

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

If you have sold or transferred all your shares in China Minsheng DIT Group Limited, you should at once hand this Composite Document and the accompanying Form of Acceptance to the purchaser(s) or the transferee(s) or to the bank, 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 the transferee(s).

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

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



**JOY BRIGHT INVESTMENTS LIMITED CHINA MINSHENG DIT GROUP LIMITED**

**恩輝投資有限公司**

*(Incorporated in the British  
Virgin Islands with limited liability)*

**中民築友智造科技集團有限公司**

*(Incorporated in Bermuda with limited liability)  
(Stock Code: 726)*

**COMPOSITE DOCUMENT RELATING TO  
MANDATORY UNCONDITIONAL CASH OFFER BY  
OPUS CAPITAL LIMITED  
ON BEHALF OF JOY BRIGHT INVESTMENTS LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES OF  
CHINA MINSHENG DIT GROUP LIMITED  
(OTHER THAN THOSE ALREADY OWNED AND/OR AGREED  
TO BE ACQUIRED BY JOY BRIGHT INVESTMENTS LIMITED  
AND THE INVESTOR CONCERT GROUP)**

**Financial Adviser to Joy Bright Investments Limited**



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



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

A letter from Opus Capital containing, among other things, details of the terms of the Offer is set out on pages 10 to 18 of this Composite Document.

A letter from the Board is set out on pages 19 to 28 of this Composite Document. A letter from the Independent Board Committee is set out on pages 29 to 30 of this Composite Document. A letter from Red Sun, containing its advice to the Independent Board Committee, is set out on pages 31 to 51 of this Composite Document.

The procedures for acceptance and settlement of the Offer and other related information are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Acceptances of the Offer should be received by the Registrar as soon as possible and in any event no later than 4:00 p.m. on Monday, 2 September 2019 or such later time and/or date as the Offeror may determine and announce with the consent of the Executive, in accordance with the Takeovers Code.

Any persons including, without limitation, custodians, nominees and trustees who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form of Acceptance to any jurisdiction outside Hong Kong should read the details in this regard which are contained in the section headed "Important Notices", the paragraph headed "Overseas Shareholders" under the section headed "Mandatory unconditional cash offer" in the "Letter from Opus Capital" contained in this Composite Document and the section headed "6. Overseas Shareholders" in Appendix I to this Composite Document before taking any action. It is the responsibility of each Overseas Shareholder wishing to accept the Offer 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 Shareholders are advised to seek professional advice on deciding whether to accept the Offer.

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

12 August 2019

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## **IMPORTANT NOTICES**

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

The making of the Offer to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or affected by the laws and regulations of the relevant jurisdictions. Independent Shareholders who are citizens or residents or nationals of jurisdictions outside Hong Kong should inform themselves about and observe any applicable legal requirements and, where necessary, seek independent legal advice. It is the responsibility of any such Independent Shareholder who wishes to accept the Offer to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, 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. Any acceptance of the Offer by any Independent Shareholders will be deemed to constitute a representation and warranty from such Independent Shareholders to the Offeror that the local laws and requirements have been complied with (including, without limitation, payment of any taxes or other required payments due from him/her/it in connection with such acceptance in the relevant jurisdictions) and that such acceptance shall be valid and binding in accordance with all applicable laws and regulations. The Independent Shareholders should consult their professional advisers if in doubt. The Offeror and the parties acting in concert with it, the Company, Opus Capital, Red Sun, the Registrar or any of their respective professional advisers or any of their respective ultimate beneficial owners, directors, officers, advisers, agents and associates and any other person involved in the Offer shall be entitled to be fully indemnified and held harmless by such person for any taxes as such person may be required to pay. Please see the paragraph headed “Overseas Shareholders” under the section headed “Mandatory unconditional cash offer” in the “Letter from Opus Capital” contained in this Composite Document and the section headed “6. Overseas Shareholders” in Appendix I to this Composite Document.

### **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.

## EXPECTED TIMETABLE

**The expected timetable set out below is indicative only and may be subject to change. Any change to the timetable will be jointly announced by the Offeror and the Company as and when appropriate. Unless otherwise specified, all times and dates contained in this Composite Document and accompanying Form of Acceptance refer to Hong Kong time and dates.**

Despatch date of this Composite Document and the accompanying Form of Acceptance ( <i>Note 1</i> ) .....	Monday, 12 August 2019
Offer open for acceptance ( <i>Note 2</i> ).....	Monday, 12 August 2019
Latest time and date for acceptance of the Offer ( <i>Notes 2, 4, 5 and 6</i> ) .....	by 4:00 p.m. on Monday, 2 September 2019
Offer Closing Date ( <i>Notes 2 and 6</i> ) .....	Monday, 2 September 2019
Announcement of the results of the Offer (or its extension or revision, if any) on the websites of the Stock Exchange and the Company( <i>Note 2</i> ) .....	by 7:00 p.m. on Monday, 2 September 2019
Latest date of posting of remittances in respect of valid acceptances received under the Offer on the Offer Closing Date ( <i>Notes 3 and 6</i> ) .....	Wednesday, 11 September 2019

*Notes:*

1. *The Offer, which is unconditional in all respects, is made on the date of posting of this Composite Document, and is capable of acceptance on and from that date until 4:00 p.m. on the Offer Closing Date, unless the Offeror extends or revises the Offer in accordance with the Takeovers Code.*
2. *In accordance with the Takeovers Code, the Offer must be open for acceptance for at least 21 days following the date on which this Composite Document is posted. The latest time and date for acceptance of the Offer is 4:00 p.m. on Monday, 2 September 2019 unless the Offeror extends or revises the Offer in accordance with the Takeovers Code. The Offeror does not currently intend to extend the Offer Period beyond 21 days following the date of despatch of this Composite Document, unless otherwise required by the Takeovers Code or other regulations. An announcement will be jointly issued by the Offeror and the Company through the websites of the Stock Exchange and the Company by 7:00 p.m. on the Offer Closing Date stating the results of the Offer and whether the Offer has been extended, revised or has expired. In the event that the Offeror decides to extend or revise the Offer, the announcement will state the next closing date of the Offer or that the Offer will remain open until further notice. In the latter case, at least 14 days' notice by the way of an announcement will be given before the Offer is closed to those Independent Shareholders who have not accepted the Offer.*
3. *Remittances in respect of the cash consideration (after deducting the seller's Hong Kong ad valorem stamp duty in respect of acceptances of the Offer) payable for the Offer Shares tendered under the Offer will be posted to the accepting Independent Shareholders by ordinary post at their own risk as soon as possible, but in any event within seven (7) Business Days following the date of receipt by the Registrar of all the duly completed acceptance of the Offer and the relevant documents of title of the Offer Shares in respect of such acceptance to render the acceptance under the Offer complete and valid.*

## EXPECTED TIMETABLE

4. *Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except in the circumstances set out in the section headed “4. Right of withdrawal” in Appendix I to this Composite Document.*
5. *Beneficial owners of Offer Shares who hold their Offer 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 the section headed “1. Procedures for acceptance of the Offer” 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. Acceptance of the Offer shall be irrevocable and is not capable of being withdrawn, except in the circumstances as set out in the section headed “4. Right of Withdrawal” in Appendix I to this Composite Document.*
6. *If there is a tropical cyclone warning signal number 8 or above or a black rainstorm warning signal in force on the Offer Closing Date and it is (i) not cancelled in time for trading on the Stock Exchange to resume in the afternoon on the Offer Closing Date, the time and date of close of the Offer will be postponed to 4:00 p.m. on the next Business Day which does not have either of those warnings in force in Hong Kong or such other day as the Executive may approve; or (ii) cancelled in time for trading on the Stock Exchange to resume in the afternoon on the Offer Closing Date, the time and date of close of the Offer will be the same day, i.e. 4:00 p.m. on the Offer Closing Date.*

## DEFINITIONS

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

“Acquisition”	the transfer of the Target Equity Interests contemplated in the Equity Transfer Agreement
“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
“Board”	the board of Directors
“Business Day(s)”	a day on which the Stock Exchange is open for the transaction of business
“BVI”	the British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCBIS”	CCB International Securities Limited, a corporation licensed by the SFO to carry out Type 1 (dealing in securities), Type 2 (dealing in future contracts) and Type 4 (advising on securities) regulated activities under the SFO
“CCBIS Finance Documents”	the loan facility agreement entered into between CCBIS as lender and the Offeror as borrower in relation to a loan facility for financing part of the consideration payable by the Offeror pursuant to the Offer and the relevant security documents, including a share charge given by the Offeror to CCBIS relating to the said loan facility and in respect of, among others, the Offer Share(s) to be acquired by the Offeror in the Offer
“China Minsheng” or “Vendor”	China Minsheng Investment Group Corp., Ltd.* (中國民生投資股份有限公司), a company established under the laws of the PRC with limited liability
“Company”	China Minsheng DIT Group Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Acquisition
“Completion Date”	10 July 2019, the date on which Completion took place

## DEFINITIONS

“Composite Document”	this composite offer and response document jointly issued by the Offeror and the Company to the Independent Shareholders in connection with the Offer in compliance with the Takeovers Code containing, among other things, details of the Offer, procedures for acceptance of the Offer, letters from the Independent Board Committee and the Independent Financial Adviser, and the Form of Acceptance
“Consideration”	the consideration payable under the Equity Transfer Agreement for the Target Equity Interests
“controlling shareholder(s)”	has the meaning ascribed to it under the Takeovers Code
“Director(s)”	the director(s) of the Company
“Equity Transfer Agreement”	the equity transfer agreement dated 5 July 2019 entered into by and between Hongdao Consultancy and the Vendor in relation to the transfer of the Target Equity Interests
“Excluded Shares”	1,000,000,000 Shares held by Mr. Zhu
“Executive”	the Executive Director of the Corporate Finance Division of the SFC from time to time or any delegate of such Executive Director
“Form of Acceptance”	the form of acceptance and transfer in respect of the Offer accompanying this Composite Document
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hongdao Consultancy” or “Purchaser”	Henan Hongdao Business Information Consultancy Co., Ltd.* (河南弘道商務信息諮詢有限公司), a company established under the laws of the PRC with limited liability and indirectly wholly-owned by the Investor
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board comprising the non-executive Director, namely Mr. Peng Xiongwen, and all three (3) independent non-executive Directors, namely Mr. Jiang Hongqing, Mr. Lee Chi Ming and Mr. Ma Lishan, established for the purpose of advising the Independent Shareholders in respect of the Offer

## DEFINITIONS

“Independent Financial Adviser” or “Red Sun”	Red Sun Capital Limited, a corporation licensed by the SFC to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee in respect of the Offer
“Independent Shareholders”	the Shareholders other than the Investor Concert Group
“Internal Restructuring”	the proposed acquisition of all the issued shares in Jiayao by the Offeror from Jiaye
“Investor”	Mr. Wu Po Sum (胡葆森), the sole shareholder and a director of the Offeror and the ultimate controlling shareholder of Hongdao Consultancy
“Investor Concert Group”	the Investor and parties acting in concert with him, but excluding the Vendor Group for the purpose of this Composite Document
“Irrevocable Undertaking”	the irrevocable undertaking given by Mr. Zhu in favour of the Offeror that he will not, inter alia, tender the Excluded Shares for acceptance of the Offer
“Jiayao”	Jiayao Global Investments Limited (嘉耀(國際)投資有限公司), a company incorporated in the BVI with limited liability
“Jiaye”	Jiaye Summit Global Investments Limited (嘉峰(國際)投資有限公司), a company incorporated in Hong Kong with limited liability
“Joint Announcement”	the joint announcement issued by the Offeror and the Company dated 22 July 2019 in relation to, among other things, the Equity Transfer Agreement, the Offer and the Irrevocable Undertaking
“Joy Bright” or “Offeror”	Joy Bright Investments Limited, a company incorporated in the BVI with limited liability and solely-owned by the Investor
“Last Trading Day”	4 July 2019, being the last trading day of on which the Shares were traded on the Stock Exchange prior to the suspension of trading in the Shares pending the release of the Joint Announcement
“Latest Practicable Date”	9 August 2019, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein



## DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreement”	the loan agreement dated 21 June 2019 made between the Purchaser as lender and the Vendor as borrower, pursuant to which the Purchaser has agreed to advance a loan with an aggregate amount of RMB1.0 billion to the Vendor
“Mr. Zhu”	Mr. Zhu Yuehai (朱岳海)
“Offer”	the mandatory unconditional cash offer being made by Opus Capital on behalf of the Offeror to acquire the Offer Shares on the terms set out in this Composite Document and in compliance with the Takeovers Code
“Offer Closing Date”	2 September 2019, the closing date of the Offer, which is the 21st calendar day after the date of posting of this Composite Document, or if the Offer is extended or revised, any subsequent closing date(s) of the Offer as may be determined and announced jointly by the Offeror and the Company, with the consent of the Executive in accordance with the Takeovers Code
“Offer Period”	the period commencing from 22 July 2019, being the date of the Joint Announcement until the Offer Closing Date, or such other time and/or date to which the Offeror may decide to extend or revise the Offer in accordance with the Takeovers Code
“Offer Price”	HK\$0.1465 for each Offer Share payable by the Offeror to the Independent Shareholders accepting the Offer
“Offer Shares”	all the issued Shares (other than those already owned and/or agreed to be acquired by the Offeror and the Investor Concert Group)
“Opus Capital”	Opus Capital Limited, a corporation licensed by the SFC to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, and is the financial adviser to the Offeror in respect of the Offer
“Overseas Shareholder(s)”	the Independent Shareholder(s) whose addresses as shown on the register of members of the Company are outside Hong Kong
“Pacpo Formula”	has the meaning ascribed to it under Practice Note 19 to the Takeovers Code

## DEFINITIONS

“PRC”	the People’s Republic of China which, for the purpose of this Composite Document, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Registrar”	Computershare Hong Kong Investor Services Limited, the branch share registrar and transfer office of the Company
“Relevant Period”	the period commencing on 22 January 2019, being the date falling six months preceding the commencement of the Offer Period, up to and including the Latest Practicable Date
“RMB”	Renminbi, the lawful currency of the PRC
“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 par value HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers
“Target Equity Interests”	the entire equity interests in TCMDT acquired by Hongdao Consultancy pursuant to the terms and conditions of the Equity Transfer Agreement
“TCMDT”	Tianjin China Minsheng Drawin Technology Limited*(天津中民築友科技有限公司), a company established under the laws of the PRC with limited liability
“Vendor Group”	the Vendor and its subsidiaries prior to Completion (including TCMDT and its subsidiaries)
“%”	per cent.

## DEFINITIONS

1. Certain amounts and percentage figures in this Composite Document have been subject to rounding adjustments.
2. The English transliteration of the Chinese name(s) in this Composite Document, where indicated by an asterisk (\*), is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).
3. The singular includes the plural and vice versa, unless the context otherwise requires.
4. References to any Appendix, paragraphs and any sub-paragraphs of them are references to the Appendices to, and paragraphs of, this Composite Document and any sub-paragraphs of them, respectively.
5. References to any statute or statutory provision include a statute or statutory provision which amends, consolidates or replaces the same whether before or after the date of this Composite Document.
6. Reference to one gender is a reference to all or any genders.
7. References to time of the day are to Hong Kong time.



18th Floor, Fung House  
19–20 Connaught Road Central  
Central, Hong Kong

12 August 2019

*To the Independent Shareholders*

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY  
OPUS CAPITAL LIMITED  
ON BEHALF OF JOY BRIGHT INVESTMENTS LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES OF  
CHINA MINSHENG DIT GROUP LIMITED  
(OTHER THAN THOSE ALREADY OWNED AND/OR AGREED  
TO BE ACQUIRED BY JOY BRIGHT INVESTMENTS LIMITED  
AND THE INVESTOR CONCERT GROUP)**

**INTRODUCTION**

Reference is made to the Joint Announcement in relation to, amongst others, the Equity Transfer Agreement whereby the Investor, through its indirectly wholly-owned subsidiary Hongdao Consultancy, has acquired the Target Equity Interests at the Consideration of RMB1.65 billion. Completion of the Acquisition took place on 10 July 2019.

Prior to Completion, TCMDT was directly wholly owned by the Vendor and indirectly owned all the issued shares in Jiayao, which in turn owned an aggregate of approximately 63.5% of the issued Shares. Immediately after Completion, TCMDT became directly wholly owned by Hongdao Consultancy, and Hongdao Consultancy is indirectly wholly-owned by the Investor; therefore, the Investor, through intermediate wholly-owned subsidiaries (including TCMDT and Jiayao), owned an aggregate of approximately 63.5% of the issued Shares.

As the Investor Concert Group did not own any issued Shares prior to Completion, and Completion has the effect of increasing the Investor Concert Group's collective holding of voting rights in the Company from nil to over 50%, pursuant to Rule 26.1 of the Takeovers Code, the Offeror (as the nominee of the Investor) is, through Opus Capital, making a mandatory unconditional general offer for all the Offer Shares.

Pursuant to Note 8 to Rule 26.1 of the Takeover Code and Practice Note 19 to the Takeovers Code, a chain principle offer was triggered and based on the Pacpo Formula, the effective acquisition price of each Share in the Company under the Acquisition is HK\$0.1465.

## LETTER FROM OPUS CAPITAL

The purpose of this letter is to provide you with, inter alia, information on the Offer, the Offeror and its future intention regarding the Group. Further terms of the Offer and procedures of acceptances are set out in this letter and in Appendix I to this Composite Document and the Form of Acceptance.

The Independent Shareholders are strongly advised to carefully consider the information contained in the section headed “Letter from the Board”, “Letter from the Independent Board Committee”, and “Letter from Red Sun” and the Appendices as set out in this Composite Document before reaching a decision as to whether or not to accept the Offer.

### MANDATORY UNCONDITIONAL CASH OFFER

Following Completion, a mandatory unconditional general offer obligation has been triggered under the chain principle pursuant to Note 8 to Rule 26.1 of the Takeovers Code and Practice Note 19 to the Takeovers Code. The Offeror (as the nominee of the Investor) is, through Opus Capital, making a mandatory unconditional general offer for all the Offer Shares pursuant to Note 8 to Rule 26.1 of the Takeovers Code. As a result of Completion and as at the Latest Practicable Date, the Investor held more than 50% of the voting rights of the Company. As such, the Offer is unconditional in all respects in accordance with the Takeovers Code.

#### Terms of the Offer

Opus Capital is making the Offer on behalf of the Offeror in compliance with the Takeovers Code on the following basis:

**For each Offer Share..... HK\$0.1465 in cash**

The Offer Price of HK\$0.1465 per Offer Share under the Offer is calculated based on the total net asset value of TCMDT and the Company by applying the Pacpo Formula and taking into consideration objectively the Consideration paid by Hongdao Consultancy under the Equity Transfer Agreement and the indirect shareholding interests of approximately 63.5% in the Company acquired by the Investor Concert Group in the Acquisition. The Offer Shares to be acquired under the Offer shall be fully paid and free from all encumbrances together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of despatch of this Composite Document.

