board Committee”	an independent committee of the Board comprising all the non-executive Directors who have no direct or indirect interest in the Offers, established for the purpose of advising the Independent Shareholders and the Convertible Noteholders in respect of the Offers and in particular as to whether the terms of the Offers are fair and reasonable and as to acceptance of the Offers

DEFINITIONS

“**WHITE** Form of Share Offer Acceptance” the white form of acceptance and transfer of Shares in respect of the Share Offer

“%” per cent.

Certain amounts and percentage figures included in this Composite Document have been subject to rounding adjustments. Accordingly, figures shown as totals in certain paragraphs and tables in this Composite Document may not be an arithmetic aggregation of the figures preceding them.

LETTER FROM DONVEX CAPITAL



Donvex Capital Limited
富域資本有限公司

1305, 13/F.,
Carpo Commercial Building,
18-20 Lyndhurst Terrace,
Central, Hong Kong

14 April 2020

To the Independent Shareholders and Convertible Noteholders

Dear Sirs or Madam,

**THE MANDATORY CONDITIONAL CASH OFFER BY
I-ACCESS
FOR AND ON BEHALF OF WEALTHY PORT HOLDINGS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES
AND OUTSTANDING CONVERTIBLE NOTES OF
SUNWAY INTERNATIONAL HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED
BY WEALTHY PORT HOLDINGS LIMITED AND PARTIES
ACTING IN CONCERT WITH IT)**

INTRODUCTION

Reference is made to the Joint Announcement and the circular of the Company dated 29 February 2020 in relation to the subscription of new Shares under specific mandate in connection with the Subscription Agreement.

The Subscription

On 29 November 2019 (after trading hours of the Stock Exchange), the Company and the Subscriber entered into the Subscription Agreement pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue the Subscription Shares (i.e. a total of 149,063,676 Shares) at the Subscription Price of HK\$0.100 per Subscription Share.

Upon the Subscription Completion, the Offeror and parties acting in concert with it will be interested in 373,078,531 Shares, representing approximately 41.54% of the issued Shares of the Company as at the Latest Practicable Date, assuming no changes to the issued Shares from the date of the joint announcement up to the Latest Practicable Date.

Implication of the Restructuring on the Offers

Due to the Subscription and pursuant to Rule 26.1 and Rule 13 of the Takeovers Code, upon the Subscription Completion, the Offeror is required to make a mandatory conditional general offer in cash for all the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company (other than those already owned or to be acquired by the Offeror and parties acting in concert with it).

LETTER FROM DONVEX CAPITAL

The Share Offer is conditional upon valid acceptances of the Share Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the first Closing Date (or such later time or date as the Offeror may, subject to the Takeovers Code, decide), together with Shares already owned by the Offeror and parties acting in concert with it and acquired before or during the Offers, will result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of the Company. The Convertible Notes Offer is conditional upon the Share Offer becoming or being declared unconditional in all respects.

This letter sets out, among other things, the principal terms of the Offers, together with the information on the Offeror and the intention of the Offeror regarding the Group. Further details of the terms of the Offers and procedures of acceptance are also set out in Appendix I to this Composite Document and the accompanying Form(s) of Acceptance. Your attention is also drawn to the letter from the Board as well as the letter from the Takeovers Code Independent Board Committee and the letter from the Independent Financial Adviser in respect of the Offers, as contained in this Composite Document.

THE OFFERS

As at the Latest Practicable Date, the Offeror was interested in a total of 368,468,531 Shares, representing approximately 41.03% of the total issued share capital of the Company. Assuming there is no change in the total number of issued Shares from the Latest Practicable Date up to the Closing Date, there will be 529,531,469 Shares subject to the Share Offer, representing approximately 58.97% of the existing issued Shares of the Company.

As at the Latest Practicable Date, there are outstanding Convertible Notes in the principal amount of HK\$30,000,000 which carry rights to convert into approximately 16,393,442 new conversion Shares (rounded down) in full based on the existing conversion price of HK\$1.83 per conversion share (assuming the Share Consolidation in relation to the Convertible Notes are valid and completed), and none of the Offeror and parties acting in concert with it has any interest in the Convertible Notes.

As at the Latest Practicable Date, save for the outstanding Convertible Notes, the Company did not have any other outstanding options, derivatives, warrants, relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) or securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares.

I-Access is making the Offers on behalf of the Offeror, subject to the terms set out in this Composite Document and in the Form of Acceptance, on the following basis:

Principal terms of the Share Offer

For every Share HK\$0.100 in cash

The Offer Price of HK\$0.100 per Offer Share under the Share Offer is equal to the Subscription Price per Subscription Share paid by the Offeror under the Subscription Agreement.

LETTER FROM DONVEX CAPITAL

The Offer Shares to be acquired shall be fully paid and free from all Encumbrances whatsoever and together with all rights accruing or attaching thereto, including without limitation, the right to receive all dividends and distributions declared, paid or made, if any, on or after the date on which the Share Offer is made, being the date of the despatch of this Composite Document.

The Offeror will not increase the Share Offer Price as set out above. Shareholders and potential investors of the Company should be aware that, following the making of this statement, the Offeror do not reserve the right to increase the Share Offer Price.

The Offers will not be extended beyond the first Closing Date unless the Offers become or are declared unconditional and the Offers would then remain open for acceptance for not less than 14 days thereafter in accordance with the Takeovers Code.

Principal terms of the Convertible Notes Offer

For every HK\$10,000,000 nominal value of the Convertible Notes HK\$546,448 in cash

The Convertible Notes to be acquired shall be fully-paid and free from all Encumbrances whatsoever and together with all rights accruing or attaching thereto, including without limitation, the right to receive all dividends and distributions declared, paid or made, if any, on or after the date on which the Convertible Notes Offer is made, being the date of despatch of this Composite Document.

The Convertible Notes Offer is conditional upon the Share Offer becoming or being declared unconditional in all respects, details of which are set out in the section headed “Conditions of the Offers” below.

As at the Latest Practicable, there are outstanding Convertible Notes in the principal amount of HK\$30,000,000 which carry rights to convert into approximately 16,393,442 new conversion Shares (rounded down) in full based on the existing conversion price of HK\$1.83 per conversion share (assuming the Share Consolidation in relation to the Convertible Notes are valid and completed), and none of the Offeror and parties acting in concert with it has any interest in the Convertible Notes.

The proposed offer price of the Convertible Notes is HK\$546,448 for every HK\$10,000,000 nominal value of the Convertible Notes, determined in accordance with Rule 13 of and Practice Note 6 to the Takeovers Code as the “see-through” consideration for the Convertible Notes, being the number of new Shares which the Convertible Notes could be convertible into (i.e. approximately 16,393,442 new conversion Shares (assuming the Share Consolidation in relation to the Convertible Notes are valid and completed)) multiplied by the Share Offer Price of HK\$0.10 per Offer Share, valuing the total Convertible Notes Offer at approximately HK\$1,639,344.

The Convertible Notes Offer is made by the Offeror in compliance of Rule 13.1 of the Takeovers Code. The Company emphasises that any Convertible Notes Offer made shall not be made or construed to be prejudicial to the Company’s claims and/or counterclaims in any legal actions and procedures against the Convertible Noteholders.

LETTER FROM DONVEX CAPITAL

Conditions of the Offers

The Share Offer is conditional only on valid acceptances of the Share Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the first Closing Date (or such later time or date as the Offeror may, subject to the Takeovers Code, decide), and the number of Shares in respect of which, together with Shares already owned by the Offeror and parties acting in concert with it and acquired or to be acquired before or during the Offers, resulting in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of the Company in accordance with the Takeovers Code. The Convertible Notes Offer is conditional upon the Share Offer becoming or being declared unconditional in all respects.

WARNING: The Offers are conditional. If the total number of Offer Shares in respect of the valid acceptances, which the Offeror has received at or before 4:00 p.m. on the first Closing Date (or such other time as the Offeror may, subject to the Takeovers Code, decide) under the Offers, together with the Shares acquired before or during the Offers, does not result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of the Company, the Offers will not become or be declared unconditional and will lapse. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. If Shareholders and potential investors are in any doubt about their position, they should consult their own professional advisers.

In accordance with Rule 15.1 and Rule 15.3 of the Takeovers Code, the Offeror must publish an announcement when the Offers become or are declared unconditional as to acceptances and when the Offers become or are declared unconditional in all respects. The Offers must also remain open for acceptance for at least 14 days after the Offers become or are declared unconditional in all respects. The Independent Shareholders are reminded that the Offeror does not have any obligation to keep the Offers open for acceptance beyond this 14-days period.

Return of documents

If the Offers do not become, or are not declared, unconditional in all respects within the time permitted by the Takeovers Code, the Share certificate(s), certificate(s) of the Convertible Notes and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) received by the Registrar (in the case of Share Offer) and/or the company secretary of the Company (in the case of Convertible Notes Offer) will be returned to the Independent Shareholders and the Convertible Noteholders, as the case maybe, who have accepted the Offers, by ordinary post at such Independent Shareholders' or Convertible Noteholders' own risk as soon as possible but in any event within 10 days after the Offers have lapsed.

LETTER FROM DONVEX CAPITAL

The Share Offer Price

The Share Offer Price of HK\$0.100 per Share represents:

- (i) a premium of approximately 25.00% to the closing price of HK\$0.0800 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 24.07% to the average of the closing prices of the Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.0806 per Share;
- (iii) a premium of approximately 3.09% to the closing price of HK\$0.097 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (iv) a discount of approximately 80.20% over the audited consolidated net asset value attributable to the Shareholders as at 31 December 2018 of approximately HK\$0.505 per Share (based on the audited consolidated net asset value attributable to Shareholders as at 31 December 2018 (the date to which the latest audited financial results of the Group were made up) divided by 898,000,000 Shares in issue as at the Latest Practicable Date);
- (v) a discount of approximately 59.51% to the unaudited consolidated net asset value attributable to the Shareholders as at 30 June 2019 of approximately HK\$0.247 per Share (based on the unaudited consolidated net asset value attributable to the Shareholders as at 30 June 2019 (the date to which the latest unaudited financial results of the Group were made up) divided by 898,000,000 Shares in issue as at the Latest Practicable Date; and
- (vi) a discount of approximately 45.65% to the unaudited consolidated net asset value attributable to the Shareholders as at 31 December 2019 of approximately HK\$0.184 per Share (based on the unaudited consolidated net asset value attributable to the Shareholders as at 31 December 2019 (the date to which the latest unaudited financial results of the Group were made up) divided by 898,000,000 Shares in issue as at the date of the Latest Practicable Date).

Highest and lowest Shares prices

During the Relevant Period:

- (i) the highest closing price of the Shares quoted on the Stock Exchange was HK\$0.140 per Share on 23 July 2019; and
- (ii) the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.077 per Share on 9 September 2019.

Value and total consideration of the Offers

As at the Latest Practicable Date, there were 898,000,000 Shares in issue. On the basis of the Share Offer Price at HK\$0.100 per Share, the entire issued ordinary share capital of the Company would be valued at approximately HK\$89.8 million.

LETTER FROM DONVEX CAPITAL

Assuming that there is no change in the total number of issued Shares, the Offeror was interested in 368,468,531 Shares and 529,531,469 Shares not already owned or agreed to be acquired by the Offeror will be subject to the Share Offer and the consideration of the Share Offer is therefore valued at approximately HK\$53.0 million based on the Share Offer Price and the basis of full acceptance of the Share Offer.

Assuming the Convertible Notes Offer is accepted in full, the consideration of the Convertible Notes Offer is valued at approximately HK\$1,639,344. As such, the total consideration of the Offers is valued at approximately HK\$54.6 million.

Irrevocable undertaking in relation to the Share Offer

As at the Latest Practicable Date, Mr. Li holds 4,610,000 Shares, representing approximately 0.51% of the total issued share capital of the Company. Mr. Li has entered into the Irrevocable Undertaking, pursuant to which Mr. Li has undertaken to the Offeror that he will not (a) accept the Share Offer with respect to, and (b) until the close of the Share Offer or the Share Offer lapses, whether directly or indirectly, sell, transfer, encumber or otherwise dispose of, the 4,610,000 Shares held by him. The Irrevocable Undertaking shall cease to be binding upon the Closing Date.

Confirmation on financial resources available for the Offers

The Offeror intend to finance and satisfy the amount payable under the Offers by cash through its own internal cash resources. The Offeror has no intention and there is no arrangement contemplated that the payment of interest on, repayment of or security for any liability (contingent or otherwise) will depend to any significant extent on the business of the Company. Donvex Capital, being the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the maximum payment obligations upon full acceptance of the Share Offer in respect of 524,921,469 Offer Shares (excluding the 4,610,000 Shares held by Mr. Li, in respect of which Mr. Li has irrevocably undertaken not to accept the Share Offer) and the Convertible Notes Offer.

Effect of accepting the Offers

The Offers are conditional. Subject to the Offers becoming or being declared unconditional, provided that valid acceptance forms and the relevant certificate(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and in good order and have been received by the branch share registrar of the Company in Hong Kong, the Independent Shareholders will sell their tendered Shares to the Offeror free from all liens, claims, charges, options, equities, adverse interests, third party rights or Encumbrances whatsoever and together with all rights accruing or attaching thereto, including without limitation, the right to receive all dividends and distributions declared, paid or made, if any, on or after the date on which the Share Offer is made, being the date of the despatch of this Composite Document.

Acceptance of the Convertible Notes Offer by any Convertible Noteholders shall be made subject to the terms and conditions of the Convertible Notes, and will be deemed to constitute a warranty by such person that all Convertible Notes sold by such person under the Convertible Notes Offer are free from all Encumbrances whatsoever, and that the Convertible Noteholders have the full right, power and authority to sell and pass the title and ownership of their Convertible Notes absolutely.

LETTER FROM DONVEX CAPITAL

Acceptance of the Offers will be governed and construed in accordance with all the applicable laws and regulations of all relevant jurisdictions in connection therewith. The Independent Shareholders and Convertible Noteholders shall fully observe the applicable laws and regulations, and tender acceptances that are valid and binding, and as permitted under the applicable laws and regulations.

As at the Latest Practicable Date, no dividend has been paid or declared by the Company and it is advised by the Board that no dividend is expected to be declared during the Offer Period.

Acceptance of the Offers will be irrevocable and not be capable of being withdrawn except with the consent of the Executive.

Independent Shareholders and Convertible Noteholders are reminded to read the recommendations of the Takeovers Code Independent Board Committee and the advice of the Independent Financial Adviser appointed by the Takeovers Code Independent Board Committee in respect of the Offers which will be included in this Composite Document.

Payment

Subject to the Offers having become, or has been declared, unconditional in all respects, settlement of the consideration in respect of acceptances of the Offers will be made as soon as possible but in any event within 7 Business Days of the date on which the duly completed and valid Form(s) of Acceptance together with the relevant documents of title of the Offer Shares or the Convertible Notes in respect of such acceptances are received by the Offeror or its agent acting on its behalf to render each such acceptance of the Offers complete and valid, or the date on which the Offers have become or are declared unconditional in all respects, whichever is later.

No fractions of a cent (HK\$) will be payable and the amount of cash consideration payable to a Shareholder or a Convertible Noteholder who accepts the Offers will be rounded up to the nearest cent (HK\$). Save for payment of stamp duty as set out in this Composite Document, settlement of the amounts due to the accepting Shareholders will be implemented in full without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be entitled against such Shareholder or Convertible Noteholder.

Taxation advice

Independent Shareholders and Convertible Noteholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offers.

None of the Offeror and parties acting in concert with it, the Company, Donvex Capital, I-Access and/or their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offers accept any responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

LETTER FROM DONVEX CAPITAL

Overseas Independent Shareholders and Overseas Convertible Noteholders

The Offeror intends to make the Offers available to all Independent Shareholders (but including Mr. Li) and all Convertible Noteholders, including those with a registered address in a jurisdiction outside Hong Kong. The availability of the Offers to persons with a registered address in a jurisdiction outside Hong Kong may be affected by the laws of the relevant overseas jurisdictions. The making of the Offers to a person with a registered address in a jurisdiction outside Hong Kong may be affected by the applicable laws and regulations of the relevant jurisdiction. Overseas Independent Shareholders and Overseas Convertible Noteholders with registered addresses in jurisdictions outside Hong Kong should inform themselves about and observe any applicable legal or regulatory requirements or restrictions in their own jurisdictions in connection with the acceptance of the Offers (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Independent Shareholders and Overseas Convertible Noteholders in respect of such jurisdictions).

Any acceptance of the Offers by any Overseas Independent Shareholder and Overseas Convertible Noteholders will be deemed to constitute a representation and warranty from such Overseas Independent Shareholder and Overseas Convertible Noteholders to the Offeror that the local laws and requirements have been complied with. The Overseas Independent Shareholders and Overseas Convertible Noteholders should consult their professional advisers if in doubt.

Acceptance and Settlement

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

Hong Kong stamp duty

The seller's Hong Kong ad valorem stamp duty payable by the Independent Shareholders who accept the Share Offer and calculated at a rate of 0.1% of the higher of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer, whichever is higher, will be deducted from the amount payable by the Offeror to such person on acceptance of the Share Offer.

The seller's Hong Kong ad valorem stamp duty payable by the Convertible Noteholders who accept the Convertible Notes Offer and calculated at a rate of 0.1% of the higher of (i) the market value of the Convertible Notes; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Convertible Notes Offer, whichever is higher, will be deducted from the amount payable by the Offeror to such person on acceptance of the Convertible Notes Offer.

The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Independent Shareholders or the Convertible Noteholders who accept the Offers and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptances of the Offers and the transfers of the Offer Shares or the Convertible Notes in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

LETTER FROM DONVEX CAPITAL

Close of the Offers

If the Condition is not satisfied on the first Closing Date, the Offers will lapse.

The Offeror will issue an announcement in relation to the revision, extension or lapse of the Offers or the fulfillment of the Condition in accordance with the Takeovers Code.

The latest time on which the Offeror can declare the Offers unconditional as to acceptance is 7:00 p.m. on Monday, 15 June 2020, being the 60th day after the posting of this Composite Document (or such later date to which the Executive may consent).

In accordance with the Takeovers Code, where the Offers become or are declared unconditional in all respects, the Offers should remain open for acceptance for not less than 14 days thereafter. If the Condition is satisfied, the Shareholders will be notified by way of an announcement in accordance with the Takeovers Code and the Listing Rules as soon as practicable thereafter. Further terms of the Offers, including, amongst other things, the procedures for acceptance and settlement, the acceptance period and taxation matters are set out in Appendix I to this Composite Document and the accompanying Form(s) of Acceptance.