#### *The Offer Price*

The Offer Price of HK\$0.1465 per Offer Share represents:

- (i) a discount of approximately 16.3% to the closing price of HK\$0.175 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 54.2% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day of approximately HK\$0.095 per Share;

## LETTER FROM OPUS CAPITAL

- (iii) a premium of approximately 52.6% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day of approximately HK\$0.096 per Share;
- (iv) a premium of approximately 49.5% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the thirty (30) consecutive trading days up to and including the Last Trading Day of approximately HK\$0.098 per Share;
- (v) a premium of approximately 36.9% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the sixty (60) consecutive trading days up to and including the Last Trading Day of approximately HK\$0.107 per Share;
- (vi) a discount of approximately 7.3% to the audited consolidated net asset value per Share attributable to the Shareholders of approximately HK\$0.158 per Share as at 31 December 2018, calculated based on the Group's audited consolidated net assets attributable to the Shareholders of approximately HK\$1,770.9 million as at 31 December 2018 and 11,209,602,920 Shares in issue as at the Latest Practicable Date; and
- (vii) a discount of approximately 6.3% to the unaudited consolidated net asset value per Share attributable to the Shareholders of approximately HK\$0.1563 per Share as at 30 June 2019, calculated based on the Group's unaudited consolidated net assets attributable to the Shareholders of approximately HK\$1,751.5 million as at 30 June 2019 and 11,209,602,920 Shares in issue as at the Latest Practicable Date.

### **Irrevocable Undertaking**

As at the Latest Practicable Date, Mr. Zhu held 1,000,000,000 Shares (representing approximately 8.92% of the issued Shares as at the Latest Practicable Date). Mr. Zhu has given the Irrevocable Undertaking in favour of the Offeror, pursuant to which he has undertaken that he (i) shall not accept the Offer in respect of these 1,000,000,000 Shares; and (ii) shall not sell, transfer or otherwise dispose of, or charge, pledge or otherwise encumber, or grant any option or other right over these Shares and/or otherwise make these Shares available for acceptance for the Offer. The Irrevocable Undertaking could only be terminated upon closing, withdrawal or lapse of the Offer. Save for the above, there are no other circumstances under which the Irrevocable Undertaking may cease to be binding.

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

As at the Latest Practicable Date, there were 11,209,602,920 Shares in issue and there were no outstanding options, warrants, derivatives or convertible/exchangeable securities which might confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares.

On the basis of the Offer Price of HK\$0.1465 per Offer Share, all the issued Shares would be valued at approximately HK\$1,642.2 million.

## LETTER FROM OPUS CAPITAL

Excluding 7,118,440,000 Shares already owned or agreed to be acquired by the Investor Concert Group and assuming there is no change in the share capital of the Company, the Offer has been extended to 4,091,162,920 Offer Shares (before excluding those Excluded Shares of 1,000,000,000 which has been subject to the Irrevocable Undertaking) and the value of the Offer is approximately HK\$599,355,368.

### **Confirmation of financial resources available to the Offeror**

Based on the Offer Price of HK\$0.1465 per Offer Share and 3,091,162,920 Offer Shares (being 4,091,162,920 Offer Shares subject to the Offer minus those Excluded Shares of 1,000,000,000 which has been subject to the Irrevocable Undertaking), the total maximum consideration of the Offer is approximately HK\$452,855,368 (assuming the Offer is accepted in full and there is no change in the share capital of the Company).

The Offeror intends to finance and satisfy the total maximum consideration payable (including the stamp duty payable) under the Offer primarily from its existing internal cash resources. In addition, a loan facility contemplated under the CCBIS Finance Documents has been provided by CCBIS which may be used by the Offeror for the purpose of acquisition of the Offer Shares under the Offer (including payment of any taxes thereof) and which is to be secured by, among others, the Offer Shares to be acquired by the Offeror in the Offer. There is no arrangement in the CCBIS Finance Documents under which (i) 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, or (ii) the voting rights of the Offer Shares would be transferred unless and until the security under the relevant share charge shall have become enforceable.

Opus Capital, the financial adviser to the Offeror, is satisfied that sufficient financial resources are, and will be, available to the Offeror to satisfy the total maximum consideration payable upon full acceptance of the Offer.

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

By validly accepting the Offer, the Independent Shareholders will sell their Shares to the Offeror free from all encumbrances together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of despatch of this Composite Document.

Acceptance of the Offer by any Shareholders will be deemed to constitute a warranty by such person that all Shares sold by such person under the Offer are free from all encumbrances whatsoever and together with all rights accruing or attaching thereto, including, without limitation, the right to receive dividends and distributions declared, made or paid, if any, on or after the date on which the Offer is made (being the date of this Composite Document).

The Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number of Shares or any other conditions. Acceptance of the Offer would be irrevocable and would not be capable of being withdrawn, subject to the provisions of the Takeovers Code.

## LETTER FROM OPUS CAPITAL

### **Payment**

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

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

### **Taxation advice**

Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the members of the Investor Concert Group, the Company, Opus Capital, the Independent Financial Adviser and their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offer accepts any responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

### **Overseas Shareholders**

The availability of the Offer to any Overseas Shareholders may be affected by the applicable laws and regulations of their relevant jurisdictions of residence. Overseas Shareholders should observe any applicable legal and regulatory requirements and, where necessary, consult their own professional advisers. It is the responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental 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 Shareholders in respect of such jurisdictions).

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

Attention of the Overseas Shareholders is drawn to the section headed “Important Notices” and the section headed “6. Overseas Shareholders” in Appendix I to this Composite Document.



## LETTER FROM OPUS CAPITAL

### **Hong Kong stamp duty**

The seller's Hong Kong ad valorem stamp duty on acceptance of the Offer at a rate of 0.1% of the consideration payable in respect of the acceptance by the Independent Shareholders or if higher, the market value of the Offer Shares 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 relevant Independent Shareholders who accept the Offer.

The Offeror will bear the buyer's Hong Kong ad valorem stamp duty as purchaser of the Offer Shares and will arrange for payment of both buyer and seller's ad valorem stamp duty in connection with such sales and purchases under the Offer in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

### **INFORMATION ON THE OFFEROR**

The Offeror is a limited liability company incorporated in the BVI and is an investment holding company. The Offeror is directly wholly-owned by the Investor.

The Investor is the sole shareholder and a director of the Offeror and the ultimate controlling shareholder of Hongdao Consultancy. The Investor is also an executive director, the chairman of the board of directors and the ultimate controlling shareholder of Central China Real Estate Limited (建業地產股份有限公司), a limited liability company incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange with stock code 832.

### **INFORMATION ON TCMDT**

TCMDT is a company established under the laws of the PRC with limited liability and is an investment holding company. Apart from the equity interests in the Company, TCMDT also owns a number of PRC subsidiaries which are principally engaged in general consultation and design of prefabricated construction business in the PRC. As at the Latest Practicable Date, TCMDT indirectly owned all the issued shares in Jiayao, which in turn indirectly owned approximately 63.5% of the issued Shares.

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

It is the intention of the Offeror and the Investor to continue with the Group's existing principal business activities following close of the Offer. The Offeror and the Investor do not intend to introduce any major changes to the existing business and operation of the Group following close of the Offer. As at the Latest Practicable Date, the Offeror and the Investor had no intention to discontinue the employment of the employees or to dispose of or re-deploy the assets of the Group. The Offeror/Investor may review the Group's policy and structure for all Directors' and senior management's remuneration having regard to the recommendations of the remuneration committee, after close of the Offer. The Offeror/Investor will continue to ensure good corporate governance, monitor and review the Group's business and operations from time to time, and may take steps that it deems necessary or appropriate to optimise the value of the Group.

## LETTER FROM OPUS CAPITAL

### PROPOSED CHANGE TO THE BOARD COMPOSITION

The Board currently comprises of Mr. Yin Jun and Mr. Yang Hongwei as executive Directors, Mr. Peng Xiongwen as non-executive Director and Mr. Jiang Hongqing, Mr. Lee Chi Ming and Mr. Ma Lishan as independent non-executive Directors. As at the Latest Practicable Date, the Offeror had not reached any final decisions as to who will be nominated as new Directors to the Board. Any changes to the Board composition will be made in compliance with the relevant requirements of the Takeovers Code, the Listing Rules, the constitutional documents of the Company or other applicable regulations. Further announcement(s)/disclosure(s) will be made upon any changes to the composition to the Board in accordance with the requirements of the Listing Rules and the Takeovers Code.

### INTENTION OF THE OFFEROR TO MAINTAIN THE LISTING STATUS OF THE COMPANY

The Offeror and the Investor do not intend to exercise any right or power which may be available to any of them to compulsorily acquire any Offer Shares outstanding and not acquired under the Offer after close of the Offer.

The Stock Exchange has stated that if, at close of the Offer, 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 (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, it will consider exercising its discretion to suspend dealings in the Shares. The Offeror intends the Company to remain listed on the Stock Exchange. The Directors have jointly and severally undertaken, and the directors of the Offeror have jointly and severally undertaken, to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

As the Company and the Offeror are unable to ascertain at this stage the level of acceptances by Independent Shareholders under the Offer, they have not decided the exact steps/actions that will be taken by them after close of the Offer to restore the public float of the Shares, if required. Notwithstanding this, the Company and the Offeror consider that the appropriate actions to be taken shall include placing down of sufficient number of accepted Shares by the Offeror and/or issue of new Shares by the Company for this purpose. The Company will issue a separate announcement as and when necessary in this regard.

### INFORMATION ON THE COMPANY

The Company was incorporated as an exempted company with limited liability in Bermuda under the Companies Act 1981 of Bermuda and the issued Shares of which are listed on the Stock Exchange. It is an investment holding company with subsidiaries engaged in prefabricated construction business and property investment in the PRC.

## LETTER FROM OPUS CAPITAL

### SHAREHOLDING STRUCTURE OF THE COMPANY

Your attention is drawn to the section headed “Shareholding structure of the Company” in the “Letter from the Board” contained in this Composite Document.

It was disclosed in the Joint Announcement that it was contemplated that before despatch of the Composite Document, the Investor would complete the Internal Restructuring, pursuant to which the Offeror would acquire all the issued shares in Jiayao at a nominal consideration. As at the Latest Practicable Date, the Internal Restructuring had not been completed. As further preparation work is required for the Internal Restructuring, the Investor has decided not to conduct the Internal Restructuring before close of the Offer. Should the Investor decide to conduct the Internal Restructuring after completion of the Offer, the Investor Concert Group will comply with the relevant requirements under the Takeovers Code and further announcement(s) may be made regarding the Internal Restructuring as and when appropriate in accordance with the relevant requirements under the Listing Rules.

### FURTHER DETAILS OF THE OFFER

Further details regarding the Offer, including the terms of the Offer and acceptance procedures are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

### GENERAL

This Composite Document has been prepared for the purposes of complying with the laws of Hong Kong, the Takeovers Code and the Listing Rules and the information disclosed may not be the same as which would have been disclosed if this Composite Document had been prepared in accordance with the laws of jurisdictions outside Hong Kong.

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

All documents and remittances to be sent to the Independent Shareholders will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent to the Independent Shareholders at their respective addresses as they appear in the register of members of the Company or in the case of joint Independent Shareholder(s), to such Independent Shareholder(s) whose name appears first in the register of members of the Company. The Company, the Offeror and parties acting in concert with it, Opus Capital, Red Sun, the Registrar or, any of their respective professional advisers or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other persons involved in the Offer will not be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof or in connection therewith.

## LETTER FROM OPUS CAPITAL

### ADDITIONAL INFORMATION

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

Your faithfully,  
For and on behalf of  
**Opus Capital Limited**

**Koh Kwai Yim**  
*Executive Director*

**Cheung On Kit Andrew**  
*Director*



**CHINA MINSHENG DIT GROUP LIMITED**

**中民築友智造科技集團有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 726)**

*Executive Directors:*

Mr. Yin Jun (*Chairman*)

Mr. Yang Hongwei (*Chief Executive Officer*)

*Non-executive Director:*

Mr. Peng Xiongwen

*Independent non-executive Directors:*

Mr. Jiang Hongqing

Mr. Lee Chi Ming

Mr. Ma Lishan

*Registered office:*

Victoria Place, 5th Floor

31 Victoria Street

Hamilton HM 10

Bermuda

*Principal place of business  
in Hong Kong:*

Suites 1001–1004

10th Floor

One Pacific Place

88 Queensway

Hong Kong

12 August 2019

*To the Independent Shareholders*

Dear Sir/Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY  
OPUS CAPITAL LIMITED  
ON BEHALF OF JOY BRIGHT INVESTMENTS LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES OF  
CHINA MINSHENG DIT GROUP LIMITED  
(OTHER THAN THOSE ALREADY OWNED AND/OR AGREED  
TO BE ACQUIRED BY JOY BRIGHT INVESTMENTS LIMITED  
AND THE INVESTOR CONCERT GROUP)**

**INTRODUCTION**

Reference is made to the Joint Announcement.

## LETTER FROM THE BOARD

The Company was notified by the Offeror and the Investor that, the Investor, through its indirectly wholly-owned subsidiary Hongdao Consultancy, has acquired the Target Equity Interests at the Consideration of RMB1.65 billion pursuant to the Equity Transfer Agreement entered into by and between Hongdao Consultancy and the Vendor dated 5 July 2019. Completion of the Acquisition took place on 10 July 2019.

Prior to Completion, TCMDT was directly wholly owned by the Vendor and indirectly owned all the issued shares in Jiayao, which in turn owned an aggregate of approximately 63.5% of the issued Shares. Immediately after Completion, TCMDT became directly wholly owned by Hongdao Consultancy, and Hongdao Consultancy is indirectly wholly-owned by the Investor; therefore, the Investor, through intermediate wholly-owned subsidiaries (including TCMDT and Jiayao), owned an aggregate of approximately 63.5% of the issued Shares.

### **Date**

5 July 2019

### **Parties**

China Minsheng, as the Vendor; and

Hongdao Consultancy, as the Purchaser.

### **Subject matter**

Pursuant to the Equity Transfer Agreement, at Completion, the Vendor has transferred, and the Purchaser has accepted the transfer of, the Target Equity Interests, representing the entire equity interests in TCMDT, at the Consideration of RMB1.65 billion.

The Target Equity Interests were sold together with all rights and entitlements which the Vendor had in the Target Equity Interests as at the Completion Date.

### **Consideration**

The Consideration was RMB1.65 billion, of which:

- (i) RMB1,000 million was settled by the Purchaser by setting off the loan advanced by the Purchaser to the Vendor pursuant to the Loan Agreement within three business days (as defined in the Equity Transfer Agreement) from the entering into of the Equity Transfer Agreement;
- (ii) RMB325 million shall be settled in cash by the Purchaser on the later of (a) the Completion Date; and (b) the expiration of one month from the entering into of the Equity Transfer Agreement; and
- (iii) RMB325 million shall be settled in cash by the Purchaser within three business days (as defined in the Equity Transfer Agreement) from the earlier of (a) the date of the announcement to be issued by the Offeror or jointly by the Company and the Offeror in relation to the close of the Offer; and (b) 31 December 2019.

## LETTER FROM THE BOARD

The Consideration was arrived at based on arm's length negotiations between the Purchaser and the Vendor having regard to, among others, (i) the adjusted net asset value of TCMDT attributable to the shareholders as at 31 May 2019 with the Purchaser making certain downward adjustments to such net asset value after internal assessments that certain balances need to be appropriately reduced for reasons such as, among others, additional provisions required and the need to reclassify the balances, without taking into account the contingent liabilities which may be incurred by TCMDT as set out in sub-paragraph (ii) under the paragraph headed "Vendor's undertakings" below; (ii) the loan advanced by the Purchaser to the Vendor under the Loan Agreement (including any interest accrued thereon); and (iii) the future prospects and the expected synergistic effects between the Investor Concert Group and TCMDT by way of (a) the Investor Concert Group leveraging on TCMDT's expertise and experience in prefabricated construction for property development projects of the Group and its network of property development peers; and (b) TCMDT leveraging on the Investor Concert Group's business network in multiple regions to expand its production capacity.

### **Loan Agreement**

Pursuant to the Loan Agreement, the Purchaser had agreed to advance a loan with an aggregate amount of RMB1.0 billion to the Vendor for a term of one year from the date of drawdown and the interest rate was to be agreed between the Purchaser and the Vendor, which shall not be higher than the relevant benchmark interest rate (貸款基準利率) as announced by the People's Bank of China (中國人民銀行). On 25 June 2019, the Vendor had drawn down an amount of RMB500 million and on 9 July 2019, the Vendor had drawn down the remaining amount of RMB500 million.

Pursuant to the Equity Transfer Agreement, the first drawdown amount of RMB500 million was used to set off part of the first tranche of the Consideration on the date of the Equity Transfer Agreement and the second drawdown amount of RMB500 million was used to set off the remaining part of the first tranche of the Consideration on the date of second drawdown; and upon the settlement of the entire first tranche of the Consideration in the amount of RMB1,000 million by setting off the loan of the same amount, the Loan Agreement was terminated and the obligations of the Vendor to pay any interest under the Loan Agreement were waived by the Purchaser. As at the date of the Equity Transfer Agreement, no interest rate had been agreed between the Vendor and the Purchaser and no interest had been accrued pursuant to the Loan Agreement. For illustrative purpose only, assuming that the interest rate was set at the benchmark interest rate as announced by the People's Bank of China, the interest accrued under the Loan Agreement would have been approximately HK\$675,505. Taking into account such amount of interest which may have been accrued under the Loan Agreement and by applying the Pacpo Formula, the chain principle offer price under the Offer would remain at HK\$0.1465 after rounded up to 4 decimal places.

## LETTER FROM THE BOARD

### Vendor's undertakings

Under the Equity Transfer Agreement, the Vendor has undertaken to, among others:

- (i) procure the full settlement of (a) the net outstanding remaining payable owing by the Vendor to TCMDT (and its subsidiaries); and (b) the net guarantee charges incurred as a result of certain guarantees provided by TCMDT (and its subsidiaries) in respect of a bank loan to the Vendor. The amount of the net outstanding remaining payable owing by the Vendor to TCMDT (and its subsidiaries) shall be determined with reference to the situation as at the date of full settlement of the third tranche of the Consideration and the amount of the net guarantee charges shall be determined with reference to the situation as at the date of release of the guarantees, which will happen within five business days (as defined in the Equity Transfer Agreement) after the date of full settlement of the second tranche of the Consideration.

As set out in the Equity Transfer Agreement, as at 31 May 2019, the aggregate net outstanding amount of payable and guarantee charges owing by the Vendor to TCMDT and its subsidiaries was in the amount of approximately RMB150.1 million.

As at the Latest Practicable Date, the Vendor had settled the net remaining payables and the net guarantee charges in the aggregate amount of RMB290 million. According to the Equity Transfer Agreement, if the exact amount of the net remaining payables by the Vendor and the net guarantee charges incurred by the Vendor as determined above is lower than RMB290 million, the excess should be returned to the Vendor; and

- (ii) fully indemnify Hongdao Consultancy for the direct loss which may be incurred by TCMDT (if such direct loss is in excess of RMB5 million) due to failure to fulfill certain conditions under the contracts entered into by China Minsheng Drawin Co., Ltd\* (中民築友有限公司) and/or Hengyang China Minsheng DIT Limited\* (衡陽中民築友智造科技有限公司) (each a subsidiary of TCMDT). As at the Latest Practicable Date, no such direct loss had been incurred by TCMDT and/or the aforesaid subsidiaries of TCMDT. It is preliminarily estimated that the maximum amount of direct loss (if any) will be approximately RMB194 million, and it is currently expected all such direct loss (if any) will be assessed by or around the end of 2021 and the Vendor shall pay Hongdao Consultancy for all direct loss incurred once it is in excess of RMB5 million.



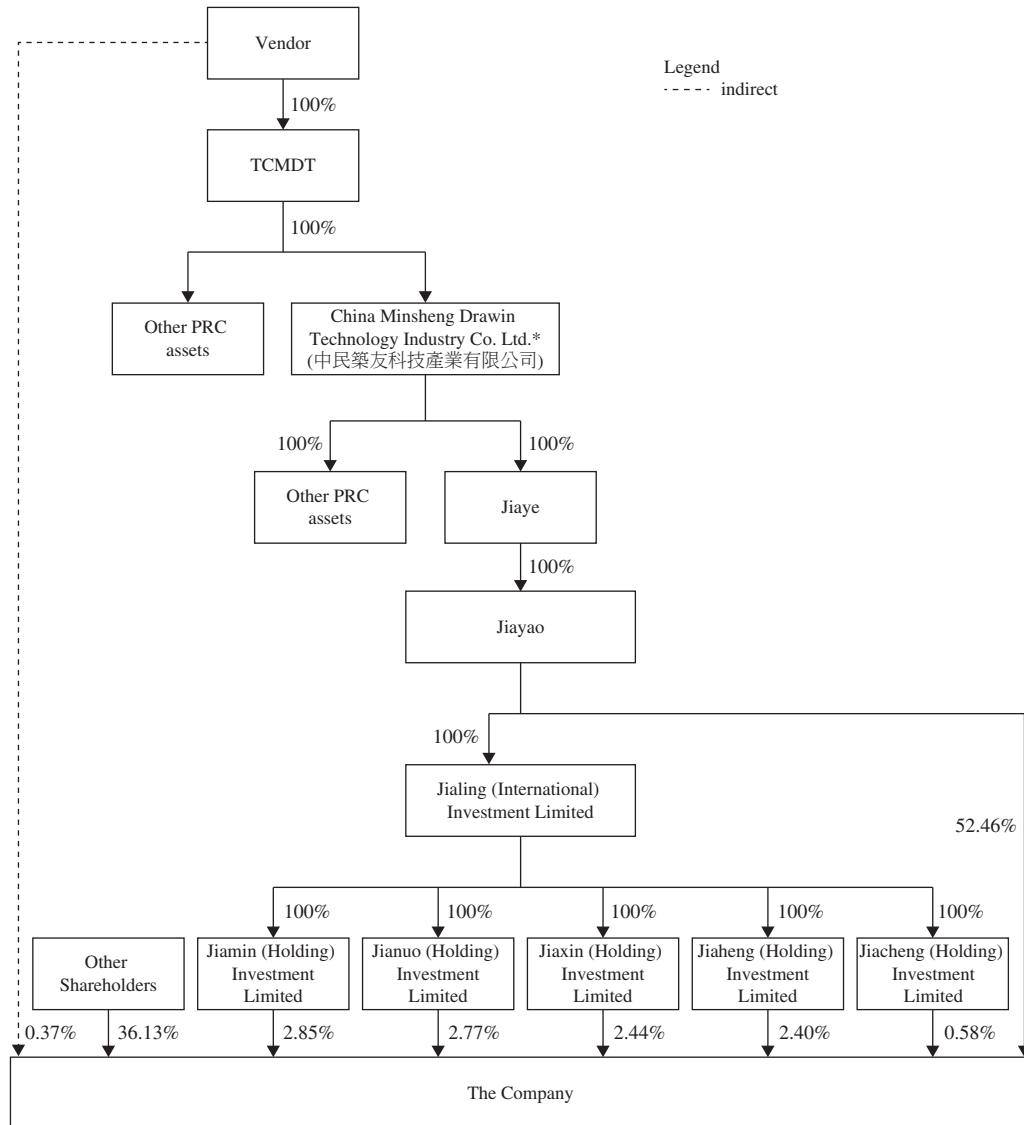
## LETTER FROM THE BOARD

### Completion

Completion took place on the Completion Date, being 10 July 2019.

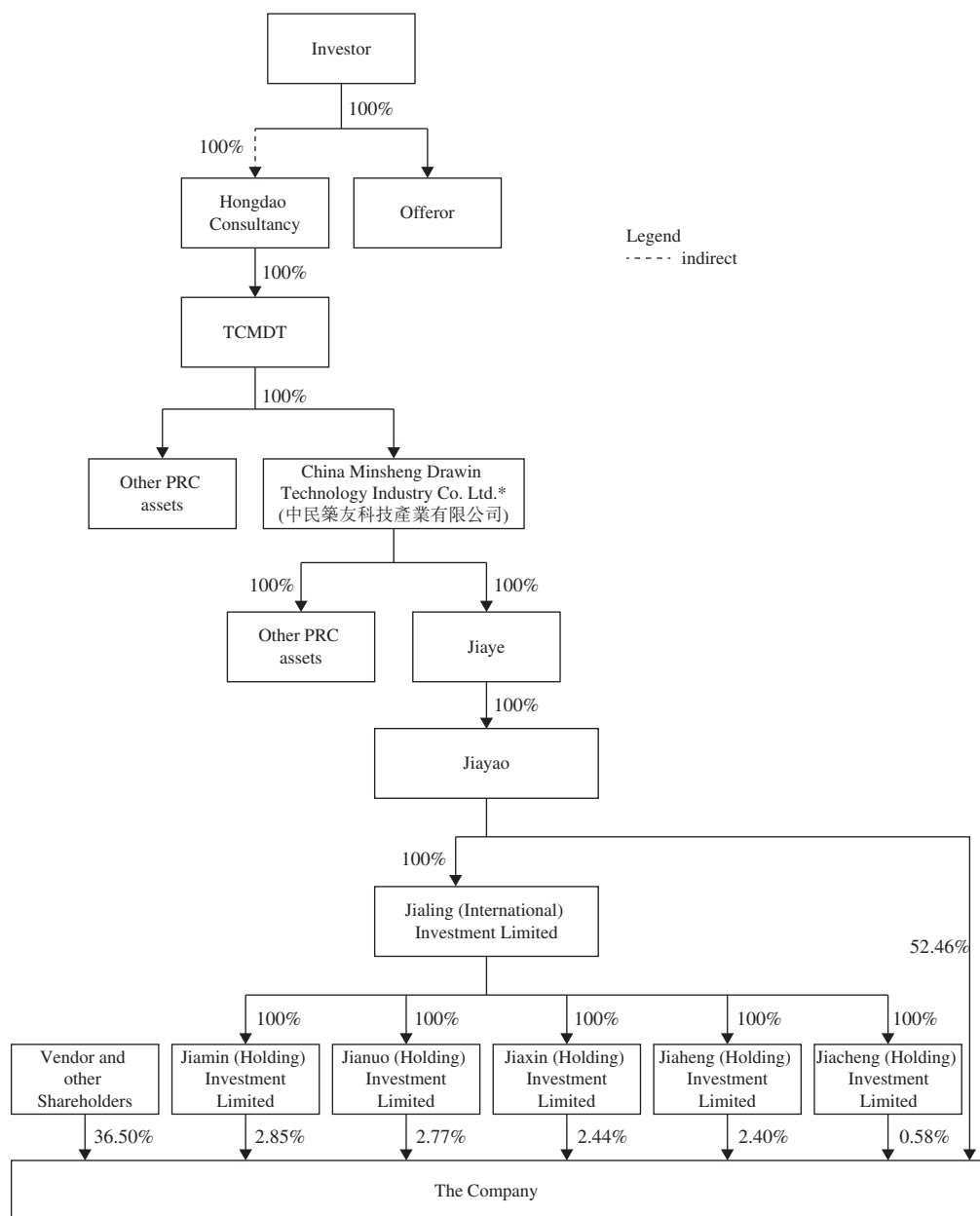
The simplified shareholding structures of the Company (i) immediately before Completion; and (ii) immediately after Completion were as follows:

#### Simplified shareholding structure of the Company immediately before Completion



## LETTER FROM THE BOARD

### Simplified shareholding structure of the Company immediately after Completion



Following Completion, a mandatory unconditional general offer obligation has been triggered under the chain principle pursuant to Note 8 to Rule 26.1 of the Takeovers Code and Practice Note 19 to the Takeovers Code. The Offeror (as the nominee of the Investor) is, through Opus Capital, making a mandatory unconditional general offer for all the Offer Shares pursuant to Note 8 to Rule 26.1 of the Takeovers Code. As a result of Completion and as at the Latest Practicable Date, the Investor held more than 50% of the voting rights of the Company. As such, the Offer is unconditional in all respects in accordance with the Takeovers Code.

## LETTER FROM THE BOARD

### Securities of the Company

As at the Latest Practicable Date, the Company had 11,209,602,920 Shares in issue. Save as aforesaid, the Company did not have any outstanding options, derivatives, warrants, relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) or securities which were convertible or exchangeable into Shares as at the Latest Practicable Date.

### INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 2.1 of the Takeovers Code, the Company has established the Independent Board Committee comprising the non-executive Director, namely Mr. Peng Xiongwen and all the independent non-executive Directors who have no direct or indirect interest in the Offer, namely Mr. Jiang Hongqing, Mr. Lee Chi Ming and Mr. Ma Lishan, to advise the Independent Shareholders in relation to the terms of the Offer, in particular as to whether the Offer is, or is not, fair and reasonable and as to the Offer.

Pursuant to Rule 2.1 of the Takeovers Code, Red Sun has been appointed as the Independent Financial Adviser by the Company after approval by the Independent Board Committee to advise the Independent Board Committee in respect of the Offer and in particular as to whether the Offer is, or is not, fair and reasonable so far as the Independent Shareholder are concerned and as to the acceptance of the Offer.

The purpose of this Composite Document is to provide you with, amongst others, information relating to the Group, the Offeror and the Offer as well as setting out the letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in respect of the terms of the Offer and as to acceptance and the letter from the Independent Financial Adviser containing their advice to the Independent Board Committee in respect of the terms of the Offer and as to acceptance.

### THE OFFER

As mentioned in the “Letter from Opus Capital” on pages 10 to 18 of this Composite Document, Opus Capital is, on behalf of the Offeror, making the Offer in accordance with the Takeovers Code on the following basis:

**For each Offer Share..... HK\$0.1465 in cash**

The Offer Price of HK\$0.1465 per Offer Share is calculated based on the total net asset value of TCMDT and the Company by applying the Pacpo Formula and taking into consideration objectively the Consideration paid by Hongdao Consultancy under the Equity Transfer Agreement and the indirect shareholding interests of approximately 63.5% in the Company acquired by the Investor Concert Group in the Acquisition.

The Offer is unconditional in all aspects and is not conditional upon acceptances being received in respect of a minimum number of Shares.

## LETTER FROM THE BOARD

Further details of the Offer, including terms and procedures for acceptance of the Offer, are contained in the “Letter from Opus Capital” as set out on pages 10 to 18 and Appendix I to this Composite Document and the accompanying Form of Acceptance.

### SHAREHOLDING STRUCTURE OF THE COMPANY

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

	Immediately prior to Completion		Immediately after Completion and as at the Latest Practicable Date	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
The Investor Concert Group	—	—	7,118,440,000	63.50
The Vendor	7,159,400,000 <i>(Note 1)</i>	63.87	40,960,000 <i>(Note 2)</i>	0.37
Public Shareholders	<u>4,050,202,920</u>	<u>36.13</u>	<u>4,050,202,920</u>	<u>36.13</u>
<b>Total</b>	<b><u>11,209,602,920</u></b>	<b><u>100.00</u></b>	<b><u>11,209,602,920</u></b>	<b><u>100.00</u></b>

*Notes:*

1. Immediately prior to Completion, 1,238,000,000 Shares were held through Jiamin (Holding) Investment Limited, Jianuo (Holding) Investment Limited, Jiaxin (Holding) Investment Limited, Jiaheng (Holding) Investment Limited and Jiacheng (Holding) Investment Limited, which are all directly wholly-owned by Jialing (International) Investment Limited, which in turn is wholly-owned by Jiayao. In addition, 5,880,440,000 Shares were directly held by Jiayao and 40,960,000 Shares were directly held by Jiayou (International) Investment Limited. Immediately before Completion, Jiayao was indirectly wholly-owned by the Vendor. Immediately after Completion and as at the Latest Practicable Date, Jiayao was indirectly wholly-owned by Hongdao Consultancy, which in turn was ultimately wholly-owned by the Investor.
2. Immediately before Completion and as at the Latest Practicable Date, Jiayou (International) Investment Limited, an indirect subsidiary of the Vendor, directly held 40,960,000 Shares.

### INFORMATION ON THE GROUP

The Company was incorporated as an exempted company with limited liability in Bermuda under the Companies Act 1981 of Bermuda and the issued Shares of which are listed on the Stock Exchange. It is an investment holding company with subsidiaries engaged in prefabricated construction business and property investment in the PRC.

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

## **LETTER FROM THE BOARD**

### **INFORMATION ON THE VENDOR**

China Minsheng is a company established under the laws of the PRC with limited liability. It is principally engaged in equity investments and asset management.

### **INFORMATION ON TCMDT**

TCMDT is a company established under the laws of the PRC with limited liability and is an investment holding company. Apart from the equity interests in the Company, TCMDT also owns a number of PRC subsidiaries which are principally engaged in general consultation and design of prefabricated construction business in the PRC. As at the Latest Practicable Date, TCMDT indirectly owned all the issued shares in Jiayao, which in turn indirectly owned approximately 63.5% of the issued Shares.

### **INTENTION OF THE OFFEROR IN RELATION TO THE COMPANY**

Your attention is drawn to the sections headed “Information on the Offeror” and “Intention of the Offeror in relation to the Group” in the “Letter from Opus Capital” contained in this Composite Document.

The Board is aware of the intention of the Offeror and the Investor in respect of the Company and is willing to render reasonable co-operation with the Offeror and the Investor which is in the interests of the Company and the Shareholders as a whole. The Board is aware that the Offeror and the Investor intend to continue with the Group’s existing principal business activities following close of the Offer. The Offeror and the Investor do not intend to introduce any major changes to the existing business and operation of the Group following close of the Offer. As at the Latest Practicable Date, the Offeror and the Investor had no intention to discontinue the employment of the employees or to dispose of or re-deploy the assets of the Group. The Offeror/Investor may review the Group’s policy and structure for all Directors’ and senior management’s remuneration having regard to the recommendations of the remuneration committee of the Company, after close of the Offer. The Offeror/Investor will continue to ensure good corporate governance, monitor and review the Group’s business and operations from time to time, and may take steps that it deems necessary or appropriate to optimise the value of the Group.

### **MAINTAINING THE LISTING STATUS OF THE COMPANY**

The Stock Exchange has stated that, if, at close of the Offer, 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:

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

## LETTER FROM THE BOARD

The Board noted from the section headed “Intention of the Offeror to maintain the listing status of the Company” in the “Letter from Opus Capital” contained in this Composite Document that the Offeror intends the Company to remain listed on the Stock Exchange after close of the Offer. The Board further noted that the Directors have jointly and severally undertaken, and the directors of the Offeror have jointly and severally undertaken, to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares following closing of the Offer.

### RECOMMENDATION

Your attention is drawn to (i) the “Letter from the Independent Board Committee” on pages 29 to 30 of this Composite Document, which sets out its advice and recommendations to the Independent Shareholders as to whether the terms of the Offer are, or are not, fair and reasonable so far as the Independent Shareholders are concerned, and as to acceptance thereof; and (ii) the “Letter from Red Sun” on pages 31 to 51 of this Composite Document, which sets out its advice and recommendation to the Independent Board Committee as to whether the terms of the Offer are, or are not, fair and reasonable so far as the Independent Shareholders are concerned, and as to acceptance thereof, and the principal factors considered by it before arriving at its advice and recommendation.

### ADDITIONAL INFORMATION

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

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

Yours faithfully,  
By order of the Board of  
**China Minsheng DIT Group Limited**  
**Yin Jun**  
*Chairman and Executive Director*

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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



### CHINA MINSHENG DIT GROUP LIMITED

中民築友智造科技集團有限公司

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 726)**

12 August 2019

*To the Independent Shareholders*

Dear Sir/Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY  
OPUS CAPITAL LIMITED  
ON BEHALF OF JOY BRIGHT INVESTMENTS LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES OF  
CHINA MINSHENG DIT GROUP LIMITED  
(OTHER THAN THOSE ALREADY OWNED AND/OR AGREED  
TO BE ACQUIRED BY JOY BRIGHT INVESTMENTS LIMITED  
AND THE INVESTOR CONCERT GROUP)**

#### INTRODUCTION

We refer to the composite offer and response document (the “**Composite Document**”) dated 12 August 2019 issued jointly by the Offeror and the Company, of which this letter forms part. Capitalised terms used in this letter have the same meanings as defined elsewhere in the Composite Document unless the context requires otherwise.

We have been appointed by the Board to form the Independent Board Committee to consider the terms of the Offer and to make recommendations to you as to whether, in our opinion, the terms of the Offer are, or are not, fair and reasonable so far as the Independent Shareholders are concerned, and as to acceptances thereof.

Red Sun has been appointed as the Independent Financial Adviser to advise us in respect of the terms of the Offer and as to acceptance thereof. Details of its advice and the principal factors and reasons taken into account by it in arriving at its advice and recommendations are set out in the “Letter from Red Sun” on pages 31 to 51 of the Composite Document.

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We also wish to draw your attention to the “Letter from the Board”, the “Letter from Opus Capital” and the additional information set out in the Appendices to the Composite Document.

### RECOMMENDATIONS

Having considered the terms of the Offer and the letter of advice and recommendations from Red Sun, we consider that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned, and therefore we recommend the Independent Shareholders to accept the Offer. The Independent Shareholders are recommended to read the full text of the “Letter from Red Sun” set out in the Composite Document.

However, for those Independent Shareholders who are considering to realise all or part of their holdings in the Shares, they should monitor the Share price movement until near the end of the Offer Period. If the net proceeds from the sale of the Shares in the open market after deducting all transaction cost would exceed the net amount receivable under the Offer, the Independent Shareholders should consider selling their Shares in the market, rather than accepting the Offer.

Notwithstanding our recommendation, the Independent Shareholders should consider carefully the terms of the Offer. In any case, the Independent Shareholders are strongly advised that the decision to realise or to hold their investment is subject to individual circumstances and investment objectives. If in doubt, the Independent Shareholders should consult their own professional advisers for professional advice.

Yours faithfully,  
For and on behalf of the  
Independent Board Committee of  
**China Minsheng DIT Group Limited**

**Mr. Peng Xiongwen**  
*Non-executive Director*

**Mr. Jiang Hongqing**  
*Independent non-executive Director*

**Mr. Lee Chi Ming**  
*Independent non-executive Director*

**Mr. Ma Lishan**  
*Independent non-executive Director*



## LETTER FROM RED SUN

*The following is the full text of the letter from the Independent Financial Adviser which sets out its advice to the Independent Board Committee for inclusion in this Composite Document.*



**红日资本有限公司**

**RED SUN CAPITAL LIMITED**

12 August 2019

*To: The Independent Board Committee  
of China Minsheng DIT Group Limited*

Dear Sir/Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY  
OPUS CAPITAL LIMITED  
ON BEHALF OF JOY BRIGHT INVESTMENTS LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES OF  
CHINA MINSHENG DIT GROUP LIMITED  
(OTHER THAN THOSE ALREADY OWNED AND/OR AGREED  
TO BE ACQUIRED BY JOY BRIGHT INVESTMENTS LIMITED  
AND THE INVESTOR CONCERT GROUP)**

### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offer, details of which are set out in the Composite Document dated 12 August 2019, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Composite Document unless the context otherwise requires.

The Company was notified by the Offeror and the Investor that, the Investor, through its indirectly wholly-owned subsidiary Hongdao Consultancy, has acquired the Target Equity Interests at a consideration of RMB1.65 billion pursuant to the Equity Transfer Agreement entered into by and between Hongdao Consultancy and the Vendor dated 5 July 2019. Completion of the Acquisition took place on 10 July 2019.