INFORMATION ON THE OFFEROR

The Offeror is a company incorporated in Hong Kong with limited liability principally engaged in investment holding, which is a substantial shareholder of the Company as at the Latest Practicable Date. Mr. Chim is the sole director and sole shareholder of the Offeror.

Mr. Chim, aged 24, was appointed as an executive Director and the chairman of the Board on 28 May 2019. Mr. Chim has working experience in cross-border investment, private equities and financial products. Mr. Chim has previously worked as an analyst at Widus Partners, a cross-border strategic advisory and investment firm with presence in Seoul, Hong Kong, Singapore and San Francisco, during 2018 and 2019. His duties included conducting research on different investment tools in various region and assisting to provide investment strategies to clients. As a fluent Arabic speaker, Mr. Chim served as a transformation associate consultant at Americana Group, a UAE-based F&B company operating more than 1,800 restaurants across 13 markets of the Middle East, North Africa (MENA) and Kazakhstan, during 2017 and 2018. Prior to graduating from the University of Pennsylvania in Modern Middle East Studies, Mr. Chim received training at Monitor Deloitte in Dubai, the National Bank of Abu Dhabi in Abu Dhabi, International New York Times and Meitu in Hong Kong during 2014 and 2015.

As at the Latest Practicable Date, Mr. Chim is interested in the 368,468,531 Shares of the Company owned by the Offeror, which represented approximately 41.03% of the issued share capital in the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

LETTER FROM DONVEX CAPITAL

DEALING AND INTERESTS IN THE COMPANY'S SECURITIES

The Offeror confirms that, as at the Latest Practicable Date,

- (i) save for the 373,078,531 Shares already owned by the Offeror and parties acting in concert with it, none of the Offeror and parties acting in concert with it has dealt in or owned any Shares, warrants, options, derivatives or other securities convertible into Shares during the period commencing six months preceding the date of the Joint Announcement and up to the Latest Practicable Date;
- (ii) save for the 373,078,531 Shares already owned by the Offeror and parties acting in concert with it, none of the Offeror and parties acting in concert with it holds, owns or has control or direction over any voting rights or rights over Shares or convertible securities, warrants, options or derivatives of the Company;
- (iii) none of the Offeror and parties acting in concert with it has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;
- (iv) save for the Irrevocable Undertaking, there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Shares which might be material to the Offers;
- (v) save for the Irrevocable Undertaking, there is no agreement or arrangement to which the Offeror or parties acting in concert with it is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or condition to the Offers;
- (vi) save for the Irrevocable Undertaking, none of the Offeror and parties acting in concert with it has received any irrevocable commitment(s) to accept or reject the Offers;
- (vii) there is no other consideration, compensation or benefits paid by the Offeror and parties acting in concert with it;
- (viii) no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Offeror or any parties acting in concert with it on the one hand, and the Company, any Independent Shareholders and any parties acting in concert with any of them on the other hand;
- (ix) no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) in relation to the Irrevocable Undertaking between the Offeror on the one hand, and Mr. Li on the other hand; and
- (x) no understanding, arrangement, agreement or special deal between (1) any Shareholder; and (2)(a) the Offeror and any party acting in concert with it, or (b) the Company, its subsidiaries or associated companies.

LETTER FROM DONVEX CAPITAL

INTENTION OF THE OFFEROR IN RELATION TO THE GROUP

It is the intention of the Offeror that the Group will continue with its existing principal businesses after the close of the Offers and will maintain the listing status of the Company on the Stock Exchange. The Group is principally engaged in manufacturing and trading of pre-stressed high strength concrete pile, ready-mixed concrete, sand-lime bricks, aerated concrete products and eco-concrete products.

The Offeror will conduct a review on the existing principal businesses and the financial position of the Group for the purpose of formulating business plans and strategies for the future business development of the Group. In this regard, the Offeror may look into business opportunities and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Company. Should such corporate actions materialise, further announcement(s) will be made in accordance with the Listing Rules as and when appropriate. As at the Latest Practicable Date, the Offeror has no intention or concrete plans for any acquisition of assets and/or business, nor any intention to dispose of any assets and/or existing business by the Group.

Save for the Offeror's intention regarding the Group as set out above, the Offeror has no intention to (i) discontinue the employment of any employees of the Group; or (ii) re-deploy the fixed assets of the Group other than those in its ordinary and usual course of business.

PROPOSED CHANGE OF BOARD COMPOSITION OF THE COMPANY

As at the Latest Practicable Date, the Board comprises three executive Directors, namely Mr. Chim, Mr. Li Chongyang and Mr. Law Chun Choi, one non-executive Director, namely, Mr. Lum Pak Sum, and three independent non-executive Directors, namely, Mr. Choi Pun Lap, Mr. Tong Leung Sang and Mr. Chan Sung Wai.

The Offeror did not propose to nominate any new Directors to the Board. The Offeror has no intention to make any change to the composition of the Board.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror intends the issued Shares to remain listed on the Stock Exchange upon the close of the Offers.

Pursuant to the Listing Rules, if, at the closing of the Offers, less than 25% of the issued Shares are held by the public or if the Stock Exchange believes that:

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

the Stock Exchange will consider exercising its discretion to suspend trading in the Shares until a level of sufficient public float is attained.

LETTER FROM DONVEX CAPITAL

The Offeror has undertaken to the Stock Exchange to take appropriate steps as soon as possible following the close of the Offers to ensure that sufficient public float (i.e. not less than 25% of the issued Shares) exists in the Shares after the close of the Offers.

COMPULSORY ACQUISITION

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

INFORMATION ON THE GROUP

Your attention is drawn to the section headed “INFORMATION ON THE GROUP” in the “LETTER FROM THE BOARD” which contain information on the Group, and Appendices II, IV and V of this Composite Document which contain further financial and general information of the Group.

SHAREHOLDING STRUCTURE OF THE COMPANY

Your attention is drawn to the section headed “SHAREHOLDING STRUCTURE OF THE COMPANY” in the “LETTER FROM THE BOARD”.

GENERAL

All communications, notices, Form(s) of Acceptance, Share certificate(s), transfer receipt(s), other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offers to be delivered by or sent to or from the Independent Shareholders and Convertible Noteholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Offeror, parties acting in concert with it, Donvex Capital, I-Access, Ample Capital and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offers accept any liability for any loss in postage or any other liabilities that may arise as a result thereof. Further details have been set out in Appendix I to this Composite Document and in the Form(s) of Acceptance.

ADDITIONAL INFORMATION

Your attention is drawn to the “LETTER FROM THE BOARD”, the “LETTER FROM THE TAKEOVERS CODE INDEPENDENT BOARD COMMITTEE” and the “LETTER FROM THE INDEPENDENT FINANCIAL ADVISER” as set out in this Composite Document, the accompanying Form(s) of Acceptance and the additional information set out in the appendices to, which form part of, this Composite Document.

Yours faithfully,
For and on behalf of
Donvex Capital Limited
Sy Wai Shuen
Director

LETTER FROM THE BOARD



SUNWAY INTERNATIONAL HOLDINGS LIMITED

新威國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 58)

Executive Directors:

Mr. Chim Sai Yau, Oscar
Mr. Li Chongyang
Mr. Law Chun Choi

Non-executive Director:

Mr. Lum Pak Sum

Independent non-executive Directors:

Mr. Choi Pun Lap
Mr. Tong Leung Sang
Mr. Chan Sung Wai

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

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

3/F, Mandarin Commercial House
38 Morrison Hill Road
Wanchai, Hong Kong

14 April 2020

To the Independent Shareholders and Convertible Noteholders

Dear Sir or Madam,

**POSSIBLE MANDATORY CONDITIONAL CASH OFFER
BY I-ACCESS FOR AND ON BEHALF OF THE OFFEROR
TO ACQUIRE ALL THE ISSUED SHARES AND
OUTSTANDING CONVERTIBLE NOTES OF
SUNWAY INTERNATIONAL HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED
BY THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT)**

1. INTRODUCTION

Reference is made to the Joint Announcement. The Company and the Offeror entered into the Subscription Agreement on 29 November 2019 (after trading hours of the Stock Exchange), pursuant to which the Offeror, a substantial Shareholder, has conditionally agreed to subscribe for and the Company has conditional agreed to allot and issue the Subscription Shares (i.e. a total of 149,063,676 Shares) at the Subscription Price of HK\$0.100 per Subscription Share.

* For identification purposes only

LETTER FROM THE BOARD

Immediately prior to the entering into of the Subscription Agreement, the Offeror (i.e. the Subscriber) and the parties acting in concert with it were beneficially interested in 224,014,855 Shares, representing approximately 29.92% of the then issued Shares of the Company. The Subscription Completion took place on 30 March 2020. Upon the Subscription Completion, the Offeror and the parties acting in concert with it were interested in 373,078,531 Shares, representing approximately 41.54% of the issued Shares of the Company as enlarged by the allotment and issue of the Subscription Shares.

Pursuant to Rule 26.1 and Rule 13 of the Takeovers Code, the Offeror is required to make a mandatory conditional general offer in cash for all the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company (other than those already owned or to be acquired by the Offeror and parties acting in concert with it).

I-Access is making the Offers for and on behalf of the Offeror in accordance with the Takeovers Code.

The Takeovers Code Independent Board Committee which comprises all the non-executive Directors who have no direct or indirect interest in the Offers, comprising one non-executive Director, namely, Mr. Lum Pak Sum, and three independent non-executive Directors, namely, Mr. Choi Pun Lap, Mr. Tong Leung Sang and Mr. Chan Sung Wai, has been established to advise the Independent Shareholders and the Convertible Noteholders in respect of the Offers as to whether the terms of the Offers are fair and reasonable and as to their acceptance.

Ample Capital, the Independent Financial Adviser, with the approval of the Takeovers Code Independent Board Committee, has been appointed to advise the Takeovers Code Independent Board Committee, the Independent Shareholders and the Convertible Noteholders in respect of the Offers as to whether the terms of the Offers are fair and reasonable and as to their acceptance. The full text of the letter from Ample Capital is set out in this Composite Document.

Further terms and the procedures for acceptance of the Offers are set out in the “Letter from Donvex Capital” and Appendix I to this Composite Document. The purpose of this Composite Document is to provide you with, among other things, information relating to the Company and the Offers as well as to set out (i) the “Letter from the Takeovers Code Independent Board Committee” containing its recommendation to the Independent Shareholders and the Convertible Noteholders, and (ii) the “Letter from Ample Capital” containing the advice of the Independent Financial Adviser to the Takeovers Code Independent Board Committee in relation to the Offers.

LETTER FROM THE BOARD

2. THE OFFERS

As set out in the “Letter from Donvex Capital” contained in this Composite Document, I-Access, on behalf of the Offeror and in compliance with the Takeovers Code, is making the Offers on the terms set out in this Composite Document on the following basis:

The Share Offer

For each Offer Share HK\$0.100 in cash

The Share Offer will be extended to all Independent Shareholders (but including Mr. Li) in accordance with the Takeovers Code. The Offer Shares to be acquired under the Share Offer shall be fully paid and free from all Encumbrances and together with all rights attaching to them, including without limitation, the right to receive all dividends and distributions declared, paid or made, if any, on or after the date on which the Share Offer is made, being the date of despatch of this Composite Document.

As at the Latest Practicable Date, no dividend has been paid or declared by the Company and it is advised by the Board that no dividend is expected to be declared during the Offer Period.

The Share Offer Price

The Share Offer Price of HK\$0.100 per Offer Share represents:

- (i) a premium of approximately 25.00% to the closing price of HK\$0.0800 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 24.07% to the average of the closing prices of the Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day of approximately HK\$0.0806 per Share;
- (iii) a premium of approximately 3.09% to the closing price of HK\$0.097 per Share as quoted on the Stock Exchange on the Latest Practicable Date.
- (iv) a discount of approximately 80.20% over the audited consolidated net asset value attributable to the Shareholders as at 31 December 2018 of approximately HK\$0.505 per Share (based on the audited consolidated net asset value attributable to Shareholders as at 31 December 2018 (the date to which the latest audited financial results of the Group were made up) divided by 898,000,000 Shares in issue as at the date of this joint announcement);
- (v) a discount of approximately 59.51% to the unaudited consolidated net asset value attributable to the Shareholders as at 30 June 2019 of approximately HK\$0.247 per Share (based on the unaudited consolidated net asset value attributable to the Shareholders as at 30 June 2019 (the date to which the latest unaudited financial results of the Group were made up) divided by 898,000,000 Shares in issue as at the Latest Practicable Date); and

LETTER FROM THE BOARD

- (vi) a discount of approximately 45.65% to the unaudited consolidated net asset value attributable to the Shareholders as at 31 December 2019 of approximately HK\$0.184 per Share (based on the unaudited consolidated net asset value attributable to the Shareholders as at 31 December 2019 (the date to which the latest unaudited financial results of the Group were made up) divided by 898,000,000 Shares in issue as at the date of the Latest Practicable Date).

The Convertible Notes Offer

For every HK\$10,000,000 nominal value of the Convertible Notes HK\$546,448 in cash

The Convertible Notes will be acquired as fully-paid and free from all Encumbrances whatsoever and together with all rights now or hereafter attaching or accruing to them on or after the date on which the Convertible Notes Offer is made, being the date of despatch of this Composite Document.

The Convertible Notes Offer is conditional upon the Share Offer becoming or being declared unconditional in all respect, details of which are set out in the section headed “Conditions of the Offers” below.

As at the Latest Practicable Date, there are outstanding Convertible Notes in the principal amount of HK\$30,000,000 which carry rights to convert into approximately 16,393,442 new conversion Shares (rounded down) in full based on the existing conversion price of HK\$1.83 per conversion share (assuming the Share Consolidation in relation to the Convertible Notes are valid and completed), and none of the Offeror and parties acting in concert with it has any interest in the Convertible Notes.

The proposed offer price of the Convertible Notes is HK\$546,448 for every HK\$10,000,000 nominal value of the Convertible Notes, determined in accordance with Rule 13 of and Practice Note 6 to the Takeovers Code as the “see-through” consideration for the Convertible Notes, being the number of new Shares which the Convertible Notes could be convertible into (i.e. approximately 16,393,442 new conversion Shares (assuming the Share Consolidation in relation to the Convertible Notes are valid and completed)) multiplied by the Share Offer Price of HK\$0.10 per Offer Share, valuing the total Convertible Notes Offer at approximately HK\$1,639,344.

The Convertible Notes were issued pursuant to a sale and purchase agreement dated 3 October 2013 (the “SPA”) in favour of the vendor thereof (the “Vendor”) as part of the consideration. The Vendor’s entitlement to the Convertible Notes is subject to the Vendor’s due performance of the covenants, warranties and the terms and conditions under the SPA (the “CN Condition”). It is the Company’s case that the Vendor has fundamentally breached the CN Condition. According to a legal opinion dated 2 December 2019 given by the Company’s solicitors, Lam & Co., upon the fundamental breach of the SPA, it is open for the Company to argue that the CN Condition has failed and the outstanding Convertible Notes are void and have no effect. High court action has been commenced by the Company to seek to rescind the SPA and to declare that the Convertible Notes to be null, void and have no effect. As at the Latest Practicable Date, the litigation is still in progress and no judgment has been made by the Court.

The Convertible Notes Offer is made by the Offeror in compliance of Rule 13.1 of the Takeovers Code. The Company emphasises that any Convertible Notes Offer made shall not be made or construed to be prejudicial to the Company’s claims and/or counterclaims in any legal actions and procedures against the Convertible Noteholders.

LETTER FROM THE BOARD

Conditions to the Offers

The Offers are only conditional upon valid acceptances of the Offers being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as the Offeror may, subject to the Takeovers Code, decide) in respect of the Shares which, together with the Shares acquired before or during the Offers, will result in Offeror and parties acting in concert with it holding more than 50% of the voting rights of the Company.

The Offeror will issue an announcement in relation to the revision, extension or lapse of the Offers or the fulfillment of the condition of the Offers in accordance with the Takeovers Code. The latest time on which the Offeror can declare the Offers unconditional as to acceptances is 7:00 p.m. on the 60th day after the despatch of this Composite Document (or such later date to which the Executive may consent).

The Offers may or may not become or be declared unconditional. Shareholders and investors should exercise caution when dealing in securities of the Company and if they are in any doubt about their position, they should consult their professional advisers.

3. IRREVOCABLE UNDERTAKING IN RELATION TO THE SHARE OFFER

As at the Latest Practicable Date, Mr. Li holds 4,610,000 Shares, representing approximately 0.62% of the total issued share capital of the Company. Mr. Li has entered into the Irrevocable Undertaking, pursuant to which Mr. Li has undertaken to the Offeror that he will not (a) accept the Share Offer with respect to, and (b) until the close of the Share Offer or the Share Offer lapses, whether directly or indirectly, sell, transfer, encumber or otherwise dispose of, the 4,610,000 Shares held by him. The Irrevocable Undertaking shall cease to be binding upon the Closing Date.

4. FURTHER INFORMATION ON THE OFFERS

Please also refer to the “Letter from Donvex Capital” contained in this Composite Document and Appendix I to this Composite Document for further information in relation to the Offers, the availability of the Offers to the overseas Independent Shareholders and Convertible Noteholders, taxation and acceptance and settlement procedures of the Offers.

5. INFORMATION ON THE COMPANY AND THE GROUP

The Company is incorporated in Bermuda with limited liability, the Shares of which are currently listed on the Stock Exchange (stock code: 58). The Group principally engaged in manufacturing and trading of pre-stressed high strength concrete pile, ready-mixed concrete, sand-lime bricks, aerated concrete products and eco-concrete products.

Your attention is drawn to Appendices II, III and IV to this Composite Document which contain further financial and general information of the Group.