Prior to Completion, TCMDT indirectly owned all the issued shares in Jiayao, which in turn indirectly owned approximately 63.5% of the issued Shares. Immediately after Completion, TCMDT became directly wholly owned by Hongdao Consultancy, and Hongdao Consultancy, which is indirectly wholly-owned by the Investor, through its intermediate wholly-owned subsidiaries (including TCMDT and Jiayao) indirectly owned approximately 63.5% of the issued Shares.

## LETTER FROM RED SUN

As the Investor Concert Group did not own any issued Shares prior to Completion, and Completion has the effect of increasing the Investor Concert Group's collective holding of voting rights in the Company from nil to over 50%, pursuant to Rule 26.1 of the Takeovers Code, the Offeror (as the nominee of the Investor) is, through Opus Capital, making a mandatory unconditional general offer for all the Offer Shares.

As at the Latest Practicable Date, there were 11,209,602,920 Shares in issue and there were no outstanding options, warrants, derivatives or convertible securities which might confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares. Excluding 7,118,440,000 Shares already owned or agreed to be acquired by the Investor Concert Group and assuming there is no change in the share capital of the Company, the Offer will be extended to 4,091,162,920 Offer Shares (before excluding those Excluded Shares of 1,000,000,000 which will be subject to the Irrevocable Undertaking) and the value of the Offer will be approximately HK\$599,355,368.

### THE INDEPENDENT BOARD COMMITTEE

An Independent Board Committee, comprising the non-executive Director, namely Mr. Peng Xiongwen, and all three independent non-executive Directors, namely Mr. Jiang Hongqing, Mr. Lee Chi Ming and Mr. Ma Lishan, has been formed to make a recommendation to the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

We, Red Sun, have been appointed by the Company as the independent financial adviser to advise the Independent Board Committee in relation to the Offer. Pursuant to Rule 2.1 of the Takeovers Code, our appointment has been approved by the Independent Board Committee. Our role as the independent financial adviser is to give our recommendation to the Independent Board Committee as to (i) whether the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) whether the Independent Shareholders should, or should not, accept the Offer.

### OUR INDEPENDENCE

As at the Latest Practicable Date, we were independent from and not connected with the Company, the Vendor or the Offeror and any of their respective associates, or any party acting, or presumed to be acting, in concert with any of them and accordingly, are qualified to give independent advice to the Independent Board Committee in respect of the Offer. In the previous two years, we did not act as an independent financial adviser to the Company under the Listing Rules or Takeovers Code. Apart from normal professional fees paid or payable to us in connection with the current appointment as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company.

## **BASIS OF OUR OPINION AND RECOMMENDATION**

In formulating our opinion, we have relied on the statements, information, opinions and representations contained in the Composite Document and the information and representations provide to us by the Directors and the management (the “**Management**”) of the Company. We have assumed that all statements, information and representations provided by the Directors and the management of the Company, for which they are solely responsible, were true and accurate at the time when they were provided and continue to be so as at the Latest Practicable Date and the Shareholders will be notified of any material changes to such information and representations as soon as possible in accordance with Rule 9.1 of the Takeovers Code.

We have also assumed that all statements of belief, opinion and expectation made by the Directors in the Composite Document were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Composite Document, or the reasonableness of the opinions expressed by the Company, its advisers, the Management and/or the Directors. We believe that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information provided by the Directors and the Management, nor have we conducted an independent investigation into the business and affairs of the Company, the Vendor, the Offeror, the Investor Concert Group and their respective shareholder(s) and subsidiaries or affiliates, and their respective histories, experience and track records, or the prospects of the markets in which they respectively operate. Our opinion is necessarily based on financial, economic, market and other conditions in effect and the information made available to us at the Latest Practicable Date. This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely for their consideration of the Offer.

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

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Composite Document (other than information relating to the Offeror and parties acting in concert with it) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Composite Document (other than information relating to 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 the Composite Document, the omission of which would make any statement contained in the Composite Document misleading.

## LETTER FROM RED SUN

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

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

### PRINCIPAL TERMS OF THE OFFER

Opus Capital is making the Offer on behalf of the Offeror in compliance with the Takeovers Code on the following basis:

**For each Offer Share . . . . . HK\$0.1465 in cash**

The Offer Price of HK\$0.1465 per Offer Share under the Offer is calculated based on the total net asset value of TCMDT and the Company by applying the Pacpo Formula and taking into consideration objectively the Consideration paid by Hongdao Consultancy under the Equity Transfer Agreement and the indirect shareholding interests of approximately 63.5% in the Company acquired by the Investor Concert Group in the Acquisition.

As set out in the “Letter from Opus Capital” to the Composite Document, the Offer Price of HK\$0.1465 per Offer Share paid by the Offeror pursuant to the Equity Transfer Agreement and represents:

- (a) a discount of approximately 16.3% to the closing price of HK\$0.1750 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a premium of approximately 46.5% over the closing price of HK\$0.1000 per Share as quoted on the Stock Exchange on 4 July 2019, being the Last Trading Day;
- (c) a premium of approximately 53.6% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day of approximately HK\$0.0954 per Share;
- (d) a premium of approximately 52.1% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day of approximately HK\$0.0963 per Share;

## LETTER FROM RED SUN

- (e) a premium of approximately 48.9% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the thirty (30) consecutive trading days up to and including the Last Trading Day of approximately HK\$0.0984 per Share;
- (f) a premium of approximately 37.3% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the sixty (60) consecutive trading days up to and including the Last Trading Day of approximately HK\$0.1067 per Share;
- (g) a discount of approximately 7.3% to the audited consolidated net asset value per Share attributable to the Shareholders of approximately HK\$0.1580 per Share as at 31 December 2018, calculated based on the Group's audited consolidated equity attributable to the owners of the Company of approximately HK\$1,770.9 million as at 31 December 2018 and 11,209,602,920 Shares in issue as at the Latest Practicable Date;
- (h) a discount of approximately 20.1% to the adjusted consolidated net asset value per Share of HK\$0.1833 calculated based on the consolidated equity attributable to owners of the Company of approximately HK\$1,770.9 million as at 31 December 2018 adjusted for the fair value of the Group's properties according to the properties valuation report as set out under Appendix III to the Composite Document (by adding fair value change for properties of approximately HK\$283.6 million) and 11,209,602,920 Shares in issue as at the Latest Practicable Date;
- (i) a discount of approximately 6.3% to the unaudited consolidated net asset value per Share attributable to the Shareholders of approximately HK\$0.1563 per Share as at 30 June 2019, calculated based on the Group's unaudited consolidated equity attributable to the owners of the Company of approximately HK\$1,751.5 million as at 30 June 2019 and 11,209,602,920 Shares in issue as at the Latest Practicable Date; and
- (j) a discount of approximately 18.5% to the adjusted consolidated net asset value per Share of HK\$0.1798 calculated based on the consolidated equity attributable to owners of the Company of approximately HK\$1,751.5 million as at 30 June 2019 adjusted for the fair value of the Group's properties according to the properties valuation report as set out under Appendix III to the Composite Document (by adding fair value change for properties of approximately HK\$263.9 million) and 11,209,602,920 Shares in issue as at the Latest Practicable Date.

## **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our opinion and recommendation, we have taken into consideration the following principal factors and reasons:

### **1. Financial information of the Group and outlook**

#### ***(a) Historical financial information of the Group***

As set out in the annual report of the Group for the year ended 31 December 2018 (the “**2018 Annual Report**”), the Group was principally engaged in the research and development, design, manufacture and sale of assembled building prefabricated units, licensing and property investment in the PRC. Set out below are financial information of the Group extracted from (i) the consolidated income statement of the Group for the three years ended 31 December 2018 and the six months ended 30 June 2018 and 2019; and (ii) statement of financial position of the Group as at 31 December 2016, 31 December 2017, 31 December 2018, 30 June 2018 and 30 June 2019 which have been extracted from the interim results announcement for the six months ended 30 June 2019 (the “**1H2019 Interim Results Announcement**”), the 2018 Annual Report and the annual report for the year ended 31 December 2017 (the “**2017 Annual Report**”).

**Table 1: Consolidated income statement of the Group**

	<b>For the year ended 31 December</b>			<b>Six months ended 30 June</b>	
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2019</b>	<b>2018</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
Revenue	530,232	216,587	37,042	288,178	300,377
Cost of sales	(372,107)	(207,619)	(28,654)	(227,536)	(191,760)
Gross profit	158,125	8,968	8,388	60,642	108,617
Profit/(loss) before tax	26,243	112,597	(90,409)	(9,395)	26,937
Income tax (expense)/credit	(6,903)	11,224	(10,889)	(3,712)	(12,111)
Profit/(loss) for the year	19,340	123,821	(101,298)	(13,107)	14,826

## LETTER FROM RED SUN

*Financial results for the six months ended 30 June 2019 (“1H2019”) compared to the six months ended 30 June 2018 (“1H2018”)*

As set out in the Table 1 above, the Group recorded revenue of approximately HK\$288.2 million for 1H2019, representing a decrease of approximately 4.1% as compared to the revenue of approximately HK\$300.4 million for 1H2018. As set out in the 1H2019 Interim Results Announcement, such decrease was mainly attributable to most of the revenue from granting licenses for prefabricated units for 2019 will be recognised in the next half of 2019.

The Group recorded loss for the period of approximately HK\$13.1 million for 1H2019 as compared to the profit for the period of approximately HK\$14.8 million for 1H2018, the change from net profit to net loss was mainly attributable to (i) the decrease in revenue as mentioned above; and (ii) the increase in cost of sales of approximately HK\$35.8 million which was mainly attributable to the increase in sales of equipment.

*Financial results for the financial year ended 31 December 2018 (“FY2018”) compared to financial year ended 31 December 2017 (“FY2017”)*

As set out in the Table 1 above, the Group’s audited consolidated revenue for FY2018 was approximately HK\$530.2 million, representing an increase of approximately 144.8% as compared to the revenue of approximately HK\$216.6 million for FY2017. According to the 2018 Annual Report, such increase in revenue was mainly attributable to (i) the utilized capacity of technology parks for the manufacturing and sale of prefabricated units continuously increased during FY2018; and (ii) the revenue generated from granting licenses has significantly increased in result of increasing number of customers during FY2018.

The Group recorded profit for the year of approximately HK\$19.3 million for FY2018, representing a decrease of approximately 84.4% as compared to the profit for the year of approximately HK\$123.8 million for FY2017, which was mainly due to the net effect of (i) the one-off gain on disposal of subsidiaries of approximately HK\$212.3 million for FY2017; and (ii) the increase in gross profit from approximately HK\$9.0 million for FY2017 to approximately HK\$158.1 million for FY2018 which was mainly attributable to the increase in revenue generated from sales of prefabricated units and granting licenses, being two of the largest business segments of the Group in terms of revenue, from approximately HK\$206.3 million, in aggregate, for FY2017 to approximately HK\$508.5 million, in aggregate, for FY2018. If the one-off gain on disposal of subsidiaries was excluded, the Group would record a loss of approximately HK\$88.5 million for FY2017 compared to the profit of approximately HK\$19.3 million for FY2018.



## LETTER FROM RED SUN

*Financial results for the financial year ended 31 December 2017 compared to financial year ended 31 December 2016 (“FY2016”)*

As set out in the Table 1 above, the Group’s audited consolidated revenue for FY2017 was approximately HK\$216.6 million, representing an increase of approximately 485.4% as compared to the revenue of approximately HK\$37.0 million for FY2016. According to the 2017 Annual Report, such increase in revenue was mainly attributable to the number of technology parks for the manufacturing and sale of prefabricated units increased from two to eight during FY2017.

The Group recorded profit for the year of approximately HK\$123.8 million for FY2017 compared to loss for the year of approximately HK\$101.3 million for FY2016, the change from net loss to net profit was mainly due to the net effect of (i) increase in revenue as stated above; and (ii) increase in other gains/losses, net, which changed from a net other losses of approximately HK\$24.9 million for FY2016 to a net other gains of approximately HK\$227.6 million for FY2017, which was primarily attributable to gains on disposal of subsidiaries of approximately HK\$212.3 million for FY2017 and nil for FY2016.

**Table 2: Consolidated statement of financial position of the Group**

	As at 30 June 2019 HK\$’000 (unaudited)	As at 31 December 2018 HK\$’000 (audited)	2017 HK\$’000 (audited)	2016 HK\$’000 (audited)
<b>Non-current assets</b>	2,495,188	2,491,728	1,779,977	1,290,522
<b>Current assets</b>	814,527	866,278	1,088,011	1,134,711
<b>Non-current liabilities</b>	395,167	352,993	133,123	194,440
<b>Current liabilities</b>	556,852	626,484	329,471	305,605
<b>Net current assets</b>	257,675	239,794	758,540	829,106
<b>Equity attributable to the owners of the Company</b>	1,751,502	1,770,906	1,844,477	1,371,511

*Comparison of financial position as at 30 June 2019 and 31 December 2018*

As set out in the Table 2 above, as at 30 June 2019, the Group recorded net current assets of approximately HK\$257.7 million (31 December 2018: approximately HK\$239.8 million). The Group’s current asset decreased from approximately HK\$866.3 million as at 31 December 2018 to approximately HK\$814.5 million as at 30 June 2019. Such decrease was mainly attributable to the net effect of the decrease in cash and cash equivalents from approximately HK\$110.8 million as at 31 December 2018 to approximately HK\$37.7 million as at 30 June 2019 and the decrease in current liabilities from approximately HK\$626.5 million as at 31 December 2018 to approximately HK\$556.9 million as at 30 June 2019.



## LETTER FROM RED SUN

The Group recorded equity attributable to owners of the Company of approximately HK\$1,751.5 million as at 30 June 2019 (31 December 2018: approximately HK\$1,770.9 million). Such decrease was mainly attributable to the loss attributable to owners of the Company recognised during 1H2019 of approximately HK\$13.1 million.

### *Comparison of financial position as at 31 December 2018 and 31 December 2017*

As set out in the Table 2 above, as at 31 December 2018, the Group recorded net current assets of approximately HK\$239.8 million (31 December 2017: approximately HK\$758.5 million). The Group's current assets decreased from approximately HK\$1,088.0 million as at 31 December 2017 to approximately HK\$866.3 million as at 31 December 2018. As per the 2018 Annual Report, such decrease was mainly attributable to the decrease in cash and cash equivalents from approximately HK\$582.5 million as at 31 December 2017 to approximately HK\$110.8 million as at 31 December 2018; whereas the Group's current liabilities increased from approximately HK\$329.5 million as at 31 December 2017 to approximately HK\$626.5 million as at 31 December 2018 which was mainly attributable to the combined effect of (i) increase in trade and other payables of approximately HK\$147.3 million; and (ii) the increase in borrowings of approximately HK\$138.0 million.

The Group recorded equity attributable to owners of the Company of approximately HK\$1,770.9 million as at 31 December 2018 (31 December 2017: approximately HK\$1,844.5 million). Such decrease was mainly attributable to the net effect of (i) the increase in borrowings from approximately HK\$119.6 million as at 31 March 2017 to approximately HK\$496.6 million as at 31 March 2018; (ii) currency translation difference under other comprehensive loss of approximately HK\$104.2 million; and (iii) the profit attributable to owners of the Company recognised during FY2018 of approximately HK\$27.4 million.

### *Comparison of financial position as at 31 December 2017 versus financial position as at 31 December 2016*

As set out in the Table 2 above, as at 31 December 2017, the Group recorded net current assets of approximately HK\$758.5 million. (31 December 2016: approximately HK\$829.1 million). The Group's current assets decreased from approximately HK\$1,134.7 million as at 31 December 2016 to approximately HK\$1,088.0 million as at 31 December 2017. Such decrease was mainly attributable to the net effect of (i) increase in trade and other receivables and prepayments of approximately HK\$282.0 million; (ii) decrease in available-for-sale financial assets of approximately HK\$97.3 million; and (iii) decrease in cash and cash equivalents of approximately HK\$202.0 million; whereas the Group's current liabilities increased from approximately HK\$305.6 million as at 31 December 2016 to approximately HK\$329.5 million as at 31 December 2017 which was mainly attributable to the net effect of (i) increase in advances from customers and current tax liabilities of approximately HK\$21.1 million and HK\$17.8 million, respectively; and (ii) the decrease in bank borrowings of approximately HK\$24.8 million.

The Group recorded equity attributable to owners of the Company of approximately HK\$1,844.5 million (31 December 2016: approximately HK\$1,371.5 million). Such increase was mainly attributable to (i) profit attributable to owners of the Company of approximately HK\$131.7 million for FY2017; (ii) currency translation difference under other comprehensive income of approximately HK\$121.8 million; and (iii) increase in equity of approximately HK\$90.6 million attributable to the 1,000 million Shares being issued pursuant to the convertible bond being exercised in FY2017.

***(b) Prospects and outlook of the Group and outlook of PRC economy***

As disclosed in the 2018 Annual Report, the Company noted the prefabricated construction industry has changed from rapid growth period to an era that focuses on mature and stable development, premium quality, technology and management abilities. Supportive policies have been published to stimulate the development of the industry throughout the country. Two major goals have been proposed in the Action Plan for the Thirteenth Five-Year Prefabricated Construction published by the Ministry of Housing and Urban-Rural Development (MOHURD). The prefabricated buildings to new buildings ratio in 2020 will be over 15%. The implementation ratios of prefabricated construction in first-, second- and third-tier areas will be over 20%, 15% and 10%, respectively. In particular, the Group has signed eight investment agreements for the following cities: Dongli (Tianjing), Wuxi (Jiangsu), Bengbu (Anhui), Xuzhou (Jiangsu), Wen'an (Hebei), Weishi (Henan), Jinhua (Zhejiang) and Changde (Hunan). Eight lands in the following cities have been delisted: Mujiang (Chongqing), Huai'an (Jiangsu), Xiangtan (Hunan), Jiaozuo (Henan), Jiangxia Wuhan (Hubei), Dongli (Tianjing), Lin'an Hangzhou (Zhejiang) and Haikou (Hainan). The direct investment arrangement of Green construction technology parks over 22 provinces and 48 cities has been completed. In terms of green development concept, the Company formulates its standards and rules with energy conservation and environmental protection. Besides, the Company will develop its critical technologies for all aspects of its system with the strategic goal of "Green Development".

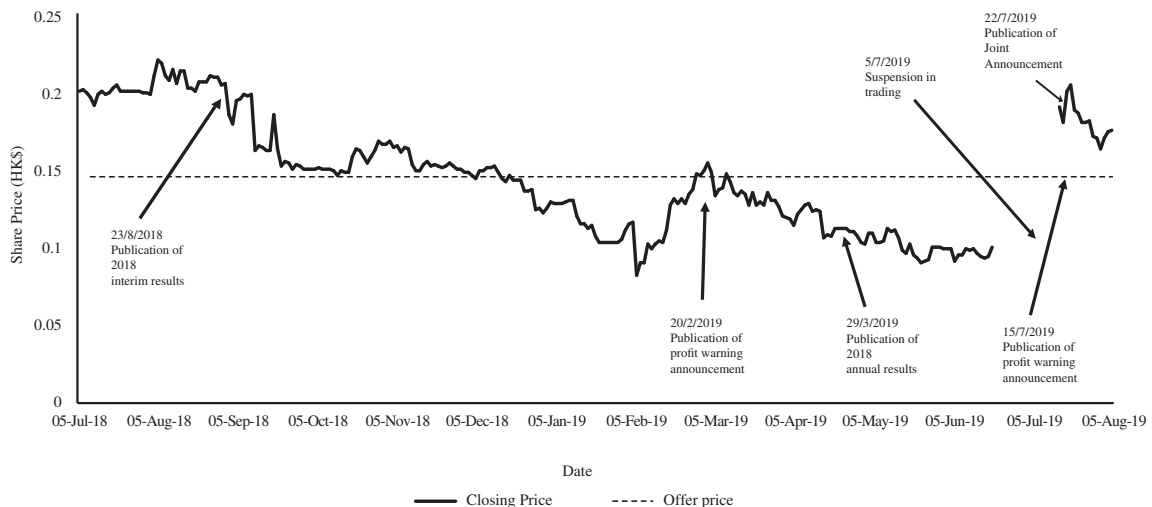
Based on preliminary data published by the National Bureau of Statistics of China ([data.stats.gov.cn](http://data.stats.gov.cn)) in July 2019, the estimated period-on-period growth in gross domestic product ("GDP") for first half of 2019 was approximately 6.3%. Pursuant to the Thirteenth Five Year Plan\* (十三五規劃), the annual GDP growth of the PRC for the next five years from 2016 has been estimated to be approximately 6.5%. However, such target was subsequently adjusted to 6.0% by the PRC government in March 2019.

## LETTER FROM RED SUN

As stated in the Thirteenth Five Year Plan, the PRC government targets to, among others, (i) accelerate the agricultural population urbanisation\* (加快農業轉移人口市民化) by implementing three main strategies, namely further reform of the household registration system\* (深化戶籍制度改革), implementation of the residence permit system\* (實施居住證制度) and improvement on the system for promoting urbanisation of agricultural population\* (健全促進農業轉移人口市民化的機制); and (ii) optimise urbanisation layout\* (優化城鎮化佈局和形態) by implementing three main strategies, namely the acceleration of the construction and advancement of urban agglomeration\* (加快城市群建設發展), enhance the drive of activities by central cities\* (增強中心城市輻射帶動功能) and speeding up of the development of small and medium-sized cities and characteristic towns\* (加快發展中小城市和特色鎮). The aforesaid policies are set with the view to promote long term stability of the PRC economy and the PRC property market. The Management considers that the above-mentioned PRC government policies should continue to have a positive effect on the prospects of the construction sector in the PRC, which in turn, would increase the potential demand for assembled building prefabricated units in the PRC, in the medium to long term. In addition to the aforesaid factors, the PRC economy will also be affected by, among others, the outcome of the ongoing trade negotiations between the U.S. and the PRC governments.

## 2. Historical Share price performance

We have reviewed and analysed the closing prices of the Shares over the 12 months period immediately prior to the Last Trading Day commencing on 5 July 2018 (the “**First Review Period**”) and from the date of the Joint Announcement up to and including the Latest Practicable Date (the “**Second Review Period**” together with the First Review Period, the “**Review Period**”) below:



Source: website of the Stock Exchange (<http://www.hkex.com.hk>)

***First Review Period***

During the First Review Period, the closing price of the Shares fluctuated between the range from HK\$0.0820 (12 February 2019) to HK\$0.2200 (3 August 2018). The closing price of the Shares on 5 July 2018, being the commencement of the First Review Period, was HK\$0.2000. On 23 August 2018, the Company published its interim results for the six months ended 30 June 2018, which set out that the Group recorded approximately HK\$19.5 million profit for the period attributable to owners of the Company compared to approximately HK\$1.5 million profit for the period attributable to owners of the Company for the six months ended 30 June 2017. The closing price of the Shares on the trading day immediately after, being 24 August 2018, was HK\$0.2090. Subsequently on 20 February 2019, the Company published a profit warning announcement setting out that, among other things, it is estimated the net profit attributable to shareholders of the Company for the year ended 31 December 2018 will decrease by not less than 80% as compared to that for the year ended 31 December 2017, which is mainly attributable to the absence of the one-off gain from disposal of subsidiaries during the year ended 31 December 2018. The closing price of the Shares on the trading day immediately after, being 21 February 2018, was HK\$0.1030. On 29 March 2019, the Company published its annual results for the year ended 31 December 2018, which set out that the Group recorded approximately HK\$27.4 million profit for the period attributable to owners of the Company compared to approximately HK\$131.7 million profit for the period attributable to owners of the Company for the year ended 31 December 2017.

The closing price of the Shares on the trading day immediately after, being 1 April 2019, was HK\$0.1270. On 5 July 2019, the Company published an announcement setting out the suspension in trading of the securities of the Company pending the release of an announcement pursuant to the Takeovers Code. The closing price of the Shares on the last trading day immediately prior to such announcement, being 4 July 2019, was HK\$0.1000.

The average closing Share price was approximately HK\$0.1433 per Share for the First Review Period. The Offer Price of HK\$0.1465 represents a premium of approximately 2.2% over the average closing Share price for the First Review Period.

***Second Review Period***

Trading in the Shares was suspended on 5 July 2019 and resumed trading on 22 July 2019 following the publication of the Joint Announcement on 22 July 2019. The closing price per Share increased notably from HK\$0.1000 on the Last Trading Day to HK\$0.1900 on the trading day after the publication of the Joint Announcement, representing an increase of approximately 90.0%. Such significant increase in closing Share price may be attributable to the market reaction in response to the publication of the Joint Announcement. During the Second Review Period, the closing price per Share ranged from HK\$0.1630 to HK\$0.2040 with an average closing price per Share of approximately HK\$0.1808. The closing price per Share as at the Latest Practicable Date was HK\$0.1750.

## LETTER FROM RED SUN

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

### 3. Liquidity of the Shares

The table below sets out the trading volume of the Shares during the Review Period:

	Total monthly trading volume of the Shares (Shares)	Number of trading days	Average daily trading volume of the Shares (Approximate Shares)	Percentage of average daily trading volume to total number of Shares in issue as at the Latest Practicable Date (Note 3)	Approximate percentage of average daily trading volume to total number of Shares held by the public as at the Latest Practicable Date (Note 4)
<b>2018</b>					
July (Note 1)	9,985,000	19	525,526	0.01%	0.01%
August	23,855,000	23	1,037,174	0.01%	0.03%
September	108,446,324	19	5,707,701	0.05%	0.14%
October	32,953,000	21	1,569,190	0.01%	0.04%
November	75,680,200	22	3,440,009	0.03%	0.08%
December	60,559,000	19	3,187,316	0.03%	0.08%
<b>2019</b>					
January	144,221,000	22	6,555,500	0.06%	0.16%
February	293,464,000	17	17,262,588	0.15%	0.43%
March	137,544,200	21	6,549,724	0.06%	0.16%
April	33,019,800	19	1,737,884	0.02%	0.04%
May	13,473,000	21	641,571	0.01%	0.02%
June	23,504,000	19	1,237,053	0.01%	0.03%
July (Note 2)	9,280,000	3	3,093,333	0.03%	0.08%
July (Note 2)	538,990,000	8	67,373,750	0.60%	1.66%
August	30,840,000	7	4,405,714	0.04%	0.11%

Source: website of the Stock Exchange (<http://www.hkex.com.hk>)

Note 1: 19 trading days were included in the month of July 2018 as the First Review Period commenced on 5 July 2018.

Note 2: Three and eight trading days were included in the month of July 2019 as part of the First Review Period and Second Review Period, respectively.

Note 3: Based on number of issued Shares as at the Latest Practicable Date.

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*Note 4:* Shares held by the public Shareholders are based on information as set out under the section headed “Shareholding structure of the Company” in the Letter from the Board of the Composite Document.

As set out in the table above, the average daily trading volume of the Shares during the First Review Period ranged from approximately 525,526 Shares (July 2018) to approximately 17,262,588 Shares (February 2019), representing less than 0.01% to approximately 0.15% of the total number of the Shares in issue as at the Latest Practicable Date. The average daily trading volume of Shares during the First Review Period was generally thin. The average daily trading volume of Shares during the Second Review Period ranged from approximately 4,405,714 Shares (August 2019) to approximately 67,373,750 Shares (July 2019), which was significantly higher than that of the First Review Period, which may be attributable to the market reaction in response to the publication of the Joint Announcement and may or may not be sustainable beyond the Offer Period.

Given the thin historical average daily trading volume of the Shares, in particular, that of the First Review Period, it is uncertain that the overall liquidity of the Shares could be maintained and that there would be sufficient liquidity in the Shares for the Independent Shareholders to dispose of a significant number of Shares in the open market without exerting a downward pressure on the Share price. We, therefore, consider that the Offer provides the Independent Shareholders with an assured exit if they wish to realise their investments in the Shares.

#### 4. Comparable companies analysis

In assessing the fairness and reasonableness of the Offer Price, we have conducted analysis on the price-to-earnings ratio (the “**P/E ratio(s)**”) and the price-to-book ratios (the “**P/B ratio(s)**”) of companies which are listed on the Main Board of the Stock Exchange and are engaged in similar businesses to those of the Group for comparison purposes.

In assessing the P/B ratio of the Company, we have taken into consideration the adjusted net asset value of approximately HK\$2,015.4 million (the “**Adjusted NAV**”), being the equity attributable to owners of the Company as at 30 June 2019 of approximately HK\$1,751.5 million after taken into account the difference between the fair value (extracted from the Property Valuation Report as set out in Appendix III to the Composite Document) and book value of properties owned by the Group of approximately HK\$263.9 million, being the fair value uplift. On this basis, the implied P/B ratio of the Offer, calculated based on the total value the Company under of the Offer<sup>1</sup>, being approximately HK\$1,642.2 million divided by the Adjusted NAV of approximately HK\$2,015.4 million, would be approximately 0.81 times (the “**Adjusted P/B ratio**”).

<sup>1</sup> On the basis of the Offer Price of HK\$0.1465 per Offer Share, all the issued Shares as at the Latest Practicable Date would be valued at approximately HK\$1,642.2 million.



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For the purpose of our comparable analysis, we have identified comparable companies based on the following criteria: (i) the shares of which are listed on the Main Board of the Stock Exchange; (ii) engages in principal business similar to those of the Group namely, the research and development, design, manufacture and sales of assembled building prefabricated units (the “**Business**”) and generated over 50% of its total revenue for the latest completed financial year from the Business; (iii) revenue primarily generated in Hong Kong and/or the PRC; and (iv) a market capitalisation of not less than HK\$200 million and not more than HK\$2.0 billion as at the Latest Practicable Date (the “**Initial Criteria**”). Based on the Initial Criteria, we have not identified any listed companies. As a result, we have expanded the Initial Criteria to include listed companies which derived over 50% of its revenue for the latest completed financial year from sales of construction materials, while keeping the other aspects of the Initial Criteria the same (together the “**Final Criteria**”). As set out under the paragraph headed “Historical Share price performance” in this letter above, the closing price per Share increased notably from HK\$0.1000 on the Last Trading Day to HK\$0.1900 on the trading day immediately after the publication of the Joint Announcement. Such significant increase in closing Share price may be attributable to the market reaction in response to the publication of the Joint Announcement. Therefore, we consider that the closing price of HK\$0.1000 per Share on the Last Trading Date, which was not affected by the market reaction to the publication of the Joint Announcement, will better represent the market capitalisation of the Group for the purpose of this comparable analysis and therefore was applied as one of the Final Criteria.

Based on the Final Criteria, we have identified, to the best of our knowledge, an exhaustive list of six comparable companies (the “**Comparable Companies**”). The table below sets out the P/E ratio and P/B ratio of each of the Comparable Companies and the P/E ratio and Adjusted P/B ratio of the Group.

No.	Company name (stock code)	Principal business	Market capitalisation (approximately) HK\$' million (Note 1)	P/E ratio (approximately) (Note 2)	P/B ratio (approximately) (Note 3)
1	Softpower International Limited (380) (“ <b>Softpower</b> ”)	Trading of construction materials, mainly pipes and fittings	301.3	11.58	0.56
2	Dongwu Cement International Limited (695) (“ <b>Dongwu</b> ”)	Production and sales of cement, and provision of sewage and sludge treatment operation and construction services	723.1	7.26 (Note 4)	1.35 (Note 4)
3	CNT Group Limited (701)	Manufacture and sale of paint products; trading of iron and steel products and related investments; and property investment	742.4	N/A	0.50

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No.	Company name (stock code)	Principal business	Market capitalisation (approximately) HK\$' million (Note 1)	P/E ratio (approximately) (Note 2)	P/B ratio (approximately) (Note 3)
4	World Houseware (Holdings) Limited (713) ("World Houseware")	Manufacturing and distribution of household products; and PVC pipes and fittings	347.8	0.30 (Note 5)	0.19
5	Hong Kong Shanghai Alliance Holdings Limited (1001) ("HKSA")	Stockholding and distribution of construction materials	346.3	24.93	0.35
6	Tongfang Kontafarma Holdings Limited (1312)	Production and sale of cement; and medical, pharmaceutical and health business	1,156.8	N/A	0.83
			Mean	11.02	0.63
			Maximum	24.93	1.35
			Minimum	0.30	0.19
	<b>The Company</b>				
	— P/E ratio and P/B ratio under the Offer (Note 6)			59.88	0.94
	— Adjusted P/B ratio under the Offer (Note 6)				0.81

*Source: the website of the Stock Exchange and the respective interim/annual report of the listed company*

*Note 1:* In respect of the Comparable Companies, market capitalisation is calculated based on the respective closing price as quoted on the Stock Exchange and the number of issued shares based on published information as at the Latest Practicable Date. In respect of the Company, market capitalisation is calculated based on the Offer Price of HK\$0.1465 and 11,209,602,920 Shares in issue as at the Latest Practicable Date.

*Note 2:* Calculated by dividing the respective market capitalisation by the respective consolidated net profit attributable to the ordinary shareholders, as extracted from the latest published annual financial statements.

*Note 3:* Calculated by dividing the respective market capitalisation by the respective consolidated equity attributable to the ordinary shareholders, as extracted from the latest published financial statements.

*Note 4:* As per the latest annual report of Dongwu, the figures in the financial statements are expressed in RMB. For illustration purpose, an exchange rate of RMB1.00 = HK\$1.1109 on the Latest Practicable Date is used to convert the exchange rate to Hong Kong Dollars.



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*Note 5:* As set out in the annual report of World Houseware for the year ended 31 December 2018, it has recorded a non-recurring gain on disposal of land and building of approximately HK\$1,611.9 million for the year ended 31 December 2018, if the aforesaid gain were to be excluded, the profit attributable owners of World Houseware would become a loss, on this basis, the P/E ratio would become not applicable.

*Note 6:* Calculated by the Offer Price multiplied by number of Shares in issue as at the Latest Practicable Date and divided by the equity attributable to owners of the Company as at 30 June 2019 and the Adjusted NAV, respectively.

### **(i) Analysis on P/E ratio**

Based on information reviewed, two of the Comparable Companies recorded a loss and therefore had no P/E ratio for comparison purposes. The P/E ratios of the remaining Comparable Companies ranged from approximately 0.30 times (World Houseware) to 24.93 times (HKSA), with a mean of approximately 11.02 times. Based on their respective latest published annual reports, the profit attributable to its owners recorded by the remaining Comparable Companies ranged from approximately HK\$13.9 million (HKSA) to approximately HK\$1,166.9 million<sup>2</sup> (World Houseware). The P/E ratio of the Company as represented by the Offer Price of approximately 59.88 times, which exceeded the top range of the P/E ratio of the remaining Comparable Companies.

### **(ii) Analysis on P/B ratio**

The P/B ratios of the Comparable Companies ranged from approximately 0.19 times (World Houseware) to 1.35 times (Dongwu), with a mean of approximately 0.63 times. Based on their respective latest published annual / interim reports, the equity attributable to its owners recorded by the Comparable Companies ranged from approximately HK\$536.8 million (Softpower) to approximately HK\$1,803.3 million (World Houseware). The P/B ratio and Adjusted P/B ratio of the Company of approximately 0.94 times and 0.81 times, respectively. Both of the P/B ratio and the Adjusted P/B ratio of the Company as represented by the Offer Price are within the range and higher than the mean of the P/B ratios of the Comparable Companies.

### **(iii) Summary**

Based on our analysis as set out under “(i) Analysis on P/E ratio” and “(ii) Analysis on P/B ratio” above, in particular, the implied P/E ratio under the Offer is higher than the Comparable Companies and that the Adjusted P/B ratio under the Offer is within range of the P/B ratio of the Comparable Companies, we are of the view that the Offer is fair and reasonable.

<sup>2</sup> As set out in the annual report of World Houseware for the year ended 31 December 2018, it has recorded a non-recurring gain on disposal of land and building of approximately HK\$1,611.9 million for the year ended 31 December 2018, if the aforesaid gain were to be excluded, the profit attributable owners of World Houseware would become a loss, on this basis, the P/E ratio would become not applicable.

**5. Information on the Offeror and the intention of the Offeror in relation to the Group**

The following information of the intention of the Offeror regarding the Group has been extracted from the “Letter from Opus Capital”.

***(a) Information of the Offeror***

As stated in the “Letter from Opus Capital” contained in the Composite Document, the Offeror is a company incorporated in the British Virgin Islands, with limited liability. The Offeror is an investment holding company. The Offeror is directly wholly-owned by the Investor.

The Investor is the sole shareholder and a director of the Offeror and the ultimate controlling shareholder of Hongdao Consultancy. The Investor is also an executive director, he chairman of the board of directors and the ultimate controlling shareholder of Central China Real Estate Limited (建業地產股份有限公司), a limited liability company incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange with stock code 832.

As at the Latest Practicable Date, the Investor Concert Group holds 7,118,440,000 Shares, representing approximately 63.5% of the issued Shares.

***(b) Intention of the Offeror in relation to the Group***

It is the intention of the Offeror to continue with the Group’s existing principal business activities following the close of the Offer. The Offeror and the Investor do not intend to introduce any major changes to the existing business and operation of the Group following the close of the Offer. As at the Latest Practicable Date, the Offeror has no intention to discontinue the employment of the employees or to dispose of or re-deploy the assets of the Group. The Offeror/Investor may review the Group’s policy and structure for all Directors’ and senior management’s remuneration having regard to the recommendations of the Remuneration Committee, after the close of the Offer. The Offeror/Investor will continue to ensure good corporate governance, monitor and review the Group’s business and operations from time to time, and may take steps that it deems necessary or appropriate to optimise the value of the Group.

***(c) Proposed change to the Board composition***

The Board is currently made up of two executive Directors, one non-executive Director and three independent non-executive Directors. As at the Latest Practicable Date, the Offeror has not reached any final decisions as to who will be nominated as new Directors to the Board. Any changes to the Board composition will be made in compliance with the relevant requirements of the Takeovers Code, the Listing Rules, the constitutional documents of the Company or other applicable regulations. Further announcement(s)/disclosure(s) will be made upon any changes to the composition to the Board in accordance with the requirements of the Listing Rules and the Takeovers Code.

***(d) Public float and maintaining the listing status of the Company***

The Offeror intends the Company to remain listed on the Main Board of the Stock Exchange following the close of the Offer. In the event that the public float of the Company falls below 25% following the close of the Offer, the Directors have jointly and severally undertaken, and the directors of the Offeror have jointly and severally undertaken, to the Stock Exchange to take appropriate steps to ensure that a sufficient public float exists in the Shares. The Company will issue a separate announcement as and when necessary in this regard.