LETTER FROM THE BOARD

6. SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) immediately before the Subscription Completion; and (ii) immediately after the Subscription Completion and as at the Latest Practicable Date:

	Immediately before the Subscription Completion		Immediately following the Subscription Completion and as at the Latest Practicable Date	
	<i>Number of Shares</i>	<i>Approximate percentage</i>	<i>Number of Shares</i>	<i>Approximate percentage</i>
The Offeror and parties acting in concert with it				
The Offeror (<i>Note 1</i>)	219,404,855	29.30%	368,468,531	41.03%
Mr. Li Chongyang (<i>Note 2</i>)	<u>4,610,000</u>	<u>0.62%</u>	<u>4,610,000</u>	<u>0.51%</u>
	224,014,855	29.92%	373,078,531	41.54%
Other Shareholders				
Business Century Investments Limited (<i>Note 3</i>)	61,124,833	8.16%	61,124,833	6.81%
Everun Oil Co., Limited (<i>Note 4</i>)	86,581,000	11.56%	86,581,000	9.64%
Other public Shareholders	<u>377,215,636</u>	<u>50.36%</u>	<u>377,215,636</u>	<u>42.01%</u>
	<u>524,921,469</u>	<u>70.08%</u>	<u>524,921,469</u>	<u>58.46%</u>
Total	<u>748,936,324</u>	<u>100.00%</u>	<u>898,000,000</u>	<u>100.00%</u>

Notes:

- The 219,404,855 Shares are beneficially held by the Offeror. As Mr. Chim is the legal and beneficial owner of all issued shares of the Offeror, Mr. Chim is deemed to be interested in all the Shares held by the Offeror by virtue of Part XV of the SFO.
- Mr. Li Chongyang is an executive Director of the Company and is presumed to be a party acting in concert with the Offeror.
- The 61,124,833 Shares are beneficially held by Business Century Investments Limited. As Ms. Xie Guilin is the legal and beneficial owner of all issued shares of Business Century Investments Limited, Ms. Xie Guilin is deemed to be interested in all the Shares held by Business Century Investments Limited by virtue of Part XV of the SFO.
- The 86,581,000 Shares are beneficially held by Everun Oil Co., Limited. As Mr. Chen Jingan is the legal and beneficial owner of all issued shares of Everun Oil Co., Limited, Mr. Chen Jingan is deemed to be interested in all the Shares held by Everun Oil Co., Limited by virtue of Part XV of the SFO.

As illustrated above, the Shares held by the Shareholders other than the Offeror has been diluted by approximately 16.59% upon the Subscription Completion.

LETTER FROM THE BOARD

7. INFORMATION ON THE OFFEROR

Your attention is drawn to the section headed “Information on the Offeror” in the “Letter from Donvex Capital” contained in this Composite Document.

8. INTENTION OF THE OFFEROR IN RELATION TO THE GROUP

Please refer to the section headed “Intention of the Offeror in relation to the Group” in the “Letter from Donvex Capital” for detailed information on the Offeror’s intention on the business and management of the Group.

The Board is aware of the intention of the Offeror in regard to the Group and will render cooperation and support to the Offeror. The Board is pleased to learn that the Offeror intends to continue the existing principal businesses of the Group and that it will conduct a more detailed review on the operations of the Group for the purpose of formulating business plans and strategies for the future business development of the Group, including looking into business opportunities and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Company. The Board is aware that the Offeror has no intention to (i) discontinue the employment of any employees of the Group; or (ii) re-deploy the fixed assets of the Group other than those in its ordinary and usual course of business. As at the Latest Practicable Date, the Board is not aware of any intention or concrete plans of the Offeror for any acquisition of assets and/or business, nor any intention to dispose of any assets and/or existing business by the Group.

9. PROPOSED CHANGE OF BOARD COMPOSITION

As at the Latest Practicable Date, the Board comprises three executive Directors, namely Mr. Chim, Mr. Li Chongyang and Mr. Law Chun Choi, one non-executive Director, namely, Mr. Lum Pak Sum, and three independent non-executive Directors, namely, Mr. Choi Pun Lap, Mr. Tong Leung Sang and Mr. Chan Sung Wai.

The Board is not aware of any intention of the Offeror to make any change to the composition of the Board.

10. MAINTAINING THE LISTING STATUS OF THE COMPANY

As set out in the “Letter from Donvex Capital”, it is the intention of the Offeror to maintain the listing of Shares on the Stock Exchange after the close of the Offers.

The Stock Exchange had stated that if, at the closing of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that: (a) a false market exists or may exist in the trading of the Shares; or (b) there are insufficient Shares in public hands to maintain an orderly market, it would consider exercising its discretion to suspend dealings in the Shares.

The Offeror has undertaken to the Stock Exchange to take appropriate steps to ensure that a sufficient public float exists in the Shares.

LETTER FROM THE BOARD

11. RECOMMENDATION

The Takeovers Code Independent Board Committee has been established to make recommendation to the Independent Shareholders and the Convertible Noteholders as to whether the terms of the Offers are fair and reasonable and as to their acceptance.

We recommend the Independent Shareholders and the Convertible Noteholders to read the section headed “Letter from the Takeovers Code Independent Board Committee” as set out on pages IBC-1 to IBC-2 of this Composite Document which contains its recommendation to the Independent Shareholders and Convertible Noteholders in respect of the Offers, and the section headed “Letter from the Independent Financial Adviser” as set out on pages IFA-1 to IFA-19 of this Composite Document containing its advice to the Takeovers Code Independent Board Committee, Independent Shareholders and Convertible Noteholders in respect of the Offers.

12. ADDITIONAL INFORMATION

You are advised to read this Composite Document together with the accompanying Forms of Acceptance in respect of the acceptance and settlement procedures of the Offers. Your attention is also drawn to the additional information contained in the appendices to this Composite Document.

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

WARNING

Independent Shareholders, Convertible Noteholders and potential investors should be aware that the Offers are subject to the satisfaction of the “Conditions to the Offers” as set out in the “Letter from Donvex Capital” in the Composite Document. Accordingly, the Offers may or may not become or be declared unconditional. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. If the Shareholders and potential investors are in any doubt about their position, they should consult their own professional advisers.

Yours faithfully,

For and on behalf of the Board

SUNWAY INTERNATIONAL HOLDINGS LIMITED

Law Chun Choi

Executive Director and Company Secretary

LETTER FROM THE TAKEOVERS CODE INDEPENDENT BOARD COMMITTEE

Set out below is the text of the letter of recommendation from the Takeovers Code Independent Board Committee in respect of the Offers.



SUNWAY INTERNATIONAL HOLDINGS LIMITED

新威國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 58)

14 April 2020

To the Independent Shareholders and Convertible Noteholders,

Dear Sir or Madam,

**POSSIBLE MANDATORY CONDITIONAL CASH OFFER
BY I-ACCESS FOR AND ON BEHALF OF THE OFFEROR
TO ACQUIRE ALL THE ISSUED SHARES AND
OUTSTANDING CONVERTIBLE NOTES OF
SUNWAY INTERNATIONAL HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED
BY THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to the Composite Document dated 14 April 2020 jointly issued by the Offeror and the Company of which this letter forms part. Terms used in this letter shall have the meanings as defined in the Composite Document unless the context requires otherwise.

We have been appointed by the Board to form the Takeovers Code Independent Board Committee to consider the terms of the Offers and to advise you (i) as to whether Offers are, or are not, fair and reasonable so far as the Independent Shareholders and the Convertible Noteholders are concerned; and (ii) as to the acceptance of the Offers.

Details of advice from the Independent Financial Adviser and the principal factors it has taken into consideration in arriving at its recommendations are set out in the section headed “Letter from the Independent Financial Adviser” in this Composite Document. Details of the Offers are set out in the section headed “Letter from Donvex Capital”, Appendix I to this Composite Document and the accompanying Forms of Acceptance.

* *For identification purposes only*

LETTER FROM THE TAKEOVERS CODE INDEPENDENT BOARD COMMITTEE

RECOMMENDATION

Having taken into account the advice and recommendations of the Independent Financial Adviser and the principal factors taken into consideration by it in arriving at its opinion, we are of the opinion that the terms of the Offers are fair and reasonable so far as the Independent Shareholders and the Convertible Noteholders are concerned. Therefore we recommend the Independent Shareholders and the Convertible Noteholders to accept the Offers.

However, for those Independent Shareholders who are considering to realise all or part of their holdings in the Shares, they should closely monitor the market price and liquidity of the Shares during the Offer Period. Should the market price of the Shares exceed the Share Offer Price during the Offer Period, and the sale proceeds (net of transaction costs) exceed the net proceeds receivable under the Share Offer, the Independent Shareholders may wish to consider selling their Shares in the open market instead of accepting the Share Offer.

In any event, the Independent Shareholders and Convertible Noteholders should also consider carefully the terms of the Offers and the section headed “Letter from the Independent Financial Adviser” in this Composite Document.

If in doubt, the Independent Shareholders and Convertible Noteholders should consult their own professional advisers for professional advice. Furthermore, the Independent Shareholders and Convertible Noteholders who wish to accept the Offers are recommended to read carefully the procedures for accepting the Offers as set out in Appendix I to this Composite Document and the accompanying Forms of Acceptance.

Yours faithfully,

For and on behalf of the Takeovers Code Independent Board Committee of
SUNWAY INTERNATIONAL HOLDINGS LIMITED

Lum Pak Sum
Non-executive Director

Choi Pun Lap
*Independent non-
executive Director*

Tong Leung Sang
*Independent non-
executive Director*

Chan Sung Wai
*Independent non-
executive Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice from the Independent Financial Adviser, Ample Capital Limited, to the Takeovers Code Independent Board Committee, the Independent Shareholders and Convertible Noteholders in respect of the Offers and is prepared for the purpose of incorporation into this Composite Document.

AmCap
Ample Capital Limited
豐盛融資有限公司
Ample Capital Limited
Unit A, 14th Floor
Two Chinachem Plaza
135 Des Voeux Road Central
Hong Kong

14 April 2020

To the Takeovers Code Independent Board Committee, the Independent Shareholders and Convertible Noteholders

Dear Sirs,

MANDATORY CONDITIONAL CASH OFFER BY I-ACCESS FOR AND ON BEHALF OF THE OFFEROR TO ACQUIRE ALL THE ISSUED SHARES AND OUTSTANDING CONVERTIBLE NOTES OF SUNWAY INTERNATIONAL HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT)

INTRODUCTION

We refer to our appointment as independent financial adviser to advise the Takeovers Code Independent Board Committee, the Independent Shareholders and Convertible Noteholders in relation to the Offers by I-Access on behalf of the Offeror. Details of the Offers are set out in this Composite Document dated 14 April 2020 of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Composite Document unless otherwise defined herein.

Reference is made to the Joint Announcement and the circular dated 29 February 2020 in relation to the subscription of new shares under specific mandate in connection with the Subscription Agreement. Immediately before the Subscription, the Offeror and parties acting in concert with it held an aggregate of 224,014,855 Shares, representing approximately 29.92% of the entire issued share capital of the Company. Upon the Subscription Completion, the Offeror and parties acting in concert with it held an aggregate of 373,078,531 Shares, representing approximately 41.54% of the issued Shares of the Company. Pursuant to Rule 26.1 and Rule 13 of the Takeovers Code, upon the Subscription Completion, the Offeror is required to make a mandatory conditional general offer in cash for all the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company (other than those already owned or to be acquired by the Offeror and parties acting in concert with it).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Takeovers Code Independent Board Committee, comprising all four non-executive Directors, namely Mr. Lum Pak Sum, Mr. Choi Pun Lap, Mr. Tong Leung Sang and Mr. Chan Sung Wai, has been formed to advise the Independent Shareholders and Convertible Noteholders in respect of the Offers as to whether the terms of the Offers are fair and reasonable and as to the acceptance of the Offers. With the approval of the Takeovers Code Independent Board Committee pursuant to Rule 2.1 of Takeovers Code, we, Ample Capital Limited, have been appointed to advise the Takeovers Code Independent Board Committee, the Independent Shareholders and Convertible Noteholders in this regard.

During the past two years from the date of Joint Announcement, Ample Capital Limited has acted as the independent financial adviser to the independent board committee and independent shareholders of the Company in relation to the Subscription, details of which were set out in the circular of the Company dated 29 February 2020. The past engagements were limited to providing independent advisory services to the independent board committee and independent shareholders of the Company pursuant to the Listing Rules, for which Ample Capital Limited received normal professional fees. Accordingly, we do not consider the past engagements give rise to any conflict of interest for Ample Capital Limited in acting as the independent financial adviser in this case.

As at the Latest Practicable Date, we are not connected with the directors, chief executive and substantial shareholders of the Company and the Offeror or any of their respective subsidiaries or their respective associates or any party acting, or presumed to be acting, in concert with any of them and accordingly, and, as at the Latest Practicable Date, did not have any shareholding, directly or indirectly, in any of their respective subsidiaries or their respective associates and, as at the Latest Practicable Date, did not have any shareholding, directly or indirectly, in any member of the Group or the Offeror or any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for or to nominate persons to subscribe for securities in any member of the Group and Offeror. In addition, during the past two years from the date of Joint Announcement, we have no significant connection, financial or otherwise with the Company or the Offeror or the controlling shareholders of either of them. Apart from normal professional fees payable to us in connection with this appointment as the independent financial adviser to the Takeovers Code Independent Board Committee, no arrangement exists whereby we will receive any fees from the Company, its subsidiaries, its associates or their respective substantial shareholders or associates. We are not aware of any relationships or interest between us and the Company and the Offeror or any other parties that could be reasonably be regarded as hindrance to our independence as defined under Rule 13.84 of the Listing Rules and Rule 2 of the Takeovers Code to act as the independent financial adviser to the Takeovers Code Independent Board Committee in respect of the Offers.

BASIS OF ADVICE

In formulating our opinions and recommendations, we have relied on the information in relation to the Offers and operation of the Group supplied to us by the Company, the opinions expressed by, and the representations of, the Directors and the management of the Company, including those set out in the Composite Document. We have no reason to doubt the truth, accuracy and completeness of the information and presentation provided to us by the Directors.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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

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

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

PRINCIPAL TERMS OF THE MANDATORY GENERAL OFFER

I-Access is making the Offers on behalf of the Offeror, subject to the terms set out in this Composite Document and in the Form of Acceptance, on the following basis:

Principal terms of the Share Offer

For every Share HK\$0.100 in cash

The Offer Price of HK\$0.100 per Offer Share under the Share Offer is equal to the Subscription Price per Subscription Share paid by the Offeror under the Subscription Agreement.

As set out in the circular of the Company dated 29 February 2020, the Subscription Price was determined after arm's length negotiation between the Company and the Subscriber with reference to (a) the market price of the Shares prior to and on the Last Trading Day; and (b) the capital needs and financial position of the Group. With reference to the letter from the independent financial adviser in relation to the Subscription, we consider the Subscription Price fair and reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Offer Shares to be acquired shall be fully paid and free from all Encumbrances whatsoever and together with all rights accruing or attaching thereto, including without limitation, the right to receive all dividends and distributions declared, paid or made, if any, on or after the date on which the Share Offer is made, being the date of the despatch of this Composite Document.

As at the Latest Practicable Date, the Offeror was interested in a total of 368,468,531 Shares, representing approximately 41.03% of the total issued share capital of the Company. Assuming there is no change in the total number of issued Shares from the Latest Practicable Date up to the Closing Date, there will be 529,531,469 Shares subject to the Share Offer, representing approximately 58.97% of the existing issued Shares of the Company.

Principal terms of the Convertible Notes Offer

For every HK\$10,000,000 nominal value of the Convertible Notes HK\$546,448 in cash

The Convertible Notes to be acquired shall be fully-paid and free from all Encumbrances whatsoever and together with all rights accruing or attaching thereto, including without limitation, the right to receive all dividends and distributions declared, paid or made, if any, on or after the date on which the Convertible Notes Offer is made, being the date of despatch of the Composite Document.

As at the Latest Practicable Date, there are outstanding Convertible Notes in the principal amount of HK\$30,000,000 which carry rights to convert into approximately 16,393,442 new conversion Shares (rounded down) in full based on the existing conversion price of HK\$1.83 per conversion share (assuming the Share Consolidation in relation to the Convertible Notes are valid and completed), and none of the Offeror and parties acting in concert with it has any interest in the Convertible Notes.

The proposed offer price of the Convertible Notes is HK\$546,448 for every HK\$10,000,000 nominal value of the Convertible Notes, determined in accordance with Rule 13 of and Practice Note 6 to the Takeovers Code as the “see-through” consideration for the Convertible Notes, being the number of new Shares which the Convertible Notes could be convertible into (i.e. approximately 16,393,442 new conversion Shares (assuming the Share Consolidation in relation to the Convertible Notes are valid and completed)) multiplied by the Share Offer Price of HK\$0.10 per Offer Share, valuing the total Convertible Notes Offer at approximately HK\$1,639,344.

Conditions of the Offers

The Share Offer is conditional only on valid acceptances of the Share Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the first Closing Date (or such later time or date as the Offeror may, subject to the Takeovers Code, decide), and the number of Shares in respect of which, together with Shares already owned by the Offeror and parties acting in concert with it and acquired or to be acquired before or during the Offers, resulting in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of the Company in accordance with the Takeovers Code. The Convertible Notes Offer is conditional upon the Share Offer becoming or being declared unconditional in all respects.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Irrevocable undertaking in relation to the Share Offer

As at the Latest Practicable Date, Mr. Li holds 4,610,000 Shares, representing approximately 0.51% of the total issued share capital of the Company. Mr. Li has entered into the Irrevocable Undertaking, pursuant to which Mr. Li has undertaken to the Offeror that he will not (a) accept the Share Offer with respect to, and (b) until the close of the Share Offer or the Share Offer lapses, whether directly or indirectly, sell, transfer, encumber or otherwise dispose of, the 4,610,000 Shares held by him. The Irrevocable Undertaking shall cease to be binding upon the Closing Date.

For further details, please refer to the paragraph headed “Letter from Donvex Capital – The Offers” in this Composite Document.

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

1. Information on the Group

The Company is incorporated in Bermuda with limited liability, the Shares of which are currently listed on the Stock Exchange (stock code: 58). The Group principally engaged in manufacturing and trading of pre-stressed high strength concrete pile, ready-mixed concrete, sand-lime bricks, aerated concrete products and eco-concrete products (“**PHC pile and other business**”). Financial information of the Group (as extracted from the Group’s annual results announcement for the year ended 31 December 2019 (the “**2019 Annual Results Announcement**”), the Group’s annual report for the year ended 31 December 2018 (the “**2018 Annual Report**”), the Group’s annual report for the year ended 31 December 2017 (the “**2017 Annual Report**”) and the Group’s annual report for the year ended 31 December 2016 (the “**2016 Annual Report**”) is further discussed below.

a) *Financial results of the Group*

	For the year ended 31 December 2019 (unaudited) <i>HK\$’000</i>	For the year ended 31 December 2018 (audited) <i>HK\$’000</i>	For the year ended 31 December 2017 (audited) <i>HK\$’000</i>	For the year ended 31 December 2016 (audited) <i>HK\$’000</i>
Revenue	356,952	414,717	315,515	245,627
(Loss)/profit before income tax	(307,626)	(37,466)	(3,827)	(179,071)
(Loss)/profit for the period/year	(320,627)	(43,626)	(4,366)	(180,612)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As set out in the 2019 Annual Results Announcement, 2018 Annual Report, 2017 Annual Report and 2016 Annual Report, 99.8%, 97.3%, 96.7% and 98.6% of the Group's revenue for the four years ended 31 December 2019 was derived from the PHC pile and other business, respectively.