**RECOMMENDATION**

Having considered the abovementioned principal factors and reasons for the Offer, in particular that:

- (i) the Offer Price of HK\$0.1465 represents (a) a premium of approximately 2.2% over the average closing Share price of approximately HK\$0.1433 per Share for the First Review Period; (b) a premium of approximately 46.5% over the closing price of HK\$0.100 per Share as quoted on the Stock Exchange on the Last Trading Day; (c) a discount of approximately 19.0% to the average closing Share price of approximately HK\$0.1808 per Share for the Second Review Period, which represented a notable increase from that of the First Period, such may be attributable to the market reaction in response to the publication of the Joint Announcement and there is no assurance that (aa) the closing price of the Shares after the Offer Period will maintain at the level of the Second Review Period, which represented a premium over both the Offer Price and the average closing Share price for the First Review Period; and (bb) the daily trading volume of the Shares will maintain at the average daily trading volume experienced over the Second Review Period after the end of the Offer Period, which is substantially higher than the average daily trading volume of the First Review Period;
- (ii) the Offer Price of HK\$0.1465 represents a discount of approximately 18.5% to the Adjusted NAV per Share of approximately HK\$0.1798, however it is noted that the majority of the Group's non-current assets as at 30 June 2019 comprised of property, plant and equipment, land use rights and investments in associates which are not readily realisable into cash, and that the Offer Price represents a premium to the closing Share price as at the Last Trading Day and the average closing Share price for the First Review Period respectively;
- (iii) the implied P/E ratio under the Offer of approximately 59.88 times exceeded the top range of the P/E ratio of the Comparable Companies and that the Adjusted P/B ratio under the Offer of approximately 0.81 times is within range and higher than the mean of the P/B ratio of the Comparable Companies;

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- (iv) the historical trading volume of the Shares was thin during the First Review Period and the sustainability of the recent level of trading volume of the Shares after the Offer Period is uncertain. The Offer provides the Independent Shareholders with an assured exit if they wish to realise their investments in the Shares; and
- (v) our analysis on the prospects and outlook of the Group as set out under paragraph headed “(b) Prospects and outlook of the Group and outlook of PRC economy” as well as the intention of the Offeror to continue with the Group’s existing principal business activities, which recorded unaudited net loss for the six months ended 30 June 2019 compared to unaudited net gain for the six months ended 30 June 2018, together with our detailed analysis of the Group’s historical financial performance and position, are set out under paragraph headed “(a) Historical financial information of the Group”. It is also noted that while the Offeror intends to maintain the listing status of the Company on the Main Board of the Stock Exchange, the Offeror and the Investor do not intend to introduce any major changes to the existing business and operation of the Group following the close of the Offer.

we are of the opinion that terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to accept the Offer. In view of the volatility of market conditions, those Independent Shareholders who intend to accept the Offer are reminded that they should closely monitor the market price and the liquidity of the Shares during the Offer Period and should consider selling their Shares in the open market, rather than accepting the Offer, if the net proceeds from the sale of such Shares in the open market would exceed the net proceeds receivable under the Offer.

In addition, the Independent Shareholders who wish to realise their investments in the Company should carefully and closely monitor the market price of the Shares during the Offer Period and consider disposing their Shares in the open market during the Offer Period, rather than accepting the Offer, if the net proceeds from the disposal of such Shares in the open market would exceed the net amount receivable under the Offer. Besides, the Independent Shareholders shall also consider and monitor the trading volume of the Shares during the Offer Period as, having taken into account the thin historical trading volume of the Shares on the Stock Exchange as discussed in the section headed “3. Liquidity of the Shares” of this letter, they may experience difficulty in disposing of their Shares in the open market without creating downward pressure on the price of the Shares.

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As each individual Independent Shareholder would have different investment objectives and/or circumstances, we would advise the Independent Board Committee to recommend the Independent Shareholders who may require advice in relation to any aspect of the Composite Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser. Furthermore, they should carefully read the procedures for accepting the Offer as set out in the Composite Document, its appendices and the accompany Forms of Acceptance.

Yours faithfully,  
For and on behalf of  
**Red Sun Capital Limited**  
**Lewis Lai**  
*Managing Director*

*Mr. Lewis Lai is a licensed person registered with the SFC and a responsible officer of Red Sun Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over 12 years of experience in the corporate finance industry.*

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

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

- (a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Offer, you must send the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), by post or by hand, to the Registrar, namely Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, in an envelope marked “**China Minsheng DIT Group Limited — Offer**” in any event no later than 4:00 p.m. on the Offer Closing Date or such later time and/or date as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code.
- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer in respect of your holding of Shares (whether in full or in part), you must either:
  - (i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares with the nominee company, or other nominee, with instructions authorising it to accept the Offer on your behalf and requesting it to deliver the duly completed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares to the Registrar in an envelope marked “**China Minsheng DIT Group Limited — Offer**”; or
  - (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares to the Registrar in an envelope marked “**China Minsheng DIT Group Limited — Offer**”; or
  - (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Offer on your behalf on or before the

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

- (iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set out by HKSCC Nominees Limited.
- (c) If the share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Offer in respect of your Shares, the Form of Acceptance should nevertheless be completed and delivered to the Registrar in an envelope marked **“China Minsheng DIT Group Limited — Offer”** together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title in respect of your Shares, you should also write to the Registrar requesting a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.
- (d) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete and sign the Form of Acceptance and deliver it to the Registrar in an envelope marked **“China Minsheng DIT Group Limited — Offer”** together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable instruction and authority to the Offeror, and/or Opus Capital or their respective agent(s) to collect from 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 of the Offer, as if it was/they were delivered to the Registrar with the Form of Acceptance.



- (e) Acceptance of the Offer will be treated as valid only if the duly completed and signed Form of Acceptance is received by the Registrar on or before 4:00 p.m. on the Offer Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code and the Registrar has recorded 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) in respect of your Shares and, if that/those share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are not in your name, such other documents in order to establish your right to become the registered holder of the relevant Shares; or
  - (ii) from a registered Shareholder or his personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under another subparagraph of this paragraph (e)); or
  - (iii) certified by the Registrar or the Stock Exchange.

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

- (f) The seller's Hong Kong ad valorem stamp duty payable by Independent Shareholders who accept the Offer calculated at a rate of 0.1% of the market value of the Offer Shares or the consideration payable by the Offeror in respect of the relevant acceptance of the Offer, whichever is higher, will be deducted from the cash amount payable by the Offeror to those Independent Shareholders who accept the Offer. The Offeror will arrange for payment of the seller's Hong Kong ad valorem stamp duty on behalf of the Independent Shareholders who accept the Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).
- (g) No acknowledgement of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares will be given.



**2. ACCEPTANCE PERIOD AND REVISIONS**

Unless the Offer has previously been revised or extended with the consent of the Executive, the Form of Acceptance must be received by the Registrar by 4:00 p.m. on the Offer Closing Date in accordance with the instructions printed thereon.

If the Offer is extended or revised, the announcement of such extension or revision will state the next closing date and the Offer will remain open for a period of not less than 14 days from the posting of the written notification and/or announcement of the extension or revision to the Independent Shareholders, and unless previously extended or revised, shall close on the subsequent closing date. If the Offeror revises the terms of the Offer, all the Independent Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms.

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

Any acceptance of the relevant revised Offer shall be irrevocable unless and until the Independent Shareholders who accept the Offer become entitled to withdraw their acceptance under the section headed “4. Right of Withdrawal” of this Appendix below and duly do so.

**3. ANNOUNCEMENTS**

By 6:00 p.m. on the Offer Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension and expiry of the Offer. The Offeror must publish an announcement on the website of the Stock Exchange no later than 7:00 p.m. on the Offer Closing Date stating, among others, information required under Rule 19.1 of the Takeovers Code, whether the Offer have been revised or extended, or have expired.

The announcement must state the following:

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

The announcement must include details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or persons acting in concert with it have borrowed or lent, save for any borrowed Shares which have been either

on-lent or sold. The announcement must 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 represented by acceptances, only valid acceptances that are complete and in good order, and which have been received by the Registrar no later than 4:00 p.m. on the Offer Closing Date, being the latest time and date for acceptance of the Offer, shall be included.

As required under the Takeovers Code, all announcements in relation to the Offer 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**

- (a) Acceptance of the Offer tendered by the Independent Shareholders or by their respective agent(s) on their respective behalves shall be irrevocable and cannot be withdrawn, except in the circumstances set out in (b) below.
- (b) If the Offeror is unable to comply with the requirements set out in the section headed “3. Announcements” above or any of the requirements of Rule 19 of the Takeovers Code, the Executive may require that the Independent Shareholders who have tendered acceptances to the Offer to be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph and the rule are met.

In such case, when the Independent Shareholders 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) 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 of Acceptance to the relevant Independent Shareholders at their own risks.

#### **5. SETTLEMENT OF THE OFFER**

Provided that a valid Form of Acceptance and the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title and/or transfer receipt(s) (and/or any satisfactory indemnity or indemnities required in respect thereof) 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 Independent Shareholder less seller's Hong Kong ad valorem stamp duty in respect of the Offer Shares tendered by it/him/her under the 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 seven (7) Business Days following the date on which all the relevant documents are received by the Registrar to render such acceptance complete and valid.

Settlement of the consideration to which any accepting Independent Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer (save with respect to the payment of seller's Hong Kong 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 Offer will be rounded up to the nearest cent.

## **6. OVERSEAS SHAREHOLDERS**

The making of the Offer to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or affected by the laws and regulations of the relevant jurisdictions. Independent Shareholders who are citizens or residents or nationals of jurisdictions outside Hong Kong should inform themselves about and observe any applicable legal requirements and, where necessary, seek independent legal advice. It is the responsibility of any such Independent Shareholder who wishes to accept the Offer to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, 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.

Any acceptance of the Offer by any Independent Shareholders will be deemed to constitute a representation and warranty from such Independent Shareholders to the Offeror that the local laws and requirements have been complied with (including, without limitation, payment of any taxes or other required payments due from him/her/it in connection with such acceptance in the relevant jurisdictions) and that such acceptance shall be valid and binding in accordance with all applicable laws and regulations. The Independent Shareholders should consult their professional advisers if in doubt.

## **7. TAX IMPLICATIONS**

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

**8. GENERAL**

- (a) All communications, notices, Form of Acceptance, share certificate(s), transfer receipt(s), other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Independent Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Offeror and persons acting in concert with it, the Company, Opus Capital, Red Sun, the Registrar, their respective ultimate beneficial owners, directors, officers, advisers, agents and associates and any other person involved in the Offer accepts 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 of Acceptance form part of the terms of the Offer.
- (c) The accidental omission to despatch this Composite Document and/or Form of Acceptance or any of them to any person to whom the Offer is made will not invalidate the Offer in any way.
- (d) The Offer is, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.
- (e) Due execution of the Form of Acceptance will constitute an authority to the Offeror, Opus Capital or such person or persons as the Offeror may direct to complete, amend and execute any document on behalf of the person or persons accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror or such person or persons as it may direct, the Offer Shares in respect of which such person or persons has/have accepted the Offer.
- (f) By accepting the Offer, the Independent Shareholders will sell their Shares to the Offeror free from all liens, claims, encumbrances and all third party rights and with all rights attached thereto as at the date of this Composite Document, including the right to receive in full all dividends and other distributions, if any, declared, paid or made on or after the date of this Composite Document. The making of the Offer 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 and regulations of the relevant jurisdiction. Overseas Shareholders 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 Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares it has indicated in the Form of Acceptance is the aggregate number of Shares for which such nominee has received authorisations from the beneficial owners to accept the Offer on their behalf.
- (h) Any Independent Shareholders accepting the Offer 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 Offer in this Composite Document and in the Form of Acceptance shall include any extension and/or revision thereof.
- (j) All acceptances, instructions, authorities and undertakings given by the Independent Shareholders in the Form of Acceptance shall be irrevocable except as permitted under the Takeovers Code.
- (k) The English text of this Composite Document and the Form of Acceptance shall prevail over their respective Chinese text for the purpose of interpretation.
- (l) In making their decision, Independent Shareholders must rely on their own examination of the Offeror, the Group and the terms of the Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Form of Acceptance, shall not be construed as any legal or business advice on the part of the Offeror or persons acting in concert with it, the Company, Opus Capital, Red Sun, the Registrar or their respective professional advisers. The Independent Shareholders should consult their own professional advisers for professional advice.

## **9. NOMINEE REGISTRATION**

To ensure equality of treatment of all Independent Shareholders, those Independent Shareholders who hold Shares 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, whose investments are registered in the names of nominees, to accept the Offer, it is essential that they provide instructions of their intentions with regard to the Offer to their nominees.

**1. SUMMARY OF THE FINANCIAL INFORMATION**

The following is the summary of (i) the unaudited consolidated financial results of the Group for the six months ended 30 June 2019 as extracted from the announcement of the interim results of the Company for the six months ended 30 June 2019; and (ii) the audited consolidated financial results of the Group for each of the three years ended 31 December 2016, 2017 and 2018 as extracted from the annual reports of the Company for the three years ended 31 December 2016, 2017 and 2018, respectively.

	<b>For the six months ended 30 June 2019</b>	<b>For the year ended 31 December</b>		
	<b>2018</b>	<b>2017</b>	<b>2016</b>	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)	(audited)	(audited)
Revenue	288,178	530,232	216,587	37,042
Cost of sales	(227,536)	(372,107)	(207,619)	(28,654)
<b>Gross profit</b>	<u>60,642</u>	<u>158,125</u>	<u>8,968</u>	<u>8,388</u>
<b>(Loss)/profit before income tax</b>	<u>(9,395)</u>	<u>26,243</u>	<u>112,597</u>	<u>(90,409)</u>
Income tax (expense)/credit	(3,712)	(6,903)	11,224	(10,889)
<b>(Loss)/profit for the period/ year</b>	<u>(13,107)</u>	<u>19,340</u>	<u>123,821</u>	<u>(101,298)</u>
<b>(Loss)/profit for the period/ year, attributable to</b>				
— Owners of the Company	(11,339)	27,427	131,719	(101,136)
— Non-controlling interests	<u>(1,768)</u>	<u>(8,087)</u>	<u>(7,898)</u>	<u>(162)</u>
<b>Other comprehensive (loss)/ income, which may be reclassified subsequently to profit or loss</b>				
— Changes in fair value of available for-sale financial assets	—	—	209	9,669
— Currency translation differences	<u>(7,822)</u>	<u>(105,416)</u>	<u>122,141</u>	<u>(50,153)</u>
<b>Other comprehensive (loss)/ income for the period/year, net of tax</b>	<u>(7,822)</u>	<u>(105,416)</u>	<u>122,350</u>	<u>(40,484)</u>

	For the six months ended <b>30 June 2019</b> <i>HK\$'000</i> (unaudited)	For the year ended 31 December		
		<b>2018</b> <i>HK\$'000</i> (audited)	<b>2017</b> <i>HK\$'000</i> (audited)	<b>2016</b> <i>HK\$'000</i> (audited)
<b>Total comprehensive (loss)/ income for the period/year</b>	<u>(20,929)</u>	<u>(86,076)</u>	<u>246,171</u>	<u>(141,782)</u>
Total comprehensive (loss)/ income for the period/year, attributable to:				
— Owners of the Company	(19,404)	(76,811)	253,700	(141,626)
— Non-controlling interests	<u>(1,525)</u>	<u>(9,265)</u>	<u>(7,529)</u>	<u>(156)</u>
Basic and diluted (loss)/earning per share attributable to owners of the Company (expressed in HK\$ cents per share)	(0.10)	0.24	1.27	(0.99)
The amounts of dividends distributed to owners	—	—	—	—

The Group's consolidated financial statements as at and for each of the three years ended 31 December 2016, 2017 and 2018 had been audited by the Company's independent auditor, PricewaterhouseCoopers, with unqualified and unmodified opinions issued.

Except for gains on disposal of subsidiaries of HK\$212,334,000 in 2017, there was no other item of any income or expense which were material in the audited consolidated financial statements of the Group for each of the three financial years ended 31 December 2016, 2017 and 2018.

## 2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE THREE YEARS ENDED 31 DECEMBER 2016, 2017 AND 2018

The Company is required to set out or refer to in this Composite Document the consolidated statement of profit or loss, the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in (i) the audited consolidated financial statements of the Group for the year ended 31 December 2016 (the “**2016 Financial Statements**”); (ii) the audited consolidated financial statements of the Group for the year ended 31 December 2017 (the “**2017 Financial Statements**”); and (iii) the audited consolidated financial statements of the Group for the year ended 31 December 2018 (the “**2018 Financial Statements**”), together with the notes to the relevant published accounts which are of major relevance to the appreciation of the above financial information.



The 2016 Financial Statements are set out from page 52 to page 123 in the annual report of the Company for the year ended 31 December 2016 (the “**2016 Annual Report**”), which was published on 24 April 2017. The 2016 Annual Report is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://cmdrawin.today.ir.com>), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2017/0424/ltn20170424129.pdf>

The 2017 Financial Statements are set out from page 68 to page 153 in the 2017 annual report of the Company for the year ended 31 December 2017 (the “**2017 Annual Report**”), which was published on 30 April 2018. The 2017 Annual Report is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://cmdrawin.today.ir.com>), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0430/ltn20180430093.pdf>

The 2018 Financial Statements are set out from page 69 to page 195 in the 2018 annual report of the Company for the year ended 31 December 2018 (the “**2018 Annual Report**”), which was published on 24 April 2019. The 2018 Annual Report is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://cmdrawin.today.ir.com>), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0424/ltn201904241404.pdf>

The 2016 Financial Statements, the 2017 Financial Statements and the 2018 Financial Statements (but not any other part of the 2016 Annual Report, the 2017 Annual Report and the 2018 Annual Report in which they respectively appear) are incorporated by reference into this Composite Document and form part of this Composite Document.

### **3. UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2019**

The Company is required to set out or refer to in this Composite Document the consolidated statement of profit or loss and the consolidated statement of financial position as shown in the unaudited financial results of the Group for the six months ended 30 June 2019, together with the notes to the relevant published accounts which are of major relevance to the appreciation of the above financial information.

The announcement of the interim results of the Company for the six months ended 30 June 2019, which was issued on 9 August 2019, is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://cmdrawin.today.ir.com>), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0809/ltn20190809589.pdf>

The interim results of the Company for the six months ended 30 June 2019 are incorporated by reference into this Composite Document and form part of this Composite Document.



#### 4. INDEBTEDNESS STATEMENT

As at 30 June 2019, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had outstanding borrowings of approximately HK\$493,543,000 and lease liabilities of approximately HK\$29,905,000, details of which are set out below:

	Secured and guaranteed HK\$'000 (Unaudited)	Unsecured but guaranteed HK\$'000 (Unaudited)	Unguaranteed but secured HK\$'000 (Unaudited)	Unsecured and unguaranteed HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Borrowings					
— Bank borrowings	162,165	21,599	293,864	—	477,628
— Other borrowings	15,915	—	—	—	15,915
Lease liabilities	—	—	—	29,905	29,905
<b>Total</b>	<b>178,080</b>	<b>21,599</b>	<b>293,864</b>	<b>29,905</b>	<b>523,448</b>

As at 30 June 2019, a certificate of deposit of HK\$130,000,000 was pledged as collateral to secure bank borrowings of HK\$107,996,000. Certain property, plant and equipment and right-of-use assets of the Group were pledged to secure bank borrowings and other borrowings amounting to HK\$348,033,000 and HK\$15,915,000, respectively.

As disclosed above or as otherwise mentioned herein, and apart from intra-group liabilities and normal trade payables in the ordinary course of business, as at 30 June 2019, the Group did not have any debt securities issued and outstanding, or authorized or otherwise created but unissued, term loans, other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptance (other than normal trade bills) or acceptance credits or hire purchase commitments, mortgages and charges, guarantees or material contingent liabilities.

#### 5. MATERIAL CHANGE

The Directors confirmed that since 31 December 2018, being the date to which the latest published audited consolidated financial statements of the Company were made up, and up to and including the Latest Practicable Date, there had been no material change in the financial or trading position or outlook of the Group and the general trend of the business of the Group, save for (i) the disposal of 100% equity interest in a then wholly-owned subsidiary of the Company for a consideration of RMB70.0 million, which has not been completed up to the Latest Practicable Date and details of which are set out in the announcement of the Company dated on 20 May 2019; and (ii) the unaudited net loss for the period of approximately HK\$13.1 million recorded by the Group for the six months ended 30 June 2019 as set out in the interim results announcement of the Company dated 9 August 2019, comparing to the unaudited net profit for the period of approximately HK\$14.8 million in the corresponding period of 2018.

*The following is the text of letter and valuation report prepared for the purpose of incorporation in this Composite Document, received from Grant Sherman Appraisal Limited, an independent property valuer, in connection with their valuation as at 30 June 2019 of the property interests held by the Group in the People's Republic of China.*



Unit 1005, 10/F., Capital Centre,  
151 Gloucester Road,  
Wanchai,  
Hong Kong

12 August 2019

The Board of Directors  
China Minsheng DIT Group Limited  
Units 1001–1004, 10/F,  
One Pacific Place,  
88 Queensway,  
Hong Kong

Dear Sirs,

**Re.: Valuation of various real properties in the People's Republic of China (the "Properties")**

In accordance with your instructions to value the property interests held by China Minsheng DIT Group Limited (the "**Company**") and its subsidiaries (together referred to as the "**Group**") located in the People's Republic of China (the "**PRC**"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of such property interests as at 30 June 2019 (the "**Valuation Date**") for inclusion in the composite offer and response document jointly issued by the Company and Joy Bright Investments Limited dated 12 August 2019.

Our valuation is our opinion of market value which we would define as intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

Market value is understood as the value of a property estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

In valuing the property interests in Group I, which are held by the Group for self-occupation purpose in the PRC, we have adopted a combination of the market approach and cost approach in assessing the land portion of the property interests and the buildings and structures standing on the land respectively. Hence, the sum of the two results represents the market value of the Property as a whole. In the valuation of the land portion, we have adopted the market approach. The market approach provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available. As the nature of the buildings and structures cannot be valued on the basis of market value, they have therefore been valued by cost approach. The cost approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved. The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence.

In valuing the property interests in Group II and III, which are held by the Group for development and future development purposes in the PRC, we have adopted the market approach. The market approach provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available.

In valuing the property interests in Group IV, which is held by the Group for investment purpose in the PRC, we have adopted the income approach. The income approach provides an indication of value by converting future cash flow to a single current value. Under the income approach, the value of an asset is determined by reference to the value of income, cash flow or cost savings generated by the asset.

Our valuation has been made on the assumption that the owner sells the property interests on the market in its existing state without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to increase the values of the property interests. In addition, no forced sale situation in any manner is assumed in our valuation.

No allowance has been made in our valuation for any charge, mortgage or amount owing on the Properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

We have been provided with copies of extracts of title documents relating to the Properties. However, we have not conducted land searches on the Properties and we have not inspected the original documents to verify ownership or to verify any amendments which may not appear on the copies handed to us.

We have relied to a considerable extent on the information provided by the Company and have accepted advice given to us by the Company on matters such as statutory notices, easements, tenure, occupancy, floor areas, identification of the Properties and all other relevant matters. We have no reason to doubt the truth and accuracy of the information provided to us by the Company. We have relied on the Company's confirmation that no material fact has been omitted from the information so supplied. All documents have been used as reference only. All dimensions, measurements and areas are approximations. No on-site measurement has been taken.

In undertaking our valuation for the property interests, we have relied on the legal opinion (the "**PRC legal opinion**") provided by the Group's PRC legal adviser, DeHeng Law Offices dated 9 August 2019.

No environmental impact study has been ordered or made. Full compliance with applicable national, provincial and local environmental regulations and laws is assumed unless otherwise stated, defined, and considered in the valuation report. It is also assumed that all required licenses, consents, or other legislative or administrative authority from any local, provincial, or national government private entity or organization either have been or can be obtained or renewed for any use which the valuation report cover.

Our Mr. Lawrence Chan Ka Wah (MRICS MHKIS RPS(GP) MCIREA MHIREA RICS Registered Valuer), Mr. Ivan Mak (B.Sc.) and Mr. Tony Wong (M.Sc.) have inspected the Properties between 25 July 2019 and 8 August 2019. However, no structural survey has been carried out and it was not possible to inspect the wood work and other parts of the structures which were covered, unexposed or inaccessible. We are therefore, unable to report that the Properties are free of rot, infestation or any structural defect. No tests have been carried out on any of the building services.

We have not carried out investigations on site to determine the suitability of ground conditions and services etc. for any future development, nor have we undertaken any ecological or environmental surveys. Our valuations are prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during construction period.

In valuing the property interests, we have fully complied with the HKIS Valuation Standards 2017 published by The Hong Kong Institute of Surveyors (HKIS) and the requirements set out in Chapter 5 of and Practice Note 12 to the Rule Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and Rule 11 of the Code on Takeovers and Mergers issued by Securities and Futures Commission.

For the purpose of compliance with Rule 11.3 of the Code on Takeovers and Mergers and as advised by the Company, the potential tax liabilities which may arise from the sale of the Properties in the PRC include: (i) PRC business tax (equivalent to 5% of sales revenue), (ii) PRC land appreciation tax (equivalent to 30%-60% of the net appreciation amount) and (iii) PRC corporate income tax (25%). It is unlikely that such tax liability will be crystallised in the recent future as the Company has no intention to dispose of or transfer the relevant property interests. According to our established practice, in the course of our valuation, we have neither verified nor taken into account such tax liability.

Unless otherwise stated, all values are denominated in Renminbi (RMB). The exchange rates used in valuing the property interests are rates as at the Valuation Date, which was HK\$1: RMB0.88. There has been no significant fluctuation in the exchange rate for these currencies against Hong Kong Dollars between the Valuation Date and the date of this letter.

The English transliteration of the Chinese name(s) in this valuation report, where indicated by an asterisk (\*), is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).

We enclose herewith the summary of valuation together with the valuation report.

Respectfully submitted,  
For and on behalf of  
**GRANT SHERMAN APPRAISAL LIMITED**  
**Lawrence Chan Ka Wah**  
*MRICS MHKIS RPS(GP) MCIREA MHIREA*  
*RICS Registered Valuer*  
*Director*  
*Real Estate Group*

*Note:*

*Mr. Lawrence Chan Ka Wah is a member of the Royal Institution of Chartered Surveyors, a member of the Hong Kong Institute of Surveyors, Registered Professional Surveyors in the General Practice Section, a RICS Registered Valuer and a member of the China Institute of Real Estate Appraisers and Agents, who has over 16 years' experience in the valuation of properties in Hong Kong, Macau, the PRC and the Asian Rim.*

## SUMMARY OF VALUATIONS

Property	Market value in existing state as at 30 June 2019 RMB	Interest attributable to the Group	Market Value in existing state attributable to the Group as at 30 June 2019
<b>Group I — Property interests held by the Group for self-occupation purpose in the PRC</b>			
1. An industrial complex located on the southern side of Yunxiang Road, Xiuwu County Industrial Agglomeration Zone, Xiuwu County, Jiaozuo City, Henan Province, the PRC	RMB9,900,000 (equivalent to approximately HK\$11,300,000)	100%	RMB9,900,000 (equivalent to approximately HK\$11,300,000)
2. An industrial complex together with construction works in progress located on the northern side of eastern extension of Guanhe Road, Lishui Town, Nanhai District, Foshan City, Guangdong Province, the PRC	RMB53,700,000 (equivalent to approximately HK\$61,000,000)	100%	RMB53,700,000 (equivalent to approximately HK\$61,000,000)
3. An industrial complex located at No. 10 Zhongshi Road, Kaifu District, Changsha City, Hunan Province, the PRC	No commercial value	51%	Nil
4. An industrial complex located on the southern side Xiyan Road and the western side of Jingming Boulevard, Binjiang Development Zone, Jiangning District, Nanjing City, Jiangsu Province, the PRC	RMB196,900,000 (equivalent to approximately HK\$223,800,000)	97%	RMB191,000,000 (equivalent to approximately HK\$217,100,000)
5. An industrial complex located on the western side of Xin'an Road and southern side Songfeng Road, Songmu Industrial Park, Shigu District, Hengyang City, Hunan Province, the PRC	RMB37,000,000 (equivalent to approximately HK\$42,000,000)	100%	RMB37,000,000 (equivalent to approximately HK\$42,000,000)

Property	Market value in existing state as at 30 June 2019 RMB	Interest attributable to the Group	Market Value in existing state attributable to the Group as at 30 June 2019
6. An industrial complex together with construction works in progress located at Yungu Road, Xingang Industrial Park, Feixi County, Hefei City, Anhui Province, the PRC	RMB71,600,000 (equivalent to approximately HK\$81,400,000)	100%	RMB71,600,000 (equivalent to approximately HK\$81,400,000)
7. An industrial complex located at Huangsha Zone, Danshui Yangna Village, Huiyang County, Huizhou City, Guangdong Province, the PRC	RMB93,300,000 (equivalent to approximately HK\$106,000,000)	100%	RMB93,300,000 (equivalent to approximately HK\$106,000,000)
8. A land parcel located at Shaping Jiaodao, Kaifu District, Changsha City, Hunan Province, the PRC	RMB5,700,000 (equivalent to approximately HK\$6,500,000)	51%	RMB2,900,000 (equivalent to approximately HK\$3,300,000)
<b>Sub-total</b>	<b>RMB468,100,000</b> (equivalent to approximately <b>HK\$532,000,000</b> )		<b>RMB459,400,000</b> (equivalent to approximately <b>HK\$522,100,000</b> )

**Group II — Property interests held by the Group for development purpose in the PRC**

9. A construction site located at Qiaohe Industrial Park, Qijiang District, Chongqing City, the PRC	RMB16,700,000 (equivalent to approximately HK\$19,000,000)	100%	RMB16,700,000 (equivalent to approximately HK\$19,000,000)
10. A construction site located at No.28 Mucheng Avenue, Licha Town, Jiaozhou City, Shandong Province, the PRC	RMB16,100,000 (equivalent to approximately HK\$18,300,000)	51%	RMB8,200,000 (equivalent to approximately HK\$9,300,000)

Property	Market value in existing state as at 30 June 2019 RMB	Interest attributable to the Group	Market Value in existing state attributable to the Group as at 30 June 2019
11. A construction site located at Longquan Zone, Yuxi Hi-Tech Zone, Hongta District, Yuxi City, Yunnan Province, the PRC	RMB96,000,000 (equivalent to approximately HK\$109,100,000)	100%	RMB96,000,000 (equivalent to approximately HK\$109,100,000)
12. A construction site located on the southern side of Hongxing Road, Xiangtan Economic and Technology Development Zone, Yuhu District, Xiangtan City, Hunan Province, the PRC	RMB91,700,000 (equivalent to approximately HK\$104,200,000)	100%	RMB91,700,000 (equivalent to approximately HK\$104,200,000)
13. A construction site located at Xingfu Village and Xinnong Village, Wulongquan Street, Jiangxia District, Wuhan City, Hubei Province, the PRC	RMB25,400,000 (equivalent to approximately HK\$28,900,000)	100%	RMB25,400,000 (equivalent to approximately HK\$28,900,000)
14. A construction site located on the eastern side of Jiangnan Road West and the southern side of Yingbin Avenue, Lianshui County, Huai'an City, Jiangsu Province, the PRC	RMB41,000,000 (equivalent to approximately HK\$46,600,000)	100%	RMB41,000,000 (equivalent to approximately HK\$46,600,000)
15. A construction site located at Lot A0502-1, Yunlong Industrial Park, Qiongshan District, Haikou City, Hainan Province, the PRC	RMB53,100,000 (equivalent to approximately HK\$60,300,000)	80%	RMB42,500,000 (equivalent to approximately HK\$48,200,000)
<b>Sub-total</b>	<b>RMB340,000,000 (equivalent to approximately HK\$386,400,000)</b>		<b>RMB321,500,000 (equivalent to approximately HK\$365,300,000)</b>



Property	Market value in existing state as at 30 June 2019 RMB	Interest attributable to the Group	Market Value in existing state attributable to the Group as at 30 June 2019
<b>Group III — Property interests held by the Group for future development purpose in the PRC</b>			
16. A land parcel located at Qiaohu Industrial Park, Qijiang District, Chongqing City, the PRC	RMB6,400,000 (equivalent to approximately HK\$7,300,000)	100%	RMB6,400,000 (equivalent to approximately HK\$7,300,000)
<b>Group IV — Property interests held by the Group for investment purpose in the PRC</b>			
17. Various shops situated at South East Hong Kong Mall at the junction between the southern side of Gongye 2nd Road and the eastern side of Dongcheng 1st Road, Zouping Economic Development Zone, Zouping City, Shandong Province, the PRC	RMB14,700,000 (equivalent to approximately HK\$16,700,000)	100%	RMB14,700,000 (equivalent to approximately HK\$16,700,000)
<b>Grand-total</b>	<b>RMB829,200,000</b> (equivalent to approximately <u>HK\$942,400,000</u> )		<b>RMB802,000,000</b> (equivalent to approximately <u>HK\$911,400,000</u> )

## VALUATION REPORT

## Group I — Property interests held by the Group for self-occupation in the PRC

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 30 June 2019	Interest attributable to the Group	Market Value in existing state attributable to the Group as at 30 June 2019
1. An industrial complex located on the southern side of Yunxiang Road, Xiuwu County Industrial Agglomeration Zone, Xiuwu County, Jiaozuo City, Henan Province, the PRC	<p>The Property comprises a parcel of land together with four single to 5-storey industrial and ancillary buildings completed in 2019 erected thereon.</p> <p>The Property has a site area and total gross floor area of approximately 53,467.26 and 22,590.35 sq.m. respectively.</p> <p>The land use rights of the Property were granted for a term expiring on 30 July 2068 for industrial use.</p>	The Property was owner-occupied for industrial use as at the Valuation Date.	RMB9,900,000 (equivalent to approximately HK\$11,300,000)	100%	RMB9,900,000 (equivalent to approximately HK\$11,300,000)

## Notes:

- Pursuant to a Real Estate Ownership Certificate (Document No. Yu (2018)Xiu Wu Xian Bu Dong Chan Quan Zheng No. 0002183), the land use rights of the Property with a site area of approximately 53,467.26 sq.m. were granted to China Minsheng Drawin Technology (Jianzuo) Limited\* (中民築友科技(焦作)有限公司) for a term expiring on 30 July 2068 for industrial use.
- According to the information provided by the Company, the Property comprises four single to 5-storey industrial and ancillary buildings with a total gross floor area of approximately 22,590.35 sq.m. without Real Estate Ownership Certificates. In the course of our valuation, we have ascribed no commercial value to these buildings due to the absence of the Real Estate Ownership Certificates, hence these buildings are not entitled to be transferred, leased and mortgaged.

However, for indicative purpose, the depreciated replacement cost of these buildings as at the Valuation Date is RMB74,500,000 (equivalent to approximately HK\$84,700,000) by assuming that the building has obtained the relevant title documents and are legal transferrable in the market.

- China Minsheng Drawin Technology (Jianzuo) Limited is a company incorporated in the PRC and an indirectly wholly-owned subsidiary of the Company which owns the entire interest of the Property.
- The Property is situated at Xunfeng Town industrial area of Xiuwu County, buildings in the locality are low to medium-rise industrial complexes and residential/commercial buildings. Xiuwu West Railway Station and Zhengzhou Xinzheng International Airport are about 10-minute and 1-hour driving distance from the Property respectively. Taxis and buses are accessible to the Property.

5. The unit rate of industrial land parcel in the locality as at the Valuation Date is in the range of RMB180 per sq.m. to RMB200 per sq.m.
6. We have been provided with a legal opinion on the Property prepared by the Group's PRC legal adviser, DeHeng Law Offices dated 9 August 2019, which contains, inter alia, the following information:
- (a) China Minsheng Drawin Technology (Jianzuo) Limited is the owner of the Property and is entitled to transfer, occupy, lease and mortgage the Property;
  - (b) the Property is free from any mortgages, charges and legal encumbrances which may cause adverse effects on the ownership of the Property; and
  - (c) the following legal documents were obtained:
    - i. Real Estate Ownership Certificate Yes, but for the land parcel only
    - ii. Construction Land Planning Permit Yes
    - iii. Construction Works Planning Permit Yes
    - iv. Construction Works Commencement No

## VALUATION REPORT

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 30 June 2019	Interest attributable to the Group	Market Value in existing state attributable to the Group as at 30 June 2019
2. An industrial complex together with construction works in progress located on the northern side of eastern extension of Guanhe Road, Lishui Town, Nanhai District, Foshan City, Guangdong Province, the PRC	<p>The Property comprises a parcel of land together with a single-storey industrial buildings completed in 2018 and construction works in progress erected thereon.</p> <p>The Property has a site area and gross floor area of approximately 82,065.8 and 18,637 sq.m. respectively.</p> <p>The land use rights of the Property were granted for a term expiring on 14 November 2066 for industrial use.</p>	The Property was under construction as at the Valuation Date.	RMB53,700,000 (equivalent to approximately HK\$61,000,000)	100%	RMB53,700,000 (equivalent to approximately HK\$61,000,000)

*Notes:*

- Pursuant to a Real Estate Ownership Certificate (Document No. Yue (2017)Fo Nan Bu Dong Chan Quan No. 0011941), the land use rights of the Property with a site area of approximately 82,065.8 sq.m. were granted to China Minsheng Drawn Technology (Foshan) Limited\* (中民築友科技(佛山)有限公司) for a term expiring on 14 November 2066 for industrial use.
- According to the information provided by the Company, the Property comprises a single-storey industrial building with a gross floor area of approximately 18,637 sq.m. without Real Estate Ownership Certificates. In the course of our valuation, we have ascribed no commercial value to this building due to the absence of the Real Estate Ownership Certificate, hence this building is not entitled to be transferred, leased and mortgaged.  
  
However, for indicative purpose, the depreciated replacement cost of this building as at the Valuation Date is RMB68,300,000 (equivalent to approximately HK\$77,600,000) by assuming that the building has obtained the relevant title documents and is legal transferrable in the market.
- According to the information provided by the Company, the Property comprises a 5-storey ancillary office building with a gross floor area of approximately 4,442.63 sq.m. under construction as at the Valuation Date. The incurred construction cost of this building (excluding the land cost) as at the Valuation Date is approximately RMB8,147,910.24. This building is estimated to be completed in late 2019.
- China Minsheng Drawn Technology (Foshan) Limited is a company incorporated in the PRC and an indirectly wholly-owned subsidiary of the Company which owns the entire interest of the Property.
- The Property is situated at Guangdong Province, northern side of Foshan City, the surrounding buildings in the locality are low to medium-rise industrial complexes and some residential/commercial buildings. Guangzhou Baiyun International Airport is about 1-hour driving distance from the Property.