The Group recorded an increase in revenue from HK\$245.6 million for the year ended 31 December 2016 to HK\$315.5 million for the year ended 31 December 2017. Such increase was mainly attributable to the increase in revenue of the Group's PHC pile and other business resulting from the rise in sales of pre-stressed high strength concrete pile due to the increase in market demand as a result of the governmental infrastructure construction. The Group recorded a significant decrease in net loss from HK\$180.6 million for the year ended 31 December 2016 to HK\$4.4 million for the year ended 31 December 2017. Such decrease was mainly attributable to (i) the increase in revenue as mentioned above; (ii) the absence of the provision for impairment loss of goodwill in relation to the recoverable amount of PHC piles and other business sector with reference to a valuation performed by an independent professional valuer of HK\$64.5 million for the year ended 31 December 2016 during the financial year ended 31 December 2017; and (iii) the absence of administration expense in the amount of HK\$39.0 million for the year ended 31 December 2016 in relation to the share options granted by the Company during the financial year ended 31 December 2017.

The Group recorded an increase in revenue from HK\$315.5 million for the year ended 31 December 2017 to HK\$414.7 million for the year ended 31 December 2018. Such increase was mainly attributable to the increase in revenue of the Group's PHC pile and other business resulting from the rise in sales of ready-mixed concrete due to growth of the property market in the PRC. However, the Group recorded a significant increase in net loss from HK\$4.4 million for the year ended 31 December 2017 to HK\$43.6 million for the year ended 31 December 2018. Such increase was mainly attributable to (i) the increase in provision for impairment loss of intangible assets of HK\$11.8 million for the year ended 31 December 2018 in relation to the non-renewal of our financial services licences; and (ii) the decrease in gain on disposal of a factory in Zhuhai City of HK\$21.5 million for the year ended 31 December 2017.

The Group recorded a decrease in revenue from HK\$414.7 million for the year ended 31 December 2018 to HK\$357.0 million for the year ended 31 December 2019. Such decrease was mainly attributable to the decrease in revenue of the Group's PHC piles and other business resulting from the drop in sales of pre-stressed high strength concrete pile and bricks due to the down turn on infrastructure market after the completion of relevant governmental projects. The Group further recorded a significant net loss of HK\$320.6 million for the year ended 31 December 2019 as compared to the net loss of HK\$43.6 million for the year ended 31 December 2018. The reason was mainly attributable to (i) the increase in provision for impairment loss of trade receivables, net of reversal of HK\$112.8 million for the year ended 31 December 2019 mainly due to the default of several loan receivables as disclosed in the Company's announcement dated 20 January 2020; and (ii) the increase in net provision for impairment loss of deposits paid for acquisition of subsidiaries and etc. of HK\$106.6 million for the year ended 31 December 2019 mainly comprised the refundable earnest money paid for the gas project as disclosed in the announcements of the Company dated 12 September 2017, 10 October 2017, 25 April 2018 and 2 July 2019.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As advised by the Directors, the significant increase in provision for impairment loss of trade receivables, net of reversal, and impairment loss of deposits paid for acquisition of subsidiaries and etc. for the year ended 31 December 2019 was mainly due to the default of the relevant loan agreements and guarantee contract by the counterparties. Save for the impairments as discussed above, we considered that the provisions for impairment loss for the four years ended 31 December 2019 were non-recurring in nature and did not have any material adverse impact to the Company's operations.

b) Financial positions of the Group

	As at 31 December 2019 (unaudited) HK\$'000	As at 31 December 2018 (audited) HK\$'000	As at 31 December 2017 (audited) HK\$'000	As at 31 December 2016 (audited) HK\$'000
Net current assets	67,661	394,114	434,298	255,709
Net assets attributable to owners of the Company	164,883	453,769	513,925	342,357
Cash and cash equivalents	29,049	23,156	77,146	46,107

The Group recorded a significant decrease in net current assets and net assets attributable to owners of the Company as at 31 December 2019 as compared to that of 31 December 2018. Such decrease was mainly due to (i) the decrease in trade and bill receivables of HK\$91.6 million resulting from the increase in provision for impairment loss of trade receivables, net of reversal as discussed above; (ii) the decrease in prepayments, deposits and other receivables of HK\$220.5 million resulting from the provision of impairment loss as discussed above; and (iii) the increase in interest-bearing borrowing of HK\$20.8 million.

In particular, the cash and cash equivalents of the Group of HK\$29.0 million as at 31 December 2019 and 23.2 million as at 31 December 2018, respectively, was significantly lower than that of HK\$77.1 million as at 31 December 2017.

Pursuant to the Company's announcement dated 20 January 2020 in relation to provision of financial assistance, despite the issue of legal demand letters in August 2019, the six borrowers who are independent third parties have failed to settle any outstanding loans and interests. As further set out in the paragraph headed "Litigation" in the Appendix IV to this Composite Document, (i) instructions have been given to British Virgin Island ("BVI") counsel to issue statutory demands and to handle winding up applications for those borrowers and guarantor which are incorporated in BVI; and (ii) PRC counsel has been selected to take appropriate legal proceedings in the PRC courts against those borrowers and guarantor that are PRC citizens or PRC incorporated companies.

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c) Business prospects of the Group

The Group principally engaged in the PHC pile and other business. The Group's PHC piles and other business are operated by a subsidiary of the Company and its production factory is situated in Yangjiang City, Guangdong Province, the PRC. The Group sells its products to customers located in Yangjiang City and its surrounding cities in Guangdong Province.

The Group recorded a significant loss of HK\$320.6 million, HK\$43.6 million and HK\$180.6 million for the years ended 31 December 2019, 2018 and 2016, respectively. The Group also recorded a significant decrease in net current assets and net assets attributable to owners of the Company as at 31 December 2019 as compared to that of 31 December 2018. Save for the reasons as discussed in the sub-section headed "Financial results of the Group", the Directors consider that such losses and decrease were also due to the decrease in demand on construction materials resulting from the several weather disruption to construction sites in Yangjiang City and the decrease in gross profit margin resulting from increase in cost of raw materials.

Although the Sino-US trade war has been ongoing since 2018, the dispute has no material impact on the Group's operations. The construction of the new economic belt in PRC will continue to heat up, and there will still be room for development in the domestic infrastructure market in the next few years, providing more market opportunities for related companies. According to the press release published by Guangdong Provincial Development and Reform Commission of the PRC dated 5 March 2020¹, the province plans to set up 1230 key projects with a total investment of RMB5.9 trillion, highlighting a new round of investment stemming from the construction of new infrastructure. In addition, according to a guideline jointly issued by the General Office of the Communist Party of China Central Committee of the PRC and the General Office of the State Council of the PRC dated 25 December 2019², restrictions on residence registration will be lifted or relaxed for cities with a residential population of less than five million in urban areas and the settlement policies for mega cities with a residential population of above five million in urban areas will also be improved. The Directors consider such policies will have positive effects to the construction material industry in PRC and thus can benefit the Group.

However, the industry is also facing new challenges and adverse conditions. In recent years, the building materials industry has been affected by unfavourable factors such as rising raw material prices which may not be shifted to the customers and intensified competition among peers. The future competition of the building materials industry is largely reflected by the competition among peers.

The Group will continue to focus its business in the building materials industry. The Group has been committed to expand the business scale by exploring new business, bringing new growth and momentum to the Group.

1 Source: http://drc.gd.gov.cn/ywtz/content/post_2915278.html

2 Source: http://english.www.gov.cn/policies/latestreleases/201912/25/content_WS5e03530dc6d0bcf8c4c19712.html

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2. Information on the Offeror

The Offeror is a company incorporated in Hong Kong with limited liability principally engaged in investment holding, which is a substantial shareholder of the Company as at the Latest Practicable Date. Mr. Chim is the sole director and sole shareholder of the Offeror.

Mr. Chim, aged 24, was appointed as an executive Director and the chairman of the Board on 28 May 2019. Mr. Chim has working experience in cross-border investment, private equities and financial products. Mr. Chim has previously worked as an analyst at Widus Partners, a cross-border strategic advisory and investment firm with presence in Seoul, Hong Kong, Singapore and San Francisco, during 2018 and 2019. His duties included conducting research on different investment tools in various region and assisting to provide investment strategies to clients. As a fluent Arabic speaker, Mr. Chim served as a transformation associate consultant at Americana Group, a UAE-based F&B company operating more than 1,800 restaurants across 13 markets of the Middle East, North Africa (MENA) and Kazakhstan, during 2017 and 2018. Prior to graduating from the University of Pennsylvania in Modern Middle East Studies, Mr. Chim received training at Monitor Deloitte in Dubai, the National Bank of Abu Dhabi in Abu Dhabi, International New York Times and Meitu in Hong Kong during 2014 and 2015.

Whilst the Offeror has limited experience in running a company which is principally engaged in manufacturing and trading of concrete products, Mr. Chim obtained a bachelor degree in Modern Middle East Studies at the University of Pennsylvania and is proficient in Arabic. Mr. Chim was trained in several entities including Monitor Deloitte in Dubai, which provides consultancy and management services to different sorts of business.

As advised by the Offeror, the Offers made by the Offeror is financed, as a gift, by Mr. Chim's grandfather, Mr. Chim Pui Chung.

As at the Latest Practicable Date, Mr. Chim is interested in the 368,468,531 Shares of the Company owned by the Offeror, which represented approximately 41.03% of the issued share capital in the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

3. Intention of the Offeror in relation to the Group

As set out in the "Letter from Donvex Capital", it is the intention of the Offeror that the Group will continue with its existing principal businesses after the close of the Offers and will maintain the listing status of the Company on the Stock Exchange. The Group is principally engaged in manufacturing and trading of pre-stressed high strength concrete pile, ready-mixed concrete, sand-lime bricks, aerated concrete products and eco-concrete products.

Having considered the "One Belt One Road" policy and the increasing demand of infrastructure and property projects in the Middle East and North Africa, despite the adverse impact to the financial position of the Group resulted from the respective impairment loss, Mr. Chim considered that there would be demand and prospects for concrete products and the Company would be of investment value. As such, he made the investments in the Company. Mr. Chim was subsequently invited to the Board in May 2019 and he intends to utilise his expertise of being aware of the cultural values of both the Chinese and Arabs to assist the Company to develop markets.

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The Offeror will conduct a review on the existing principal businesses and the financial position of the Group for the purpose of formulating business plans and strategies for the future business development of the Group. In this regard, the Offeror may look into business opportunities and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Company. Should such corporate actions materialise, further announcement(s) will be made in accordance with the Listing Rules as and when appropriate. As at the Latest Practicable Date, the Offeror has no intention or concrete plans for any acquisition of assets and/or business, nor any intention to dispose of any assets and/or existing business by the Group.

Save for the Offeror's intention regarding the Group as set out above, the Offeror has no intention to (i) discontinue the employment of any employees of the Group; or (ii) re-deploy the fixed assets of the Group other than those in its ordinary and usual course of business.

Board Composition of the Company

As at the Latest Practicable Date, the Board comprises three executive Directors, namely Mr. Chim, Mr. Li Chongyang and Mr. Law Chun Choi, one non-executive Director, namely Mr. Lum Pak Sum, and three independent non-executive Directors, namely Mr. Choi Pun Lap, Mr. Tong Leung Sang and Mr. Chan Sung Wai.

Mr. Li Chongyang, who has been working with the Company since 2015, is involved in the day-to-day operations of the principal business of the Group and is familiar with the principal business of the Group. Save for Mr. Li Chongyang, most of the Directors were newly appointed in May 2019 to June 2019 and did not have any past experience in the principal business of the Group. Nevertheless, Mr. Law Chun Choi, Mr. Lum Pak Sum and Mr. Choi Pun Lap are qualified accountants. In addition, most of the Directors have substantial experience in directorship in listed companies, such as internal control and corporate governance matters.

As set out in the "Letter from Donvex Capital" of the Composite Document, the Offeror intends to have the Group to continue with its existing principal businesses and has no intention to make any change to the composition of the Board. Having considered the business operation of the Group remains under the management of existing Directors and management, based on the current intentions of the Offeror, we are of the view that the investment by the Offeror will strengthen the financial position of the Company and shall not have material effects on the business operation of the Group.

Listing status of the Company

As set out in the "Letter from Donvex Capital", the Offeror intends the issued Shares to remain listed on the Stock Exchange upon the close of the Offers.

Pursuant to the Listing Rules, if, at the closing of the Offers, less than 25% of the issued Shares are held by the public or if the Stock Exchange believes that:

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

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the Stock Exchange will consider exercising its discretion to suspend trading in the Shares until a level of sufficient public float is attained.

The Offeror has undertaken to the Stock Exchange to take appropriate steps as soon as possible following the close of the Offers to ensure that sufficient public float (i.e. not less than 25% of the issued Shares) exists in the Shares after the close of the Offers.

4. Analysis of the Share Offer Price

a) *Comparison of the Share Offer Price and the market price*

The Share Offer Price of HK\$0.100 per Offer Share represents:

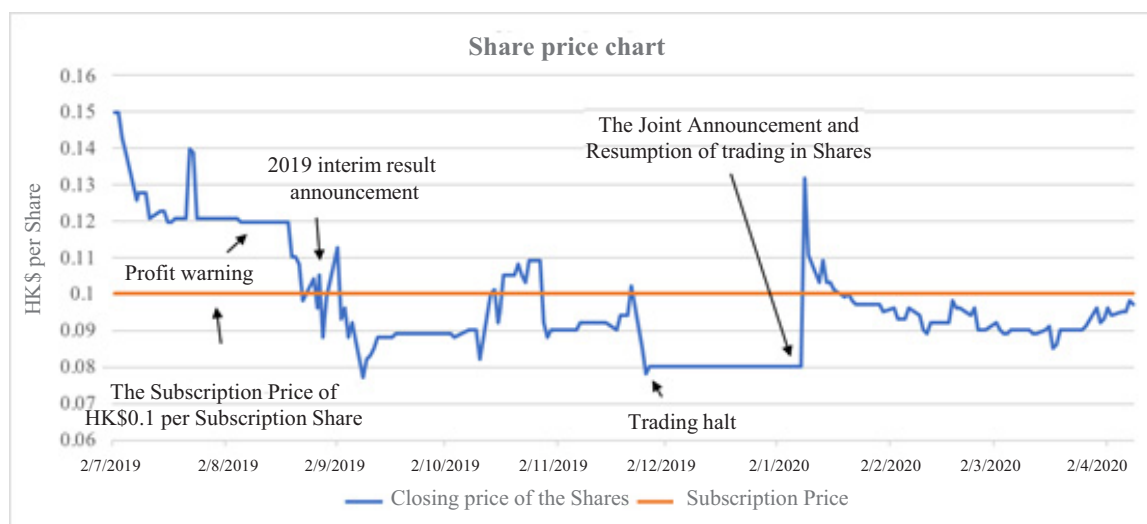
- (i) a premium of approximately 25.00% to the closing price of HK\$0.0800 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 24.07% to the average of the closing prices of the Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.0806 per Share;
- (iii) a premium of approximately 3.09% to the closing price of HK\$0.097 per Share as quoted on the Stock Exchange on the Latest Practicable Date
- (iv) a discount of approximately 80.20% over the audited consolidated net asset value attributable to the Shareholders as at 31 December 2018 of approximately HK\$0.505 per Share (based on the audited consolidated net asset value attributable to Shareholders as at 31 December 2018 (the date to which the latest audited financial results of the Group were made up) divided by 898,000,000 Shares in issue as at the date of the Latest Practicable Date); and
- (v) a discount of approximately 59.51% to the unaudited consolidated net asset value attributable to the Shareholders as at 30 June 2019 of approximately HK\$0.247 per Share (based on the unaudited consolidated net asset value attributable to the Shareholders as at 30 June 2019 (the date to which the latest unaudited financial results of the Group were made up) divided by 898,000,000 Shares in issue as at the date of the Latest Practicable Date); and
- (vi) a discount of approximately 45.65% to the unaudited consolidated net asset value attributable to the Shareholders as at 31 December 2019 of approximately HK\$0.184 per Share (based on the unaudited consolidated net asset value attributable to the Shareholders as at 31 December 2019 (the date to which the latest unaudited financial results of the Group were made up) divided by 898,000,000 Shares in issue as at the date of the Latest Practicable Date).

The Share Offer Price is compared to the market range of comparable offers set out in the subsection headed “Comparable offers” of this letter below.

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b) Share price performance

In order to assess the fairness and reasonableness of setting the Share Offer Price at HK\$0.100 per Share, we have reviewed the Share price performance for the period from 1 July 2019 up to and including the Latest Practicable Date (the “**Review Period**”). We considered such Review Period is representative in analysing the recent market condition and performance of the Shares. The chart below illustrates the daily closing price per Share during the Review Period.



Source: the website of Stock Exchange

The closing price of Shares showed a general downward trend from HK\$0.150 per Share as at 2 July 2019 to HK\$0.120 per Share as at 14 August 2019. On 14 August 2019 and 30 August 2019, the Company issued a profit warning announcement and interim result announcement for the six months ended 30 June 2019 with a further increase in net loss of HK\$201.8 million. After such announcements, the closing price of Shares showed a general downward trend to HK\$0.080 per Share as at 29 November 2019, representing a decrease of 33.3% as compared to that of 14 August 2019.

The Company announced a trading halt in relation to the Subscription and Offers as at 2 December 2019. On 8 January 2020, the Company published the announcement in relation to the Subscription and Offers and the trading of the Shares resumed on 9 January 2020. On that day, the closing price of Shares was HK\$0.132 per Share, representing an increase of 65.0% as compared to that of HK\$0.080 per Share as at 29 November 2019 which is the trading day immediately prior to the trading halt.

The Share closed at a price of HK\$0.097 per Share as at the Latest Practicable Date. The Share Offer Price represents (i) a premium of approximately 3.1% to the closing price of HK\$0.097 per Share as at the Latest Practicable Date; and (ii) the same as the average closing price of the Shares of approximately HK\$0.100 per Share during the Review Period. The closing prices of the Shares fluctuated within the range from HK\$0.150 to HK\$0.077 during the Review Period.

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The closing price of Shares of HK\$0.08 per Share as at the Last Trading Day was close to the lowest closing price of Shares of the Company during the Review Period of HK\$0.077 per Share as at 9 September 2019. We further noted that during the period from date of profit warning announcement of 14 August 2019 and up to the Last Trading Day of 29 November 2019, (i) the closing prices of Shares represented the deteriorating financial results of the Group as disclosed in the profit warning announcement and interim result announcement for the six months ended 30 June 2019; and (ii) 56 out of 76 days, or 73.7%, of the closing price of Shares were below the Share Offer Price of HK\$0.1 per Share.

Based on the above, we consider that the Share Offer Price and the Offers are fair and reasonable in comparison of the historical closing prices of Shares.

c) Comparable offers

We have searched on a best effort basis and identified 16 listed companies on the Stock Exchange which have recently undergone mandatory general offer exercise by an offeror (the “**Comparable Offers**”), with announcements published since 1 September 2019 and up to the Latest Practicable Date, being approximately a 7-month review period. The approximate 7-month review period was adopted to demonstrate the recent market trends with sufficient and representative number of Comparable Offers and thus we consider the timeframe is reasonable and representative.

The Comparable Offers represent an exhaustive list of comparable companies meeting the aforementioned criteria as identified by us based on our best information, knowledge and belief through our research on the Stock Exchange. The Comparable Offers reflect the pricing trend of the most recent general offer transactions which are of the similar nature as the Share Offer. Though the Comparable Offers have different principal activities, market capitalisations, profitability and financial positions as compared to those of the Company, we are of the view that the Comparable Offers are meaningful for illustration purpose in comparing the offer prices in the market of other similar transactions to the Share Offer to enable the Independent Shareholders to make a balanced and informed decision of whether the Share Offer Price is fair and reasonable as (i) the offer prices of Comparable Offers illustrate the amount (including the relevant premium or discount) which the offerors are willing to pay to the independent shareholders, which the Independent Shareholders can make reference to; and (ii) the purpose of the Comparable Offers analysis is to compare their offer prices of the Comparable Offers with the respective closing price as at the last trading day, the average closing price during the respective last five consecutive trading days and their net asset value per share attributable to owners, so as to determine whether the Share Offer Price is in line with the recent general offer exercises in the market.

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Date of announcement	Company name	Stock code	the closing price of the shares as at the respective last trading day <i>(approximately)</i>	Premium/(discount) over/(to) the average closing price of the shares during the respective last five consecutive trading days <i>(approximately)</i>	the net asset value attributable to owners <i>(Note 1)</i> <i>(approximately)</i>
17/9/2020	Forebase International Holdings Limited	2310	6.47%	12.07%	172.76%
17/9/2020	Unisplendour Technology (Holdings) Limited	365	(41.28%)	(40.94%)	339.13%
18/9/2020	Winto Group (Holdings) Limited	8238	(51.00%)	(52.20%)	283.00%
2/10/2020	TCL Electronics Holdings Limited	1070	(18.20%)	(18.80%)	(30.40%)
2/10/2020	Tonly Electronics Holdings Limited	1249	3.50%	5.60%	(2.80%)
10/10/2019	International Standard Resources Holding Limited	91	(38.20%)	(37.42%)	N/A <i>(Note 2)</i>
31/10/2019	Asia Pacific Silk Road Investment Company Limited	767	8.96%	14.58%	(90.77%)
13/11/2019	Elegance Commercial And Financial Printing Group Limited	8391	(14.50%)	(13.33%)	63.00%
15/11/2019	Emperor Culture Group Limited	491	11.11%	10.80%	(56.99%)
11/12/2019	FSM Holdings Limited	1721	(16.00%)	(8.70%)	82.61%
17/1/2020	Season Pacific Holdings Limited	1709	(19.10%)	(16.16%)	261.80%
21/1/2020	Zhuhai Holdings Investment Group Limited	908	0.83%	1.51%	54.13%
24/1/2020	Imperium Group Global Holdings Limited	776	(20.00%)	(20.00%)	420.00%
5/2/2020	Pine Care Group Limited	1989	105.90%	116.70%	638.60%
11/2/2020	Windmill Group Limited	1850	(4.29%)	(5.96%)	59.52%
27/2/2020	Bonjour Holdings Limited	653	(7.50%)	13.80%	(29.00%)
	Median		(11.00%)	(7.33%)	63.00%
	Maximum		105.90%	116.70%	638.60%
	Minimum		(51.00%)	(52.20%)	(90.77%)
	The Share Offer		25.00%	24.07%	(45.65%)

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Note:

1. The net asset value per share represented the latest audited or unaudited net asset value attributable to owners of the respective Comparable Offers based on the latest published financial results of the listed company over the number of issued shares as disclosed in their respective announcements in relation to the general offer exercise;
2. such figure is not available as such company had a net liability position; and
3. all data is sourced from the Stock Exchange.

As set out in the table above, we noted that:

- (i) six out of 16 of the Comparable Offers represent premium to the closing prices of the shares as at the respective last trading day, with a maximum premium of 105.90% and a minimum premium of 0.83%. The Share Offer Price representing a premium of approximately 25% of the average closing prices as at the Last Trading Day is within the range of Comparable Offers; and
- (ii) seven out of 16 of the Comparable Offers represent premium to the closing prices of the shares as at the respective last five consecutive trading days, with a maximum premium of 116.70% and a minimum premium of 1.51%. The Share Offer Price representing a premium of approximately 24.07% of the average closing prices during the last five trading days and within the range of Comparable Offers; and
- (iii) five out of 16 of the Comparable Offers represented discount to its relevant net asset value attributable to owners, with a maximum discount of approximately 90.77% and minimum discount of approximately 2.80%. The Share Offer Price representing a discount of approximately 45.65% of the net asset value attributable to the owners and is within the range of Comparable Offers.

Despite the Share Offer Price represents a discount to the net asset value attributable to the owners of the Company, we note that such discount is within the range of Comparable Offers. We also note that the Shares generally traded at a substantial discount to the net asset value attributable to owners of the Company during the Review Period. The discount of the closing price of Shares to the net asset value attributable to owners of the Company ranged from 46.6% to 85.5% during the Review Period. This range of discount is larger than the discount of the Share Offer Price to the net asset value attributable to owners of the Company of 45.65% (the “**Substantial Discount**”).

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In view of the above, given that (i) the Share Offer Price represents a substantial premium to the closing price of the Shares as at the last trading date and the average closing prices of the Shares during the respective last five consecutive trading days and is within the range of Comparable Offers; and (ii) although the Substantial Discount, the Shares had been generally traded at a substantial discount ranging from 46.6% to 85.5% to the net asset value attributable to owners of the Company during the Review Period which is larger than the Substantial Discount. The Substantial Discount is also within the range of Comparable Offers, we therefore consider that the Share Offer Price is fair and reasonable in the comparison of respective closing prices of the Comparable Offers.

5. Analysis of the offer price of Convertible Notes

As set out in the “Letter from Donvex Capital”, the proposed offer price of the Convertible Notes is HK\$546,448 for every HK\$10,000,000 nominal value of the Convertible Notes, determined in accordance with Rule 13 of and Practice Note 6 to the Takeovers Code as the “see-through” consideration for the Convertible Notes, being the number of new Shares which the Convertible Notes could be convertible into (i.e. approximately 16,393,442 new conversion Shares (assuming the Share Consolidation in relation to the Convertible Notes are valid and completed)) multiplied by the Share Offer Price of HK\$0.10 per Offer Share, valuing the total Convertible Notes Offer at approximately HK\$1,639,344.

We note that (i) the closing price of the Shares of HK\$0.080 per Share as at the Last Trading Day implies that the market value of each of the Convertible Notes is approximately HK\$437,158 as at the Last Trading Day, representing a discount of 20.0% to the offer price of the Convertible Notes; and (ii) the closing price of the Shares of HK\$0.097 per Share as at the Latest Practicable Date implies that the market value of each of the Convertible Notes is approximately HK\$530,055 as at the Latest Practicable Date, representing a discount of 3.0% to the offer price of the Convertible Notes.

As further set out in the “Letter from the Board”, the remaining Convertible Notes in the principal amount of HK\$30 million, as issued by the Company pursuant to a sale and purchase agreement dated 3 October 2013 (the “SPA”), are convertible into 16,393,443 new conversion Shares (rounded down) (assuming the Share Consolidation in relation to the Convertible Notes are valid and completed). The Convertible Notes were issued in favour of the vendor of the SPA (the “Vendor”) as part of the consideration of the SPA. The Vendor’s entitlement to the Convertible Notes is subject to the Vendor’s due performance of the covenants, warranties and the terms and conditions under the SPA (the “CN Condition”). It is the Company’s case that the Vendor has fundamentally breached the CN Condition. According to a legal opinion dated 2 December 2019, given by the Company’s solicitors, Lam & Co., upon the fundamental breach of the SPA, it is open for the Company to argue that the CN Condition has failed and the outstanding Convertible Notes are void and have no effect. High court action has been commenced by the Company to seek to rescind the SPA and to declare that the Convertible Notes to be null, void and have no effect. As at the Latest Practicable Date, the litigation is still in progress and no judgement has been made.

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Pursuant to the terms of the Convertible Notes and subject to the CN Condition, the Convertible Noteholders are entitled to convert each of the Convertible Notes into 5,464,480 new conversion Shares (rounded down) (assuming the Share Consolidation in relation to the Convertible Notes are valid and completed). However, as mentioned above, as the litigation is still in progress and the Company maintains the position that the Convertible Notes are void and are not capable of converting into shares of the Company, the Convertible Notes can only be redeemed or converted until and unless the court has ruled in favour of the Convertible Noteholders.

Based on the above, the Convertible Noteholders may consider (i) converting their Convertible Notes into new conversion Shares if the court has ruled in favour of the Convertible Noteholders, and if they wish to realise their investments in the Company, selling these new conversion Shares in the open market; (ii) converting their Convertible Notes into new conversion Shares if the court has ruled in favour of the Convertible Noteholders, and subject to their individual investment criteria, objectives and/or circumstances, and if they are optimistic about the future prospects of the Group and the Share price performance, retaining the new conversion Shares; and (iii) accepting the Convertible Notes Offer to realise their investment in the Company.

Given that the offer price of the Convertible Notes represents a premium to the implied value of each of the Convertible Notes as at the Last Trading Day and Latest Practicable Date, we consider the offer price of Convertible Notes is fair and reasonable to the Convertible Noteholders and that the Convertible Noteholders will be better off under the terms of the Convertible Notes Offer. In view of the above, including the possibility that the court will rule against the Convertible Noteholders, we consider the Convertible Notes Offer is a good exit opportunity for the Convertible Noteholders to realise their investments.

Nevertheless, as set out in the sub-section headed “Letter from Donvex Capital – Effect of accepting the Offer” in this Composite Document, acceptance of the Convertible Notes Offer by any Convertible Noteholders shall be made subject to the terms and conditions of the Convertible Notes, and will be deemed to constitute a warranty by such person that all Convertible Notes sold by such person under the Convertible Notes Offer are free from all Encumbrance whatsoever, and that the Convertible Noteholders have the full right, power and authority to sell and pass the title and ownership of their Convertible Notes absolutely.

The Convertible Noteholders should note that, pursuant to the SPA, the Convertible Notes (or any part thereof) may not be assigned or transferred to a connected person of the Company without the prior written consent of the Company. In respect of transfer to connected person, upon the grant of written consent by the Company and subject to any conditions, approvals, requirements and any other provisions as set out in the SPA and respective certificate of Convertible Notes (the “**Certificate**”), the Convertible Notes may be transferred if, and only if, the transfer is in accordance with the foresaid provisions. Mr. Chim, being the sole director and sole shareholder of the Offeror, is the executive director of the Company. Accordingly, the Offeror is a connected person of the Company under the Listing Rules. As such, the Convertible Noteholders should obtain the prior written consent of the Company before accepting the Convertible Notes Offer. The Convertible Noteholders should be aware of the transferability of the Convertible Notes and that the written consent by the Company may or may not be provided.

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With reference to the Certificate, any notices to be given to the Convertible Noteholders or the Company shall be given by sending the notice by hand or in a prepaid envelope by registered post, in the case of Convertible Noteholders, to its address in Hong Kong as specified in the register of Convertible Noteholders or, in the case of the Company, to its correspondence address in Hong Kong for the time being (for the attention of: the company secretary), or to such other address in Hong Kong as the Convertible Noteholders or the Company shall have notified to the others and any such notice shall be deemed to be served at the time of delivery or (as the case maybe) 48 hours after posting, or if sooner upon acknowledgement of receipt by or on behalf of the party to which it is addressed.

The Convertible Noteholders should be aware of the transferability of the Convertible Notes and that the written consent by the Company may or may not be provided.

CONCLUSION

The Share Offer

Taking into consideration the above-mentioned principal factors and reasons, in particular the following:

- (i) the Group has been making losses for the last four consecutive years ended 31 December 2019 under our analysis;
- (ii) the Share Offer Price represents a substantial premium to the closing price of Share as at the Latest Practicable Date and the same as the average closing price of the Share during the Review Period;
- (iii) Although the Substantial Discount, the Shares had been generally traded at a substantial discount ranging from 46.6% to 85.5% to the net asset value attributable to owners of the Company during the Review Period which is larger than the Substantial Discount;
- (iv) The Offeror has limited experience in running a company which is principally engaged in manufacturing and trading of concrete products; and
- (v) Most of the Directors were newly appointed in May 2019 to June 2019 and did not have any past experience in the principal business of the Group and the Offeror intends to have the Group to continue with its existing principal businesses and has no intention to make any change to the composition of the Board.

We also note that:

- (i) the Share Offer Price represents a substantial premium to the closing price of the Shares as at the last trading date and the average closing prices of the Shares during the respective last five consecutive trading days and is within the range of Comparable Offers; and
- (ii) the Substantial Discount is within the range of Comparable Offers.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As such, we consider that the terms of the Share Offer are fair and reasonable so far as the Independent Shareholders are concerned. On such basis, we recommend the Independent Shareholders and the Takeovers Code Independent Board Committee to advise the Independent Shareholders to accept the Share Offer.

The Convertible Notes Offer

Given that the offer price of the Convertible Notes represents a premium to the implied value of each of the Convertible Notes as at the Last Trading Day and Latest Practicable Date, we consider the offer price of Convertible Notes is fair and reasonable to the Convertible Noteholders and that the Convertible Noteholders will be better off under the terms of the Convertible Notes Offer. In view of the above, including the possibility that the court will rule against the Convertible Noteholders, we consider the Convertible Notes Offer is a good exit opportunity for the Convertible Noteholders to realise their investments. On such basis, we recommend the Convertible Noteholders and the Takeovers Code Independent Board Committee to advise the Convertible Noteholders to accept the Convertible Notes Offer. Nevertheless, as discussed in the sub-section headed “Analysis of the offer price of Convertible Noteholders” in this letter, the Convertible Noteholders should be aware of the transferability of the Convertible Notes and that the written consent by the Company may or may not be provided.

The Independent Shareholders and the Convertible Noteholders should note that the Offers may lapse according to the terms and conditions as set out in the Composite Document and Independent Shareholders and Convertible Noteholders are advised to exercise caution when dealing in the Shares and closely monitor the market price and trading volume which may not be sustainable.

In view of the ongoing litigation as discussed above, the Convertible Noteholders are advised to consult their own legal advisers on acceptance or non-acceptance of the Convertible Notes Offer.

Yours faithfully,
for and on behalf of
Ample Capital Limited

H.W. Tang
President

Jenny Law
Vice President

Mr. H.W. Tang is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Ample Capital Limited, which is licensed under the SFO to carry out Type 6 (advising on corporate finance) regulated activity. Mr. H.W. Tang has over 16 years of experience in the corporate finance industry.

Ms. Jenny Law is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Ample Capital Limited, which is licensed under the SFO to carry out Type 6 (advising on corporate finance) regulated activity. Ms. Jenny Law has over 10 years' experience in the corporate finance industry.

1. PROCEDURES FOR ACCEPTANCE OF THE OFFERS

The Share Offer

- (a) To accept the Share Offer, you should complete and sign the accompanying **WHITE** Form of Share Offer Acceptance in accordance with the instructions printed thereon, which form part of the terms of the Share Offer.
- (b) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Share Offer, you must send the duly completed and signed **WHITE** Form of Share Offer Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), by post or by hand, to the Registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, marked "Sunway International Holdings Limited – Share Offer" on the envelope, in any event no later than 4:00 p.m. on the first Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code.
- (c) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Share Offer in respect of your holding of Shares (whether in full or in part), you must:
 - (i) lodge your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Share Offer on your behalf and requesting it to deliver the duly completed **WHITE** Form of Share Offer Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or
 - (ii) arrange for the Shares to be registered in your name through the Registrar, and deliver the duly completed and signed **WHITE** Form of Share Offer Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or
 - (iii) if your Shares have been lodged with a licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct the licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Share Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with the licensed securities dealer/registered institution in

securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to the licensed securities dealer/registered institution in securities/custodian bank as required by them; or

- (iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set out by HKSCC Nominees Limited.
- (d) If the Share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Share Offer in respect of your Shares, the **WHITE** Form of Share Offer Acceptance should nevertheless be completed and delivered to the Registrar together with a letter stating that you have lost one or more of your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title, you should also write to the Registrar requesting a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.
- (e) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your Share certificate(s), and you wish to accept the Share Offer in respect of your Shares, you should nevertheless complete and sign the **WHITE** Form of Share Offer Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof). Such action will be deemed to be an irrevocable authority to the Offeror and/or I-Access or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant Share certificate(s) when issued and to deliver such Share certificate(s) to the Registrar on your behalf and to authorise and instruct the Registrar to hold such Share certificate(s), subject to the terms and conditions of the Share Offer, as if it was/they were delivered to the Registrar with the **WHITE** Form of Share Offer Acceptance.
- (f) Acceptance of the Share Offer will be treated as valid only if the completed **WHITE** Form of Share Offer Acceptance is received by the Registrar on or before 4:00 p.m. on the first Closing Date and the Registrar has recorded the acceptance and any relevant documents required by the Takeovers Code have been so received, and is:
 - (i) accompanied by the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if that/those Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are not in your name, such other documents in order to establish your right to become the registered holder of the relevant Shares; or

- (ii) from a registered Shareholder or his personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under another sub-paragraph of this paragraph (f)); or
- (iii) certified by the Registrar or the Stock Exchange.

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

- (g) Seller's ad valorem stamp duty payable by Independent Shareholders who accept the Share Offer calculated at a rate of 0.1% of the consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer, or if higher, the market value of the Offer Shares subject to such acceptance as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong), will be deducted from the amount payable to those Independent Shareholders who accept the Share Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the Independent Shareholders who accept the Share Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptances of the Share Offer and the transfers of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).
- (h) No acknowledgement of receipt of any **WHITE** Form of Share Offer Acceptance, Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.
- (i) If the Share Offer does not become, or is not declared, unconditional as to acceptances on the first Closing Date, the Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) received by the Registrar will be returned to the Independent Shareholders who have accepted the Share Offer by ordinary post at the Independent Shareholders' own risk as soon as possible but in any event within 10 days after the Share Offer has lapsed.

The Convertible Notes Offer

- (a) If you accept the Convertible Notes Offer and the certificate(s) of the Convertible Notes and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities and any other document(s) required by the Company in respect thereof) is/are in your name, you should complete the **BLUE** Form of Convertible Notes Offer Acceptance in accordance with the instructions printed thereon in respect of the outstanding principal amount of the Convertible Notes held by you that you wish to tender to the Convertible Notes Offer, which instructions form part of the terms and conditions of the Convertible Notes Offer.

- (b) The completed **BLUE** Form of Convertible Notes Offer Acceptance should be forwarded, together with the relevant certificate(s) of the Convertible Notes and/or other document(s) of title (and/or any satisfactory indemnity or indemnities and any other document(s) required by the Company in respect thereof) which you intend to accept the Convertible Notes Offer, by post or by hand, to the Company at 3/F, Mandarin Commercial House, 38 Morrison Hill Road, Wanchai, Hong Kong, marked “Sunway International – Convertible Notes Offer” on the envelope, as soon as possible but in any event no later than 4:00 p.m. on the first Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code.
- (c) Seller’s ad valorem stamp duty payable by the Convertible Noteholders who accept the Convertible Notes Offer calculated at a rate of 0.1% of the consideration payable by the Offeror in respect of the relevant acceptances of the Convertible Notes Offer, or if higher, the market value of the Convertible Notes subject to such acceptance as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong), will be deducted from the amount payable to those Convertible Noteholders who accept the Convertible Notes Offer. The Offeror will arrange for payment of the seller’s ad valorem stamp duty on behalf of the Convertible Noteholders who accept the Convertible Notes Offer and pay the buyer’s Hong Kong ad valorem stamp duty in connection with the acceptances of the Convertible Notes Offer and the transfers of the Convertible Notes in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).
- (d) No acknowledgement of receipt of any **BLUE** Form of Convertible Notes Offer Acceptance and/or certificate(s) of the Convertible Notes and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities and any other document(s) required by the Company in respect thereof) will be given.

2. ACCEPTANCE PERIOD AND REVISIONS

Unless the Offers are revised or extended with the consent of the Executive, the Form(s) of Acceptance must be received by the Registrar and/or the company secretary of the Company by 4:00 p.m. on the first Closing Date in accordance with the instructions printed thereon. The Offers is conditional upon the Offeror having received valid acceptances in respect of the Share Offer which, together with the Shares already acquired by the Offeror and parties acting in concert with it before or during the Offer Period, will result in the Offeror and any parties acting in concert with it holding more than 50% of the voting rights of the Company. Pursuant to the Takeovers Code, where the Offers become or are declared unconditional, the Offers will remain open for acceptance for not less than 14 days thereafter. The Offeror will make an announcement as and when the Offers become or are declared unconditional.

If the Offers are extended, the announcement of such extension will state the next Closing Date or if the Offers are unconditional as to acceptances, the announcement will contain a statement that the Offers will remain open until further notice. In the latter case, at least 14 days’ notice in writing must be given to the Independent Shareholders and Convertible Noteholders before the Offers are closed and an announcement must be published. If, in the course of the Offers, the Offeror revises the terms of the Offers, all Independent Shareholders and Convertible Noteholders, whether or not they have already

accepted the Offers, will be entitled to accept the revised Offers under the revised terms. The revised Offers must be kept open for at least 14 days following the date on which the revised offer document(s) are posted and shall not close earlier than the revised Closing Date.

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

However, the Offers will not be extended beyond the first Closing Date unless the Offers become or are declared unconditional and the Offers would then remain open for acceptance for not less than 14 days thereafter in accordance with the Takeovers Code. The Offeror will also not increase the Share Offer Price. Shareholders, Convertible Noteholders and potential investors of the Company should be aware that, following the making of this statement, the Offeror do not reserve the right to increase the Share Offer Price.

Any acceptance of the relevant revised Offers shall be irrevocable unless and until the Independent Shareholders and Convertible Noteholders who accept the Offers become entitled to withdraw their acceptance under the paragraph headed “4. RIGHT OF WITHDRAWAL” of this Appendix below and duly do so.

3. ANNOUNCEMENTS

By 6:00 p.m. on the first Closing Date (or such later time and/or date as the Executive agrees), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension or expiry or unconditionality of the Offers. The Offeror must post an announcement on the Stock Exchange’s website no later than 7:00 p.m. on the first Closing Date stating, amongst other information required under the Takeovers Code, the results of the Offers and whether the Offers have been revised or extended, have expired or have become or been declared unconditional.

The announcement will state the following:

- (a) the total number of Shares and rights over Shares for which acceptances of the Share Offer and Convertible Notes for which acceptance of the Convertible Notes Offer have been received;
- (b) the total number of Shares, rights over Shares and Convertible Notes held, controlled or directed by the Offeror or parties acting in concert with it before the Offer Period; and
- (c) the total number of Shares, rights over Shares and Convertible Notes acquired or agreed to be acquired during the Offer Period by the Offeror or parties acting in concert with it.

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

In computing the total number of Shares and Convertible Notes represented by acceptances, only valid acceptances that are complete which have been received by the Registrar (as regards the Share Offer) or the company secretary of the Company (as regards the Convertible Notes) no later than 4:00 p.m. on the first Closing Date, shall be included.

As required under the Takeovers Code, all announcements in relation to the Offers which the Executive and the Stock Exchange have confirmed that they have no further comments thereon must be made in accordance with the requirements of the Takeovers Code and the Listing Rules.

4. RIGHT OF WITHDRAWAL

The Offers are conditional upon fulfillment of the Condition set out in the “LETTER FROM DONVEX CAPITAL” in this Composite Document. Acceptance of the Offers tendered by Shareholders and the Convertible Noteholders, shall be irrevocable and cannot be withdrawn, except in the circumstances set out in the sub-paragraphs (a) and (b) below:

- (a) in compliance with Rule 17 of the Takeovers Code, which provides that an acceptor of the Offers shall be entitled to withdraw his/her/its acceptance after 21 days from the first Closing Date (being 5 May 2020) and if the Offers have not by then become or been declared unconditional as to acceptances. An acceptor of the Offers may withdraw his/her/its acceptance by lodging a notice in writing signed by the acceptor (or his/her/its agent duly appointed in writing and evidence of whose appointment is produced together with the notice) to the Registrar (in relation to the Share Offer) or the company secretary of the Company (in relation to the Convertible Notes Offer); or
- (b) in the circumstances set out in Rule 19.2 of the Takeovers Code (which is to the effect that if the Offeror is unable to comply with any of the requirements of making announcements relating to the Offers as described under the paragraph headed “3. Announcements” above), the Executive may require that acceptors be granted a right of withdrawal, on terms acceptable to the Executive, until such requirements can be met.

In such case, when the Shareholders and/or Convertible Noteholders withdraw their acceptance(s), the Offeror shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the Share certificate(s), certificate(s) and/or certificate(s) of the Convertible Noteholders, and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Form(s) of Acceptance to the relevant Shareholder(s) and the Convertible Noteholder(s) at their own risks. Save as aforesaid, acceptances of the Offers shall be irrevocable and not capable of being withdrawn.

5. SETTLEMENT OF THE OFFERS**The Share Offer**

Subject to the Offers becoming or being declared unconditional in all respects and provided that a valid **WHITE** Form of Share Offer Acceptance and the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title and/or transfer receipt(s) (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and in good order in all respects and have been received by the Registrar no later than the latest time for acceptance, a cheque for the amount due to each accepting Shareholder less seller's ad valorem stamp duty in respect of the Offer Shares tendered by it/him/her under the Share Offer will be despatched to such Shareholder by ordinary post at its/his/her own risk as soon as possible but in any event within 7 Business Days following the later of the date (i) on which the Offers become or are declared unconditional in all respects; and (ii) of receipt by the Registrar of the duly completed and signed **WHITE** Form of Share Offer Acceptance and all the relevant documents to render the acceptance under the Share Offer complete and valid.

Settlement of the consideration to which any accepting Independent Shareholder is entitled under the Share Offer will be implemented in full in accordance with the terms of the Share Offer (save with respect to the payment of seller's ad valorem stamp duty), without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting Independent Shareholder.

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

The Convertible Notes Offer

Provided that a valid **BLUE** Form of Convertible Notes Offer Acceptance and the relevant certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and in good order in all respects and have been received by the Company before the close of the Convertible Notes Offer, a cheque for the amount due to each of the Convertible Noteholders who accepts the Convertible Notes Offer in respect of the Convertible Notes tendered by it/him/her under the Convertible Notes Offer will be dispatched to such Convertible Noteholder by ordinary post at its/his/her own risk as soon as possible but in any event within 7 Business Days following the later of the date (i) on which the Offers become or are declared unconditional in all respects; and (ii) of receipt by the company secretary of the Company of the duly completed and signed **BLUE** Form of Convertible Notes Offer Acceptance, and all the relevant documents to render the acceptance under the Convertible Note Offer complete and valid.

No fractions of a cent will be payable and the amount of cash consideration payable to a Convertible Noteholder who accepts the Convertible Note Offer will be rounded up to the nearest cent.

6. OVERSEAS INDEPENDENT SHAREHOLDERS AND OVERSEAS CONVERTIBLE NOTEHOLDERS

The Offers will be made available to all the Independent Shareholders and Convertible Noteholders, including the Overseas Independent Shareholders and the Overseas Convertible Noteholders. The availability of the Offers to any Overseas Independent Shareholders and Overseas Convertible Noteholders may be affected by the applicable laws and regulations of their relevant jurisdictions of residence. Overseas Independent Shareholders and Overseas Convertible Noteholders should observe any applicable legal and regulatory requirements and, where necessary, consult their own professional advisers. It is the responsibilities of the Overseas Independent Shareholders and Overseas Convertible Noteholders who wish to accept the Share Offer and/or the Convertible Notes Offer (as the case may be) to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offers (including but not limited to the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required or the compliance with other necessary formalities, regulatory and/or legal requirements and the payment of any transfer or other taxes and duties due by such Overseas Independent Shareholders and Overseas Convertible Noteholders in respect of the acceptance of the Offers in such jurisdictions).

Any acceptance by any Overseas Independent Shareholders and Overseas Convertible Noteholders will be deemed to constitute a representation and warranty from such Overseas Independent Shareholders and Overseas Convertible Noteholders to the Offeror that such Overseas Independent Shareholders and Overseas Convertible Noteholders have observed and are permitted under all applicable laws and regulations to receive and accept the Offers and any revision thereof, and that such Overseas Independent Shareholders and Overseas Convertible Noteholders have obtained all requisite governmental, exchange control or other consents and have made all requisite regulations and filing in compliance with all necessary formalities and regulatory or legal requirements and have paid all transfer or other taxes and duties or other required payments due from such Overseas Independent Shareholders and Overseas Convertible Noteholders in connection with such acceptance in such jurisdiction, and the such acceptance shall be valid and binding in accordance with all applicable laws and regulations. The Overseas Shareholders and Overseas Convertible Noteholders should consult their professional advisers if in doubt.

7. TAX IMPLICATIONS

Independent Shareholders and Convertible Noteholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offers. None of the Offeror, parties acting in concert with it, the Company, Donvex Capital, I-Access or Ample Capital and their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offers accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

8. GENERAL

- (a) All communications, notices, Form(s) of Acceptance, Share certificate(s), certificate(s) of the Convertible Notes, transfer receipt(s), other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offers to be delivered by or sent to or from the Independent Shareholders and Convertible Noteholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Offeror, parties acting in concert with it, the Company, Donvex Capital, I-Access or Ample Capital and any of their respective directors nor the Registrar or other parties involved in the Offers or any of their respective agents accept any liability for any loss in postage or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the Form(s) of Acceptance form(s) part of the terms and conditions of the Offers.
- (c) The accidental omission to despatch this Composite Document and/or Form(s) of Acceptance or any of them to any person to whom the Offers are made will not invalidate the Offers in any way.
- (d) The Offers are, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.
- (e) Due execution of the Form(s) of Acceptance will constitute an authority to the Offeror, Donvex Capital, I-Access or such person or persons as and the Offeror may direct to complete, amend and execute any document on behalf of the person or persons accepting the Offers and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as it may direct, the Shares and the Convertible Notes in respect of which such person or persons has/have accepted the Offers.
- (f) By accepting the Offers, the Independent Shareholders and Convertible Noteholders will sell their Offer Shares or Convertible Bonds (as the case may be) to the Offeror free from all Encumbrances whatsoever and together with all rights accruing or attaching thereto, including without limitation, the right to receive all dividends and distributions declared, paid or made, if any, on or after the date on which the Share Offer is made, being the date of the despatch of the Composite Document. The making of the Offers to a person with a registered address in a jurisdiction outside Hong Kong or who is a citizen, resident or national of a jurisdiction outside Hong Kong may be affected by the applicable laws of the relevant jurisdiction. Overseas Independent Shareholders and Overseas Convertible Noteholders with registered addresses in jurisdictions outside Hong Kong or who are citizens, residents or nationals of a jurisdiction outside Hong Kong should inform themselves about and observe any applicable legal requirements in their own jurisdictions.

- (g) Acceptance of the Offers by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares or Convertible Notes in respect of which as indicated in the Form(s) of Acceptance is the aggregate number of Shares or Convertible Notes held by such nominee for such beneficial owner who is accepting the Offers.
- (h) Any Independent Shareholder or Convertible Noteholders accepting the Share Offer and/or the Convertible Notes Offer, respectively, will be responsible for payment of any other transfer or cancellation or other taxes or duties payable in respect of the relevant jurisdiction due by such persons.
- (i) Reference to the Offers in this Composite Document and in the Form(s) of Acceptance shall include any extension or revision thereof.
- (j) All acceptances, instructions, authorities and undertakings given by the Independent Shareholders and/or Convertible Noteholders in the Form(s) of Acceptance shall be irrevocable except as permitted under the Takeovers Code.
- (k) The English text of this Composite Document and the Form(s) of Acceptance shall prevail over their respective Chinese text for the purpose of interpretation.

9. NOMINEE REGISTRATION

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

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The unaudited annual results announcement of the Group for the year ended 31 December 2019 was published on 31 March 2019 (the “**2019 Annual Results Announcement**”). The following is (a) a summary of the audited financial results of the Group for each of three years ended 31 December 2018 as extracted from the published annual reports of the Company; and (b) a summary of the figures as extracted from the unaudited consolidated financial statements of the Group for the year ended 31 December 2019 as disclosed in the 2019 Annual Results Announcement.

Results

	For the year ended 31 December			
	2019	2018	2017	2016
	<i>(unaudited)</i> <i>HK\$'000</i>	<i>(audited)</i> <i>HK\$'000</i>	<i>(audited)</i> <i>HK\$'000</i>	<i>(audited)</i> <i>HK\$'000</i>
Revenue	356,952	414,717	315,515	245,627
Profit/(Loss) before income tax	(307,626)	(37,466)	(3,827)	(179,071)
Income tax expense	(13,001)	(6,160)	(539)	(1,541)
Profit/(Loss) for the period/year				
attributable to:	(320,627)	(43,626)	(4,366)	(180,612)
– Owners of the Company	(299,871)	(50,501)	(7,784)	(183,049)
– Non-controlling interests	(20,756)	6,875	3,418	2,437
Total comprehensive income/(loss) for the period/year attributable to:	(332,439)	(43,402)	9,543	(178,900)
– Owners of the Company	(305,858)	(50,143)	(1,490)	(180,569)
– Non-controlling interests	(26,581)	6,741	11,033	1,669
Basic earnings/(loss) per share (HK cents)	(41.66)	(8.07)	(1.48)*	(4.99)
Diluted earnings/(loss) per share (HK cents)	(41.66)	(8.07)	(1.48)*	(4.99)

Assets and liabilities

	As at 31 December			
	2019	2018	2017	2016
	<i>(unaudited)</i> <i>HK\$'000</i>	<i>(audited)</i> <i>HK\$'000</i>	<i>(audited)</i> <i>HK\$'000</i>	<i>(audited)</i> <i>HK\$'000</i>
Non-current assets	173,529	165,764	178,394	171,191
Current assets	218,746	517,797	543,601	379,436
Current liabilities	151,085	123,683	109,303	123,727
Non-current liabilities	22,893	26,114	25,513	22,322
Total equity	218,297	533,764	587,179	404,578

* restated

Notes:

- (1) No qualified opinion in respect of the audit of the Group for the three years ended 31 December 2016, 2017 and 2018 respectively has been issued by the auditors of the Company.
- (2) There was no dividend declared by the Company for the four years ended 31 December 2016, 2017, 2018 and 2019.

Save as disclosed below, there were no items of any income or expense which was material in respect of the consolidated financial results of the Group for each of the financial year ended 31 December 2016, 2017, 2018 and 2019:

- (i) provision for impairment loss of loan receivables of HK\$117.2 million for the year ended 31 December 2019 mainly due to the default of several loan receivables as disclosed in the Company's announcement dated 20 January 2020;
- (ii) provision for impairment loss of deposits paid for acquisition of subsidiaries and etc. of HK\$106.6 million for the year ended 31 December 2019 mainly comprised the refundable earnest money paid for the gas project as disclosed in the announcements of the Company dated 12 September 2017, 10 October 2017, 25 April 2018 and 2 July 2019;
- (iii) provision for impairment loss of goodwill of HK\$64.5 million for the year ended 31 December 2016 in relation to the decrease in recoverable amount of the PHC pile and other business (as defined on page IFA-5 in the "LETTER FROM THE INDEPENDENT FINANCIAL ADVISER"); and
- (iv) recognition of equity-settled share-based payments of HK\$39.0 million for the year ended 31 December 2016 in relation to the share options granted by the Company.

The auditors of the Company for the three financial years ended 31 December 2016, 2017 and 2018 were ZHONGHUI ANDA CPA Limited. They did not issue any qualified or modified opinion on the respective financial statements of the Group for the three years ended 31 December 2016, 2017 and 2018 respectively.

2. FINANCIAL INFORMATION OF THE GROUP

The Company is required to set out or refer to in this Composite Document (i) the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in the audited consolidated financial statements of the Group for the year ended 31 December 2018 (the "**Latest Financial Statements**"), together with the notes to the relevant published accounts which are of major relevance to the appreciation of the above financial information; (ii) certain financial information of the unaudited financial information of the Group for the six months ended 30 June 2019 (the "**Latest Interim Statements**"); and (iii) certain financial information of the unaudited financial information of the Group for the year ended 31 December 2019 (the "**Latest Annual Statements**").

The Latest Financial Statements are set out from page 37 to page 110 in the annual report for the financial year ended 31 December 2018 of the Company, which was published on 11 April 2019 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0411/ltn201904111434.pdf>).

The Latest Interim Statements are set out from page 5 to page 41 in the interim report for the six months ended 30 June 2019 of the Company, which was published on 30 September 2019 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0930/ltn20190930063.pdf>).

The Latest Annual Statements are set out in the 2019 Annual Results Announcement, which was published on 31 March 2020 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0331/2020033103226.pdf>). The said annual report, the said interim report and the 2019 Annual Results Announcement are posted on both the websites of the Stock Exchange (www.hkexnews.hk) and the website of the Company (<http://www.hk0058.com/>).

3. INDEBTEDNESS

As at the close of business on 29 February 2020, being the latest practicable date for the purpose of preparing this statement of indebtedness prior to the printing of this composite document, the indebtedness of the Group was as follows:

(i) Bank and other borrowings

As at 29 February 2020, the Group had total bank and other borrowings of approximately HK\$35.3 million.

Bank borrowings of RMB18.4 million (equivalent to approximately HK\$20.4 million) were secured by certain buildings held by a subsidiary of the Group and guaranteed by the directors of a subsidiary of the Group and non-controlling shareholders of a subsidiary of the Group.

Other borrowings include: i) a borrowing amount of approximately RMB10.7 million (equivalent to HK\$11.9 million) which is secured by certain buildings, plant and machineries held by a subsidiary of the Group and is guaranteed by the directors and non-controlling shareholders of a subsidiary of the Group, and ii) an unsecured bond issued with principal amount of HK\$3 million which will be due in 2025.

(ii) Lease liabilities

As at 29 February 2020, the Group had lease liabilities of approximately HK\$6.4 million.

(iii) Capital commitments

As at 29 February 2020, the Group did not have any capital commitments.

(iv) Amounts due to a shareholder and a non-controlling shareholder

As at 29 February 2020, the Group had an amount due to a shareholder of approximately HK\$5.7 million and an amount due to a non-controlling shareholder of approximately RMB434,000 (equivalent to approximately HK\$477,000). The balances of amount due to a shareholder and the amount due to a non-controlling shareholder are unsecured, interest-free and repayable on demand.

(v) Contingent liabilities

As at 29 February 2020, the Company had the following litigations:

References are made to the Company's announcements dated 5 February 2016, 14 March 2017 and 4 September 2017 in relation to an action commenced by Liu Qian (劉倩) ("Ms. Liu") as the plaintiff against the Company as the defendant, the court gave directions on 31 December 2018 for the parties to consider fixing a case management summons but no case management summons has been fixed yet as at 29 February 2020.

The amount of the claims by Ms. Liu, in relation to the convertible notes with a face value of HK\$15 million, was about HK\$40 million as per the Statement of Claim dated 29 January 2016. The convertible notes were issued in favour of the vendor as part of the consideration of the sale and purchase agreement dated 3 October 2013 ("SPA"). According to a legal opinion dated 2 December 2019 given by the Company's solicitors, upon the fundamental breach of the SPA, it is open for the Company to argue that the terms and conditions under the SPA has failed and the outstanding convertible notes are void and have no effect.

For details of the Group's litigation, please refer to the paragraph headed "Litigation" in the Appendix IV to this Composite Document.

Disclaimer

Apart from intra-Group liabilities and save as aforesaid, and apart from intra-group liabilities and normal trade payables, the Group did not have any outstanding bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, finance lease, hire purchases commitments, which were either guaranteed, unguaranteed, secured or unsecured, guarantees or other material contingent liabilities at the close of business on 29 February 2020.

To the best knowledge of the Directors, having made all reasonable enquiries, there has been no material change in indebtedness or contingent liabilities of the Group since 29 February 2020 and up to the Latest Practicable date.

4. MATERIAL CHANGE

The Directors confirm that, save as disclosed below, there had been no material change in the financial or trading position or outlook of the Group since 31 December 2018, being the date to which the latest published audited consolidated financial statements of the Company were made up, up to and including the Latest Practicable Date:

- (a) the subscription of new shares under general mandate whereby 124,800,000 Shares were allotted and issued to Sunteen Capital Holdings Limited at HK\$0.136 per Share as set out in the announcements dated 13 March 2019 and 27 March 2019;
- (b) the legal actions taken by the Group against Divine Lands International Gas Holdings Group Limited and Deng Chao for the return of an earnest money in sum of HK\$100,000,000 in relation to the possible acquisition of the entire issued share capital of Sino New Energy International Limited as set out in the announcement dated 2 July 2019;
- (c) the Subscription whereby 149,063,676 Shares were allotted and issued to the Subscriber at HK\$0.1 per Share as set out in the announcements dated 8 January 2020 and 30 March 2020 and the circular dated 29 February 2020;
- (d) provision of financial assistance whereby the six borrowers who are independent third parties have failed to settle any outstanding loans and interests and relevant legal proceedings are being under progress as set out in the announcement dated 20 January 2020;
- (e) non-renewal of money lenders licence as set out in the announcement dated 11 February 2020. The revenue derived from the Group's financial services business was HK\$11.4 million and HK\$0.5 million for the year ended 31 December 2018 and 2019, respectively;
- (f) the decrease in revenue of HK\$49.3 million, or 24.6%, for the six months ended 30 June 2019 as compared to that for the six months ended 30 June 2018 as set out in the interim report dated 30 August 2019;
- (g) the net loss of HK\$245.5 million for the six months ended 30 June 2019 as compared to the net profit of HK\$0.8 million for the six months ended 30 June 2018 as set out in the interim report dated 30 August 2019;
- (h) the decrease in net assets attributable to owners of the Company of HK\$231.8 million, or 51.08%, as at 30 June 2019 as compared to that as at 31 December 2018 as set out in the interim report dated 30 August 2019;
- (i) the decrease in revenue of HK\$57.8 million, or 13.9%, for the year ended 31 December 2019 as compared to that for the year ended 31 December 2018 as set out in the annual results announcement dated 31 March 2020;
- (j) the increase in net loss of HK\$277.0 million for the year ended 31 December 2019 as compared to that for the year ended 31 December 2018 as set out in the annual results announcement dated 31 March 2020; and
- (k) the decrease in net assets attributable to owners of the Company of HK\$288.9 million, or 63.7%, as at 31 December 2019 as compared to that as at 31 December 2018 as set out in the annual results announcement dated 31 March 2020.

1. RESPONSIBILITY STATEMENT

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

2. SHAREHOLDINGS AND DEALINGS IN SECURITIES OF THE COMPANY

As at the Latest Practicable Date, the Offeror, was interested in 368,468,531 Shares, which represented approximately 41.03% of the issued share capital of the Company. Save as disclosed above, the Offeror confirm that:

- (a) Save as disclosed in the section headed “DEALING AND INTERESTS IN THE COMPANY’S SECURITIES” in “LETTER FROM DONVEX CAPITAL” of this Composite Document, none of the Offeror, the director of the Offeror, nor parties acting in concert with it owned or controlled any other interest in the Shares, options, warrants, derivatives or securities which are convertible into Shares as at the Latest Practicable Date;
- (b) Save as disclosed in the section headed “DEALING AND INTERESTS IN THE COMPANY’S SECURITIES” in “LETTER FROM DONVEX CAPITAL” of this Composite Document, none of the Offeror, the director of the Offeror, nor parties acting in concert with it had dealt in the Shares, outstanding options, derivatives, warrants or other securities convertible into Shares during the Relevant Period;
- (c) Save for the Irrevocable Undertaking, none of the Offeror and/or the parties acting in concert with it had any arrangement of the kind referred to in Note 8 to Rule 22 of Takeovers Code with any person as at the Latest Practicable Date.
- (d) Save for the Irrevocable Undertaking, no person had irrevocably committed himself to accept or not to accept the Offers as at the Latest Practicable Date.
- (e) Save for the Irrevocable Undertaking, no arrangement of any kind referred to in Note 8 to Rule 22 of the Takeovers Code exists between a person on the one hand and the Offeror or any party acting in concert with it or any other associate of it on the other hand during the Relevant Period.
- (f) During the Relevant Period and up to and including the Latest Practicable Date, none of the Offeror, nor any party acting in concert with it had borrowed or lent any Shares or convertible securities, warrants, options or derivatives of the Company.
- (g) No Shares, convertible securities, warrants, options or derivatives of the Company was managed on a discretionary basis by any fund managers connected with the Offeror or any party acting in concert with any of them, and no such person had dealt in any Shares or convertible securities, warrants, options or derivatives of the Company during the Relevant Period.

3. OTHER ARRANGEMENTS IN RELATION TO THE OFFERS

As at the Latest Practicable Date:

- (a) Save for the Irrevocable Undertaking, there was no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror and parties acting in concert with it and any Director, recent Director, Shareholder or recent Shareholder which had any connection with or dependent on the Offers;
- (b) Save for the Irrevocable Undertaking, no material contracts had been entered into by the Offeror in which any Director has a material personal interest;
- (c) there was no agreement or arrangement to which the Offeror and parties acting in concert with it is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a condition to the Offers;
- (d) there was no agreement, arrangement or understanding between the Offeror and any other person in relation to the transfer, charge or pledge of the Shares to be purchased by the Offeror (or any of their respective wholly-owned subsidiaries) upon completion of the Offers;
- (e) the Offeror had not entered into any agreement, arrangement, or understanding in relation to and/or will not transfer, charge or pledge any securities in the Company acquired pursuant to the Offers to any other person;
- (f) no benefit is or will be paid to any Directors as compensation for loss of office or otherwise in connection with the Offers; and
- (g) there were no arrangements (whether by way of option, indemnity or otherwise) in relation to the Shares (or other relevant securities of the Company) or the shares of the Offeror (or other relevant securities of the Offeror) which might be material to the Offers.

4. EXPERTS' QUALIFICATIONS AND CONSENTS

In addition to the Company's experts listed in paragraph 8 of Appendix IV, the following are the qualifications of the experts who have given opinion and advice, which is contained in this Composite Document:

Name	
Donvex Capital	a licensed corporation permitted to carry on Type 6 (advising on corporate finance) regulated activities under the SFO
I-Access	a licensed corporation permitted to carry on Type 1 (dealing in securities), Type 2 (dealing in future contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 7 (providing automated trading services) regulated activities under the SFO

As at the Latest Practicable Date, each of Donvex Capital and I-Access has given and has not withdrawn its respective written consent to the issue of this Composite Document with the inclusion in this Composite Document of the text of its respective letter, reports or opinions, as the case may be, and references to its name in the form and context in which it respectively appears.

5. MISCELLANEOUS

As at the Latest Practicable Date,

- (a) the principal members of the Offeror's concert group are the Offeror and Mr. Chim;
- (b) the Offeror is Wealthy Port Holdings Limited. The registered office of the Offeror is situated at the office of Room 1705, 17/F, Tower 2, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong. As at the Latest Practicable Date, there is one director of the Offeror, namely Mr. Chim;
- (c) The correspondence address of Mr. Chim is situated at Room 1705, 17/F, Tower 2, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong;
- (d) the registered office of Donvex Capital is located at Room 1305–1306, 13/F, Carpo Commercial Building, 18–20 Lyndhurst Terrace, Central, Hong Kong;
- (e) the registered office of I-Access is located at Suites 3208–11, 32/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong; and
- (f) the English text of this Composite Document and the Acceptance Form(s) shall prevail over the Chinese text, in case of any inconsistency.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection, during the period from 14 April 2020, being the date of this Composite Document for so long as the Offer remains open for acceptance, (i) on the website of the SFC (www.sfc.hk); (ii) on the website of the Company (<http://www.hk0058.com/>); and (iii) during normal business hours from 9:30 a.m. to 5:30 p.m., from Monday to Friday, other than Hong Kong public holidays, at the office of the Offeror, at Room 1705, 17/F, Tower 2, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong from the date of this Composite Document up to and including the Closing Date:

- (a) the memorandum and articles of association of the Offeror;
- (b) the “Letter from Donvex Capital”, the text of which is set out in this Composite Document; and
- (c) the written consents referred to in the paragraph headed “4. EXPERTS’ QUALIFICATIONS AND CONSENTS” in this Appendix.

1. RESPONSIBILITY STATEMENT

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

2. SHARE CAPITAL

As at the Latest Practicable Date, the authorised share capital of the Company was HK\$1,000,000,000 divided into 10,000,000,000 Shares of HK\$0.100 each. The number of issued and paid-up Shares of the Company as at the Latest Practicable Date was 898,000,000 Shares.

All the Shares in issue rank *pari passu* in all respects with each other, including as to rights in respect of capital, dividends and voting.

The number of Shares in issue as at 31 December 2018, being the date to which the latest audited financial statements of the Company were made up, was 624,136,324. On 27 March 2019, the Company allotted and issued an aggregate of 124,800,000 Shares at the subscription price of HK\$0.136 per Share to an independent third party investor under general mandate granted by the Shareholders at the annual general meeting of the Company held on 1 June 2018 (the “**2019 March Allotment**”). Save for the 124,800,000 Shares issued pursuant to the 2019 March Allotment and the Subscription Shares (i.e. a total of 149,063,676 Shares) issued by the Company to the Offeror at HK\$0.100 per Subscription Share pursuant to the Subscription Agreement, no other new Shares have been issued by the Company since 31 December 2018 until the Latest Practicable Date.

As at the Latest Practicable Date, the Company has outstanding Convertible Notes in the principal amount of HK\$30,000,000, which carry rights to convert into approximately 16,393,442 new conversion Shares (rounded down) in full based on the existing conversion price of HK\$1.83 per conversion share (assuming the Share Consolidation in relation to the Convertible Notes are valid and completed).

Save as disclosed in this Composite Document, the Company had no options, warrants, derivatives or other securities that carry a right to subscribe for or which are convertible into Shares as at the Latest Practicable Date.

3. MARKET PRICE

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

Date	Closing price of Shares (HK\$)
31 July 2019	0.121
30 August 2019	0.099
30 September 2019	0.089
31 October 2019	0.090
29 November 2019 (Last Trading Day)	0.080
31 January 2020	0.095
28 February 2020	0.090
31 March 2020	0.092
9 April 2020 (Latest Practicable Date)	0.097

Note: Trading of the Shares was suspended from 2 December 2019 to 8 January 2020 pending the release of the Joint Announcement.

During the Relevant Period, the highest closing price of the Shares quoted on the Stock Exchange was HK\$0.140 on 23 July 2019 and the lowest closing price of the Shares quoted on the Stock Exchange was HK\$0.077 on 9 September 2019.

4. DISCLOSURE OF INTEREST

(a) Interests and short positions of the Directors and chief executive

As at the Latest Practicable Date, the following Directors had, or were deemed to have, interests and short positions in the Shares, underlying Shares and debentures of the Company or shares, underlying shares and debentures of any of the Company's associated corporations (within the meaning of Part XV of the SFO), which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (ii) required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein, or (iii) required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange, or (iv) required to be disclosed under the Takeovers Code:

Name of Director	Capacity/Nature of interest	Number of shares held	Approximate percentage of issued share capital of the Company
Mr. Chim	Interest in controlled corporation (Note)	368,468,531	41.03%
Mr. Li	Beneficial owner	4,610,000	0.51%

Note: As at the Latest Practicable Date, the 368,468,531 Shares are held by the Offeror. Mr. Chim beneficially owns 100% of the entire issued share capital of the Offeror and is deemed, or taken to be, interested in all the Shares held by the Offeror for the purposes of the SFO. Mr. Chim is an executive Director and a director of the Offeror.

(b) Interests and short positions of substantial Shareholders

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

Name	Capacity/Nature of interest	Number of shares held	Approximate percentage of issued share capital of the Company
The Offeror	Beneficial owner (Note)	368,468,531	41.03%

Note: As at the Latest Practicable Date, the 368,468,531 Shares are held by the Offeror. Mr. Chim beneficially owns 100% of the entire issued share capital of the Offeror and is deemed, or taken to be, interested in all the Shares held by the Offeror for the purposes of the SFO. Mr. Chim is an executive Director and a director of the Offeror.

5. INTERESTS IN THE COMPANY AND THE OFFEROR AND ARRANGEMENTS IN CONNECTION WITH THE OFFERS

As at the Latest Practicable Date:

- (i) no arrangement was in place for any benefit to be given to any Director as compensation for loss of office or otherwise in connection with the Offers;
- (ii) there were no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company which the Company or any Directors had borrowed or lent;
- (iii) none of the subsidiaries of the Company and pension fund of the Company or of a subsidiary of the Company or a person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” or an associate of the Company by virtue of class (2) of the definition of “associate” in the Takeovers Code owned or controlled any Shares, convertible securities, warrants, options or derivatives of the Company;
- (iv) save for the Irrevocable Undertaking, no persons had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” 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;
- (v) no Shares, convertible securities, warrants, options or derivatives of the Company were managed on a discretionary basis by fund managers connected with the Company;
- (vi) save for the Irrevocable Undertaking, there was no agreement or arrangement between any Director and any other person which was conditional on or dependent upon the outcome of the Offers or otherwise connected with the Offers;
- (vii) save for the Subscription Agreement, there was no material contracts have been entered into by the Offeror in which any Director has a material interest;
- (viii) save for Mr. Li who has given the Irrevocable Undertaking and Mr. Chim, none of the Directors owns or controls any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company which would otherwise entitle them to accept or reject the Share Offer and the Convertible Notes Offer; and
- (ix) save for Mr. Chim, who is the beneficial owner of the Offeror, none of the Company nor any of the Directors was interested in any shares of the Offeror or any convertible securities, warrants, options or derivatives in respect of any shares of the Offeror.

6. DEALING IN SECURITIES AND OTHER ARRANGEMENTS

During the Relevant Period:

- (i) save for the 373,078,531 Shares already owned by the Offeror and parties acting in concert with it, none of the Directors or companies owned or controlled by them have dealt in any Shares, options, derivatives, warrants or other securities convertible into the Shares or other types of equity interest in the Company;
- (ii) none of the Company nor any of the Directors had dealt for value in any shares, convertible securities, warrants, options or derivatives of the Offeror;
- (iii) none of the subsidiaries of the Company or any pension funds of the Group or a person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” or an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code (but excluding exempt principal traders) had dealt for value in the Shares or any convertible securities, warrants, options or derivatives in respect of any Shares;
- (iv) save for the 373,078,531 Shares already owned by the Offeror and parties acting in concert with it, no persons who had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” 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 the Shares or any convertible securities, warrants, options or derivatives in respect of any Shares; and
- (v) no fund managers (other than exempt fund managers) connected with the Company who managed funds on a discretionary basis had dealt for value in the Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.

7. DIRECTORS’ SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into a service contract with any member of the Group or the associated companies of the Company which:

- (i) have been entered into or amended (including both continuous and fixed term contracts) within 6 months prior to the commencement of the Offer Period;
- (ii) are continuous contracts with a notice period of 12 months or more; or
- (iii) are fixed term contracts with more than 12 months to run irrespective of the notice period.

None of the Directors will be or has been given any benefits (save for any statutory compensation required under appropriate laws) as compensation for loss of office or otherwise in connection with the Offers.

8. EXPERTS' QUALIFICATIONS AND CONSENTS

In addition to the Offeror's experts listed in paragraph 4 of Appendix III to this Composite Document, the following are the qualifications of the experts who have given opinions or advice which is contained or referred to in this Composite Document:

Name	Qualification
Ample Capital	a licensed corporation to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
Lam & Co.	Legal adviser as to Hong Kong law

As at the Latest Practicable Date, each of Ample Capital and Lam & Co. did not have any shareholding, direct or indirect, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did it have any direct or indirect interest in any assets which had been, since 31 December 2018, being the date of the latest published audited consolidated financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

Each of Ample Capital and Lam & Co. has given and has not withdrawn its respective written consent to the issue of this Composite Document with the inclusion of its letter and references to its name in the form and context in which they appear respectively.

9. LITIGATION

As at the Latest Practicable Date, the Company had the following litigations:

- (a) References are made to the Company's announcements dated 5 February 2016, 14 March 2017 and 4 September 2017 in relation to an action commenced by Liu Qian (劉倩) ("Ms. Liu") as the plaintiff against the Company as the defendant in the Court of First Instance of the High Court of Hong Kong (the "**Court of First Instance**") on 3 February 2016 (the "**Action**"). On 13 March 2017, upon the application of Ms. Liu and after the substantive hearing of the application on 27 February 2017, the Court of First Instance entered summary judgement against the Company with damages to be assessed (the "**Summary Judgement**"). The Company filed an appeal against the Summary Judgement on 7 April 2017 (the "**Appeal**") and the substantive hearing of the Appeal was heard in the Court of Appeal of the High Court of Hong Kong (the "**Court of Appeal**") on 22 August 2017 with judgement reserved. On 1 September 2017, the Court of Appeal allowed the Appeal, set aside the Summary Judgement and granted the Company unconditional leave to defend the Action with the costs to the Company.

On 21 December 2018, the Company entered into a consent summons with Ms. Liu for full and final settlement of the costs in favour of the Company in the Appeal, which was made an order on 31 December 2018.

The court further gave directions on 31 December 2018 for the parties to consider fixing a case management summons but no case management summons has been fixed yet as at the Latest Practicable Date.

- (b) References are made to the announcements of the Company dated 11 November 2016, 15 December 2017 and the Annual Report 2018 in relation to the civil complaints involving Zhuhai Hoston Special Materials Co., Ltd* (珠海和盛特材股份有限公司)(“**Zhuhai Hoston**”), an indirectly owned (95%) subsidiary of the Company:

- (i) Zhuhai Hoston received civil rulings on 10 April 2017 and 12 April 2017 and was to assume responsibility for half of the outstanding personal loans of RMB1,000,000 and RMB3,500,000 (the “**Personal Loans**”), owing by Wang Tian (王天) (the “**Borrower**”), a former directors of Zhuhai Hoston, to Wu Min (吳敏) and Kou Jinshui (寇金水) (the “**Lenders**”), respectively, and the respective interests thereon and the legal costs. The Lenders were independent third parties while the Personal Loans were guaranteed by Zhuhai Hoston. Zhuhai Hoston has filed appeals against these civil rulings.

According to the civil rulings dated 24 October 2017 and 22 January 2018 on appeals respectively, the Zhuhai Intermediate People’s Court ruled that Zhuhai Hoston shall bear half of the liability and revised the principal amounts of the loans to RMB839,314.00 as owing by Wang Tian (王天) to Wu Min (吳敏) and to RMB2,378,174.00 as owing by Wang Tian (王天) to Kou Jinshui (寇金水). Apart from these alterations, the Zhuhai Intermediate People’s Court did not allow the appeal and confirmed the aforementioned civil rulings dated 10 April 2017 and 12 April 2017.

- (ii) Upon the respective applications of Kou Jinshui (寇金水) and 珠海河川商貿有限公司 (Zhuhai Hechuan Commercial and Trade Co., Ltd.*) (“**Zhuhai Hechuan**”), an independent third party, three bank accounts of Zhuhai Hoston and 70% equity interest of Zhuhai Hoston in 廣東恒佳建材股份有限公司 (Guangdong Hengjia Building Materials Co., Ltd*) (“**Guangdong Hengjia**”) were suspended/impounded by the Xiangzhou People’s Court pursuant to an execution order dated 27 December 2016.

Zhuhai Hoston received a civil ruling on 13 April 2017 in relation to disputes over private lending pursuant to a lending contract dated 6 April 2013 entered into between Zhuhai Hoston as the borrower and Zhuhai Hechuan as the lender (the “**Dispute**”), that the said lending has been fully settled by Zhuhai Hoston already and Zhuhai Hoston was not liable to any repayment of the loan and the respective interest thereon to Zhuhai Hechuan.

On 8 September 2017, Zhuhai Hechuan filed an appeal at the Zhuhai Intermedia People’s Court. By a civil ruling on 22 January 2018, Zhuhai Intermediate People’s Court allowed the appeal, reversed the aforementioned civil ruling dated 13 April 2017 and ordered that the case be remitted back to the Xiangzhou People’s Court for a re-trial.

On 7 June 2018, the Xiangzhou People's Court had conducted a re-trial of the Dispute and made a civil ruling as follows: (1) Zhuhai Hoston shall be liable to pay the outstanding loan in the principal amount of RMB2,000,000 to Zhuhai Hechuan; and (2) Zhuhai Hoston shall be liable to pay to Zhuhai Hechuan the default interest at the rate of 24% per annum on the principal amount of RMB2,000,000 within ten days from the date of the civil ruling (i.e. from 1 January 2015 up to the actual repayment date of the principal amount).

On 16 August 2018, Zhuhai Hoston filed an appeal at the Zhuhai Xiangzhou People's Court for the ruling. On 4 March 2019, the Zhuhai Intermediate People's Court rejected the appeal of Zhuhai Hoston and the original judgment was upheld. Accordingly, Zhuhai Hoston applied to the Higher People's Court of Guangdong Province for retrial which was rejected on 29 May 2019. Up to the Latest Practicable Date, Zhuhai Hoston had not yet repaid any outstanding amount.

- (c) Reference is made to the announcement of the Company dated 15 December 2017 in relation to the outstanding claims against Zhuhai Hoston:
- (i) As of 20 November 2017, Zhuhai Hoston was indebted to Guangdong Hengjia for a total sum of RMB34,772,335.50 (the "**Guangdong Hengjia Debt**").

Zhuhai Hoston received an execution order dated 21 November 2017 made by 陽江市江城區人民法院 (Yangjiang Jiangcheng People's Court*) ("**Yangjiang Jiangcheng People's Court**") on the application of Guangdong Hengjia to seize certain tools and equipment of Zhuhai Hoston (the "**Seized Tools and Equipment**") for a period of 2 years as security for the debt owed by Zhuhai Hoston to Guangdong Hengjia.

Zhuhai Hoston received an auction notice dated 6 February 2018 issued by Yangjiang Jiangcheng People's Court that the Seized Tools and Equipment would be listed for auction from 9 March 2018 to 10 March 2018. The Company was informed by Zhuhai Hoston that the Seized Tools and Equipment were not sold at the auction.

On 27 March 2018, Yangjiang Jiangcheng People's Court ordered that after Guangdong Hengjia has paid RMB50,000 and the respective valuation and enforcement fees, the Seized Tools and Equipment at the auction reserve price of RMB2,666,544 was applied to settle part of the Guangdong Hengjia Debt of RMB2,570,744 whereas Zhuhai Hoston was still liable for the remaining amount of the Guangdong Hengjia Debt. After applying the Seized Tools and Equipment as partial settlement, Zhuhai Hoston was indebted to Guangdong Hengjia for a total sum of RMB32,201,591.50 which was still outstanding up to the Latest Practicable Date.

- (ii) Pursuant to the civil ruling issued by Xiangzhou People's Court on 25 April 2018, Zhuhai Hoston was ordered to repay an outstanding loan of RMB2,000,000 owed to Liu Shao Zhuang (劉少妝) and the overdue interests accrued on such outstanding loan. On 14 January 2019, Zhuhai Hoston made an application to Xiangzhou People's Court to request for a suspension of the execution of the aforesaid judgement on the ground that the relevant court documents and notice of the legal proceedings were not delivered to Zhuhai Hoston such that Zhuhai Hoston was deprived of the right to defend its interest in the legal proceedings.

On 5 March 2019, Zhuhai Hoston applied to the Zhuhai Intermediate People's court for retrial of the case. The Zhuhai Intermediate People's Court rejected the application for retrial of Zhuhai Hoston in a civil judgment dated 5 June 2019. Up to the Latest Practicable Date, Zhuhai Hoston had not yet repaid any outstanding amount.

- (d) By a Generally Indorsed Writ of Summons dated 23 June 2015 and Statement of Claim dated 18 August 2015 issued by the Company and First Billion Global Limited, a wholly-owned subsidiary of the Company (collectively, the "**Plaintiffs**") against Xiao Guang Kevin (蕭光) ("**Mr. Xiao**") and Wang Zhining (王志寧) ("**Mr. Wang**") (collectively, the "**Defendants**"), the vendor and the guarantor, respectively, all of whom are parties to a very substantial acquisition of the Company (the "**VSA**") as announced by the Company in its announcement dated 30 January 2014 and its circular dated 31 March 2014, the Plaintiffs claim that the Defendants have fundamentally breached the terms and conditions of the SPA (the "**SPA Legal Proceedings**"). Accordingly, the Plaintiffs are seeking to rescind the SPA under which, as part of the consideration price, certain convertible notes were issued by the Company to Mr. Xiao.

On 16 March 2017, the Plaintiffs filed an Amended Statement of Claim to the Court of First Instance adding Ms. Liu as a defendant to the SPA Legal Proceedings claiming, amongst other things, that Ms. Liu is a nominee of Mr. Wang and further claim against the Defendants for misrepresentation regarding the undisclosed guarantees given by Zhuhai Hoston before the VSA in favour of Wang Tian (王天) who is Mr. Wang's Son. Details of the undisclosed guarantees were described in paragraph (b) above which has led to the Group's involvement in such litigation.

Pursuant to the order of the Court of First Instance dated 5 December 2017, the Plaintiffs filed and served on the Defendants their Further and Better Particulars of the Amended Statement of Claim on 9 January 2018. Upon counsel's advice, the Plaintiffs are considering to further amend the Amended Statement of Claim in order to, amongst other things, simplify their claims and to make clear their causes of action. For the purpose of saving costs, the Plaintiffs have allowed the Defendants to withhold preparing their Amended Defence pending the Plaintiff's aforesaid application to further amend the Amended Statement of Claim.

As at the Latest Practicable Date, no judgement has been made by the Court.

- (e) On 29 February 2016, Zhuhai Hoston filed a lawsuit in Xiangzhou People’s Court against Mr. Wang, Wang Tian (王天) and 珠海市鑫鋒發展有限公司 (Zhuhai Xinfeng Development Co., Ltd.*), the controlled company of Mr. Wang and Wang Tian (王天), former directors of Zhuhai Hoston, (the “**Controlled Company**”), regarding the prepayment to a supplier of Zhuhai Hoston of RMB4,840,000 for the purchase of machinery. The sum was subsequently transferred to the Controlled Company based on the instructions of Mr. Wang and Wang Tian (王天) to the supplier. According to civil ruling from the Xiangzhou People’s Court dated 30 May 2016, the lawsuit has been suspended pending for the investigation results of the Reported Case as the prepayment to the supplier is part of the subject matter of the Reported Case.

On 12 October 2018, the Zhuhai Intermediate People’s Court revoked the first instance judgement on the ground that the subject matter for rejection of the lawsuit filed by the plaintiff was removed after the issue of the first instance judgement, and ordered the Zhuhai Xiangzhou People’s Court to conduct trial. On 18 June 2019, the Zhuhai Xiangzhou People’s Court ruled that the Controlled Company, Mr. Wang and Wang Tian (王天) made compensation to Zhuhai Hoston in an amount of RMB4,840,000 and made compensation for interest loss from 11 February 2016 to the date of settlement.

珠海市鑫鋒發展有限公司 (Zhuhai Xinfeng Development Co., Ltd.*) and Mr. Wang had filed an appeal but no judgement has been made by the Court as at the Latest Practicable Date.

- (f) Zhuhai Hoston performed its legal obligations under the Zhuhai Intermediate People’s Court judgement on 21 November 2017 and performed compensation and guarantee obligations by paying RMB1,288,833 to Chen Xiaodong (陳曉東) and seek repayment from Wang Tian (王天) for RMB1,288,833 and interest thereof according to the law.

On 23 November 2018, the Zhuhai Xiangzhou People’s Court ruled that two flats and one parking space owned by Wang Tian at No. 123, Shihua East Road, Jida, Xiangzhou District, Zhuhai shall be impounded. The properties are pending for seal up and are not allowed to be disposed of in the meantime.

- (g) On 20 July 2018, Zhuhai Hoston filed a lawsuit against Wang Zhining (王志寧), Wang Tian (王天), Yang Jianru (楊健茹) and 珠海市鑫鋒發展有限公司 (Zhuhai Xinfeng Development Co., Ltd.*) with the Zhuhai Xiangzhou People’s Court, and requested compensation for loss be made to Zhuhai Hoston in an amount of RMB1,000,000 together with interest thereof on the ground that Zhuhai Hoston performed its legal obligations under the ruling of the Zhuhai Intermediate People’s Court by paying RMB1,000,000 to Bi Xiaohui (畢肖輝).

On 21 June 2019, the Zhuhai Xiangzhou People’s Court ruled against that Zhuhai Hoston’s request for the commencement of litigation. Zhuhai Hoston made an appeal to the Zhuhai Intermediate People’s Court on 16 July 2019 while the civil judgement was made on 12 December 2019 that compensation for loss be made by Wang Tian (王天) to Zhuhai Hoston in an amount of RMB1,000,000 together with interest thereof.

- (h) Reference is made to the Company's announcement dated 20 January 2020 in relation to provision of financial assistance, despite the issue of legal demand letters in August 2019, the six borrowers who are independent third parties have failed to settle any outstanding loans and interests. As a result, as at the Latest Practicable Date, the following legal proceedings have been performed:
- (i) Instruction had been given to British Virgin Island ("BVI") counsel to issue statutory demands, which were served on 13 March 2020, and to handle winding up applications for those borrowers and guarantor which were incorporated in BVI;
 - (ii) PRC counsel has been engaged to take appropriate legal proceedings in the PRC courts against those borrowers and guarantor that are PRC citizens or PRC incorporated companies; and
 - (iii) Instruction has been given to Hong Kong counsel to prepare writ of summons and statement of claim against the borrower which is incorporated in Hong Kong.

10. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by any member of the Group) have been entered into by the members of the Group within two years immediately preceding the date of commencement of the Offer Period up to and including the Latest Practicable Date and which are or may be material:

- (a) the subscription agreement dated 13 March 2019 entered into between the Company and Sunteen Capital Holdings Limited as the subscriber to subscribe for 124,800,000 subscription Shares at the subscription price of HK\$0.136 per subscription Share. Completion took place on 27 March 2019.
- (b) the Subscription Agreement.

11. MISCELLANEOUS

- (a) As at the Latest Practicable Date, the registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the principal place of business of the Company is at 3/F, Mandarin Commercial House, 38 Morrison Hill Road, Wanchai, Hong Kong.
- (b) As at the Latest Practicable Date, the share registrar and transfer office of the Company in Hong Kong is Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (c) As at the Latest Practicable Date, the registered office of Ample Capital is at Unit A, 14th Floor, Two Chinachem Plaza, 135 Des Voeux Road Central, Hong Kong.
- (d) The English texts of this Composite Document and the Forms of Acceptance shall prevail over the Chinese texts, in case of any inconsistency.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection on (i) the website of the SFC (<http://www.sfc.hk>); (ii) the website of the Company at <http://www.hk0058.com>; and (iii) during normal business hours from 9:30 a.m. to 5:30 p.m. (other than Saturdays, Sundays and public holidays) at the principal place of business of the Company at 3/F, Mandarin Commercial House, 38 Morrison Hill Road, Wanchai, Hong Kong; during the period from the date of this Composite Document up to and including the Closing Date:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the annual reports of the Company for the two financial years ended 31 December 2017 and 31 December 2018;
- (c) the interim report of the Company for the six months ended 30 June 2019;
- (d) the annual results announcement of the Company for the year ended 31 December 2019;
- (e) the letter from Donvex Capital, the text of which is set out on pages 7 to 18 of this Composite Document;
- (f) the letter from the Board, the text of which is set out on pages 19 to 26 of this Composite Document;
- (g) the letter from the Takeovers Code Independent Board Committee to the Independent Shareholders and Convertible Noteholders, the text of which is set out on pages IBC-1 to IBC-2 of this Composite Document;
- (h) the letter from the Independent Financial Adviser, the text of which is set out on pages IFA-1 to IFA-19 of this Composite Document;
- (i) the written consent referred to under the paragraph headed “Experts’ Qualifications and Consents” in paragraph 4 of Appendix III to this Composite Document and in this Appendix IV;
- (j) the legal opinion dated 2 December 2019 given by Lam & Co.;
- (k) each material contract referred to in the paragraph headed “Material Contracts” in this Appendix IV; and
- (l) the Irrevocable Undertaking.

* For identification purposes only