6. The unit rate of industrial land parcel in the locality as at the Valuation Date is in the range of RMB600 per sq.m. to RMB800 per sq.m.
7. We have been provided with a legal opinion on the Property prepared by the Group's PRC legal adviser, DeHeng Law Offices dated 9 August 2019, which contains, inter alia, the following information:
  - (a) China Minsheng Drawn Technology (Foshan) Limited is the owner of the Property and is entitled to transfer, occupy, lease and mortgage the Property;
  - (b) the Property is subject to a mortgage in favour of Lishui Branch of Guangdong Nanhai Rural Commercial Bank Corporation Limited;
  - (c) the Property is free from any mortgages, charges and legal encumbrances which may cause adverse effects on the ownership of the Property save and except the mortgage stated in Note 7(b); and
  - (d) the following legal documents were obtained:
    - i. Real Estate Ownership Certificate Yes, but for the land parcel only
    - ii. Construction Land Planning Permit Yes
    - iii. Construction Works Planning Permit Yes
    - iv. Construction Works Commencement Yes

## VALUATION REPORT

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 30 June 2019	Interest attributable to the Group	Market Value in existing state attributable to the Group as at 30 June 2019
3. An industrial complex located at No. 10 Zhongshi Road, Kaifu District, Changsha City, Hunan Province, the PRC	<p>The Property comprises a parcel of land together with five single to 6-storey industrial and ancillary buildings completed in about 2017 erected thereon.</p> <p>The Property has a site area and total gross floor area of approximately 234,979.31 and 55,767.08 sq.m. respectively.</p> <p>The land use rights of the Property were granted for a term expiring on 26 December 2064 for industrial use.</p>	The Property was owner-occupied for industrial use as at the Valuation Date.	No commercial value	51%	Nil

## Notes:

- Pursuant to 5 Real Estate Ownership Certificates, the land use rights of the Property with a site area of approximately 234,979.31 sq.m. were granted to China Minsheng Drawin Limited\* (中民築友有限公司) for a term expiring on 26 December 2064 for industrial use.

Moreover, the ownership of 5 buildings of the Property with a total gross floor area of approximately 55,767.08 sq.m. was vested in China Minsheng Drawin Limited. The detailed breakdowns are as followings:

Real Estate Ownership Certificates (Document Nos.)	Use	Approximate Gross Floor Area (sq.m.)	No. of storey(s)
Xiang (2017) Chang Sha Shi Bu Dong Chan Quan No. 0359949	Office	7,586.08	6
Xiang (2017) Chang Sha Shi Bu Dong Chan Quan No. 0359934	Dormitory	5,668.95	6
Xiang (2017) Chang Sha Shi Bu Dong Chan Quan No. 0360117	Warehouse	3,334.48	2
Xiang (2017) Chang Sha Shi Bu Dong Chan Quan No. 0359923	Research Centre	5,743.91	2
Xiang (2017) Chang Sha Shi Bu Dong Chan Quan No. 0360052	Workshop	33,433.66	1
<b>Total:</b>		<u>55,767.08</u>	

- According to a Supplementary Agreement entered into between China Minsheng Technology Investment Limited\* (中民築友科技投資有限公司) (Party A), China Minsheng Drawin Limited (Party B), the details of which is set out in Note 6 below and Changsha China Minsheng DIT Limited\* (長沙中民築友智造科技有限有限公司) (Party C) the details of which is set out in Note 4 below, dated 8 January 2018, the occupation and use of the Property by Party C is agreed by Party B at nil cost.

3. According to the information provided by Party B, Party B intended to transfer the ownership of the Property from Party B to Party C at nil cost. Subject to completion of such transfer, the registered owner stated in the Real Estate Ownership Certificates stated in Note 1 above will be revised from Party B to Party C in accordance with the procedures regulated by the relevant government organizations in the PRC.
4. Changsha China Minsheng DIT Limited is a company incorporated in the PRC and Changsha China Minsheng DIT Limited\* (長沙中民築友智造科技有限公司), is an indirectly 51% owned subsidiary of the Company which owns the entire interest of the Property.
5. According to information provided by the Company, the Property comprises various structures under construction as at the Valuation Date. The incurred construction cost as at the Valuation Date is approximately RMB1,346,076.
6. According to the information provided by the Company, China Minsheng Drawin Limited is an indirectly wholly-owned subsidiary of China Minsheng Drawin Technology Industry Limited\* (中民築友科技產業有限公司), which is a connected party of the Company.
7. China Minsheng Drawin Limited is not a subsidiary of the Company, hence the Company is not entitled to transfer, leased and mortgaged the Property.

However, for indicative purpose, the market value of the Property as at the Valuation Date is RMB509,300,000 (equivalent to approximately HK\$578,800,000) and the market value in existing state attributable to the Group as at the Valuation Date is RMB259,700,000 (equivalent to approximately HK\$295,200,000) by assuming the Property has obtained the relevant title documents under the name of Changsha China Minsheng DIT Limited and is legally transferable in the market.

8. The Property is situated at Hunan Province, north-eastern side of Changsha City, while the surrounding buildings in the locality are low to medium-rise industrial complexes and residential/commercial buildings. Changsha North railway station and Changsha Huanghua International Airport are about 15-minute and 40-minute driving distance from the Property respectively. Taxis and buses are accessible to the Property.
9. The unit rate of industrial land parcel in the locality as at the Valuation Date is in the range of RMB800 per sq.m. to RMB1,300 per sq.m.
10. We have been provided with a legal opinion on the Property prepared by the Group's PRC legal adviser, DeHeng Law Offices dated 9 August 2019, which contains, inter alia, the following information:
  - (a) Changsha China Minsheng DIT Limited is entitled to use and occupy the Property;
  - (b) Changsha China Minsheng DIT Limited is not entitled to transfer, lease and mortgage the Property;
  - (c) the Property is subject to a mortgage in favour of Xiangjiang Branch of China Construction Bank;
  - (d) the Property is free from any mortgages, charges and legal encumbrances which may cause adverse effects on the ownership of the Property save and except the mortgage stated in Note 10(c); and
  - (e) the following legal documents were obtained:
 

i. Real Estate Ownership Certificate	Yes
ii. Construction Land Planning Permit	Yes
iii. Construction Works Planning Permit	Yes
iv. Construction Works Commencement	Yes
  - (f) There are no foreseeable legal impediment in transferral the Property from China Minsheng Drawin Limited to Changsha China Minsheng DIT Limited and application for Real Estate Ownership Certificates under the name of Changsha China Minsheng DIT Limited upon completion of the transferal the Property.

## VALUATION REPORT

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 30 June 2019	Interest attributable to the Group	Market Value in existing state attributable to the Group as at 30 June 2019
4. An industrial complex located on the southern side Xiyan Road and the western side of Jingming Boulevard, Binjiang Development Zone, Jiangning District, Nanjing City, Jiangsu Province, the PRC	<p>The Property comprises a parcel of land together with two single to 5-storey industrial and ancillary buildings completed in about 2016 erected thereon.</p> <p>The Property has a site area and gross floor area of approximately 100,838.44 and 40,253.54 sq.m. respectively.</p> <p>The land use rights of the Property were granted for a term expiring on 19 May 2066 for industrial use.</p>	The Property was owner-occupied for industrial use as at the Valuation Date.	RMB196,900,000 (equivalent to approximately HK\$223,800,000)	97%	RMB191,000,000 (equivalent to approximately HK\$217,100,000)

*Notes:*

- Pursuant to a Real Estate Ownership Certificate (Document No. Su (2018) Ning Jiang Bu Dong Chan Quan No. 0005413), the land use rights of the Property with a site area of approximately 100,838.44 sq.m. were granted to China Minsheng Drawin Technology (Jiangsu) Limited\* (中民樂友科技(江蘇)有限公司) for a term expiring on 26 December 2064 for industrial use.

Moreover, the ownership of the buildings of the Property with a gross floor area of approximately 40,253.54 sq.m. was vested in China Minsheng Drawin Technology (Jiangsu) Limited.

- China Minsheng Drawin Technology (Jiangsu) Limited is a company incorporated in the PRC and an indirectly 97% owned subsidiary of the Company which owns the entire interest of the Property.
- The subject Property is situated at Jiangsu Province, south-western side of Nanjing City, while the surrounding buildings in the locality are mainly low to medium-rise industrial complexes and commercial buildings. Jiangning West Railway Station and Nanjing Lukou International Airport are about 15-minute and 1-hour driving distance from the Property respectively.
- The unit rate of industrial land parcel in the locality as at the Valuation Date is in the range of RMB600 per sq.m. to RMB700 per sq.m.
- We have been provided with a legal opinion on the Property prepared by the Group's PRC legal adviser, DeHeng Law Offices dated 9 August 2019, which contains, inter alia, the following information:
  - China Minsheng Drawin Technology (Jiangsu) Limited is the owner of the Property and is entitled to transfer, occupy, lease and mortgage the Property;
  - the Property is subject to a mortgage in favour of Nanjing Chengxi Branch of Jiangsu Bank Corporation Limited; and
  - the Property is free from any mortgages, charges and legal encumbrances which may cause adverse effects on the ownership of the Property save and except the mortgage stated in Note 5(b).



## VALUATION REPORT

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 30 June 2019	Interest attributable to the Group	Market Value in existing state attributable to the Group as at 30 June 2019
5. An industrial complex located on the western side of Xin'an Road and southern side Songfeng Road, Songmu Industrial Park, Shigu District, Hengyang City, Hunan Province, the PRC	<p>The Property comprises a parcel of land together with three single to 5-storey industrial buildings completed in 2018 erected thereon.</p> <p>The Property has a site area and gross floor area of approximately 100,000.11 and 54,119.56 sq.m. respectively.</p> <p>The land use rights of the Property were granted for a term expiring on 7 March 2066 for industrial use.</p>	The Property was owner-occupied for industrial use as at the Valuation Date.	RMB37,000,000 (equivalent to approximately HK\$42,000,000)	100%	RMB37,000,000 (equivalent to approximately HK\$42,000,000)

## Notes:

- Pursuant to a State Owned Land Use Rights Certificate (Document No. Heng Guo Yong (2016)No. 035), the land use rights of the Property with a site area of approximately 100,000.11 sq.m. were granted to Hengyang China Minsheng DIT Limited\* (衡陽中民築友智造科技有限公司) for a term expiring on 7 March 2066 for industrial use.
- According to the information provided by the Company, the Property comprises three single to 5-storey industrial buildings with a gross floor area of approximately 54,119.56 sq.m. without Real Estate Ownership Certificates. In the course of our valuation, we have ascribed no commercial value to these buildings due to the absence of the Real Estate Ownership Certificates, hence these buildings are not entitled to be transferred, leased and mortgaged.  
  
However, for indicative purpose, the depreciated replacement cost of these buildings as at the Valuation Date is RMB167,700,000 (equivalent to approximately HK\$190,600,000) by assuming that the buildings have obtained the relevant title documents and is legal transferrable in the market.
- Hengyang China Minsheng DIT Limited is a company incorporated in the PRC and an indirectly wholly-owned subsidiary of the Company which owns the entire interest of the Property.
- The subject Property is situated at Hunan Province, north-eastern side of Hengyang City, the surrounding buildings in the locality are mainly low to medium-rise industrial complexes and commercial buildings. Hengyang Railway Station railway station and Hengyang Nanyue Airport are about 30-minute and 50-minute driving distance from the Property respectively.

5. The unit rate of industrial land parcel in the locality as at the Valuation Date is in the range of RMB350 per sq.m. to RMB400 per sq.m.
6. We have been provided with a legal opinion on the Property prepared by the Group's PRC legal adviser, DeHeng Law Offices dated 9 August 2019, which contains, inter alia, the following information:
- (a) Hengyang China Minsheng DIT Limited is the owner of the Property and is entitled to transfer, occupy, lease and mortgage the Property;
  - (b) the Property is subject to a mortgage in favour of Hengyang Branch of Bank of China Corporation Limited;
  - (c) the Property is free from any mortgages, charges and legal encumbrances which may cause adverse effects on the ownership of the Property save and except the mortgage stated in Note 6(b); and
  - (d) the following legal documents were obtained:
    - i. State Owned Land Use Rights Yes
    - ii. Construction Land Planning Permit Yes
    - iii. Construction Works Planning Permit Yes
    - iv. Construction Works Commencement Yes

## VALUATION REPORT

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 30 June 2019	Interest attributable to the Group	Market Value in existing state attributable to the Group as at 30 June 2019
6. An industrial complex together with construction works in progress located at Yungu Road, Xingang Industrial Park, Feixi County, Hefei City, Anhui Province, the PRC	<p>The Property comprises a parcel of land together with a single-storey industrial buildings completed in 2019 and construction works in progress erected thereon.</p> <p>The Property has a site area and gross floor area of approximately 102,643.8 and 22,397 sq.m. respectively.</p> <p>The land use rights of the Property were granted for a term expiring on 19 July 2067 for industrial use.</p>	The Property was under construction as at the Valuation Date.	RMB71,600,000 (equivalent to approximately HK\$81,400,000)	100%	RMB71,600,000 (equivalent to approximately HK\$81,400,000)

*Notes:*

- Pursuant to a Real Estate Ownership Certificate (Document No. Wan (2017)Fei Xi Bu Dong Chan Quan No. 0015333), the land use rights of the Property with a site area of approximately 102,643.8 sq.m. were granted to Hefei China Minsheng DIT Limited\* (合肥中民築友智造科技有限公司) for a term expiring on 19 July 2067 for industrial use.
- According to the information provided by the Company, the Property comprises a single-storey industrial building with a gross floor area of approximately 22,397 sq.m. without Real Estate Ownership Certificates. In the course of our valuation, we have ascribed no commercial value to this building due to the absence of the Real Estate Ownership Certificate, hence this building is not entitled to be transferred, leased and mortgaged.  
  
However, for indicative purpose, the depreciated replacement cost of this building as at the Valuation Date is RMB80,600,000 (equivalent to approximately HK\$91,600,000) by assuming that the building has obtained the relevant title documents and is legal transferrable in the market.
- According to the information provided by the Company, the Property comprises an ancillary office building and a warehouse with a gross floor area of approximately 5,240.82 sq.m. under construction as at the Valuation Date. The incurred construction cost of these buildings (excluding the land cost) as at the Valuation Date is approximately RMB33,247,542.
- Hefei China Minsheng DIT Limited is a company incorporated in the PRC and an indirectly wholly-owned subsidiary of the Company which owns the entire interest of the Property.
- The Property is situated at Anhui Province, southern side of Hefei City, the surrounding buildings in the locality are mainly low to medium-rise industrial complexes and commercial/residential building. Hefei Railway Station railway station and Hefei Xinqiao International Airport are about 50 minute driving distance from the subject property. Taxis and buses are accessible to the Property.

6. The unit rate of industrial land parcel in the locality as at the Valuation Date is in the range of RMB250 per sq.m. to RMB400 per sq.m.
7. We have been provided with a legal opinion on the Property prepared by the Group's PRC legal adviser, DeHeng Law Offices dated 9 August 2019, which contains, inter alia, the following information:
- (a) Hefei China Minsheng DIT Limited is the owner of the Property and is entitled to transfer, occupy, lease and mortgage the Property;
  - (b) the Property is subject to a mortgage in favour of Hefei Economic and Technology Development Zone Branch of China Construction Bank Corporation Limited.
  - (c) the Property is free from any mortgages, charges and legal encumbrances which may cause adverse effects on the ownership of the Property save and except the mortgage stated in Note 7(b); and
  - (d) the following legal documents were obtained:
    - i. Real Estate Ownership Certificate Yes
    - ii. Construction Land Planning Permit Yes
    - iii. Construction Works Planning Permit Yes
    - iv. Construction Works Commencement Yes

## VALUATION REPORT

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 30 June 2019	Interest attributable to the Group	Market Value in existing state attributable to the Group as at 30 June 2019
7. An industrial complex located at Huangsha Zone, Danshui Yangna Village, Huiyang County, Huizhou City, Guangdong Province, the PRC	<p>The Property comprises a parcel of land together with two single-storey industrial and ancillary buildings completed in 2010s erected thereon.</p> <p>The Property has a site area and total gross floor area of approximately 40,595 and 22,283.72 sq.m. respectively.</p> <p>The land use rights of the Property were granted for a term expiring on 26 June 2058 for industrial use.</p>	The Property was owner-occupied for industrial use as at the Valuation Date.	RMB93,300,000 (equivalent to approximately HK\$106,000,000)	100%	RMB93,300,000 (equivalent to approximately HK\$106,000,000)

## Notes:

- Pursuant to 2 Real Estate Ownership Certificates, the land use rights of the Property with a site area of approximately 40,595 sq.m. were granted to Guangdong Minsheng Drawin Technology Limited\* (廣東中民築友科技有限公司) for a term expiring on 26 June 2058 for industrial use.

Moreover, the ownership of the buildings of the Property with a total gross floor area of approximately 22,283.72 sq.m. was vested in Guangdong Minsheng Drawin Technology Limited\*. The detailed breakdowns are as followings:

Real Estate Ownership Certificates (Document Nos.)	Use	Approximate Gross Floor Area (sq.m.)	No. of storey(s)
Yue Fang Di Quan Zheng Hui Zhou Zi No. 1110192949	Workshop	14,163.32	1
Yue Fang Di Quan Zheng Hui Zhou Zi No. 1110192950	Workshop	<u>8,120.40</u>	1
<b>Total:</b>		<u><u>22,283.72</u></u>	

- According to the information provided by the Company, the Property comprises a single-storey power room with a gross floor area of approximately 408 sq.m. without Real Estate Ownership Certificate. In the course of our valuation, we have ascribed no commercial value to this building due to the absence of the Real Estate Ownership Certificate, hence this building is not entitled to be transferred, leased and mortgaged.

However, for indicative purpose, the depreciated replacement cost of this building as at the Valuation Date is RMB800,000 (equivalent to approximately HK\$900,000) by assuming that the building has obtained the relevant title documents and is legal transferrable in the market.

- Guangdong Minsheng Drawin Technology Limited is a company incorporated in the PRC and an indirectly wholly-owned subsidiary of the Company which owns the entire interest of the Property.

4. The subject property is situated at Guangdong Province, southern side of Huizhou City, the surrounding buildings in the locality are mainly low to medium-rise industrial complexes, commercial buildings and hotels. Huizhou South railway station is about 30-minute driving distance from the subject property. Taxi service is accessible to the Property.
5. The unit rate of industrial land parcel in the locality as at the Valuation Date is in the range of RMB800 per sq.m. to RMB1,300 per sq.m.
6. We have been provided with a legal opinion on the Property prepared by the Group's PRC legal adviser, DeHeng Law Offices dated 9 August 2019, which contains, inter alia, the following information:
  - (a) Guangdong Minsheng Drawin Technology Limited is the owner of the Property and is entitled to transfer, occupy, lease and mortgage the Property;
  - (b) The Property is subject to a mortgage in favour of Xiangjiang Branch of China Construction Bank; and
  - (c) the Property is free from any mortgages, charges and legal encumbrances which may cause adverse effects on the ownership of the Property, save and except the mortgage stated in Note 6(b).

## VALUATION REPORT

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 30 June 2019	Interest attributable to the Group	Market Value in existing state attributable to the Group as at 30 June 2019
8. A land parcel located at Shaping Jiaodao, Kaifu District, Changsha City, Hunan Province, the PRC	<p>The Property comprises a land parcel with a site area of approximately 4,478.09 sq.m.</p> <p>The land use rights of the Property were granted for terms expiring on 26 December 2064 for industrial use.</p>	The Property was owner-occupied for open storage use as at the Valuation Date.	RMB5,700,000 (equivalent to approximately HK\$6,500,000)	51%	RMB2,900,000 (equivalent to approximately HK\$3,300,000)

*Notes:*

- Pursuant to a Real Estate Ownership Certificate (Document No. Xiang (2019) Chang Sha Shi Bu Dong Chan Quan Zheng No. 0076475), the land use rights of the Property with a site area of approximately 4,478.09 sq.m. were granted to Changsha China Minsheng DIT Limited\* (長沙中民築友智造科技有限公司) for a term expiring on 26 December 2064 for industrial use.
- Changsha China Minsheng DIT Limited is a company incorporated in the PRC and an indirectly 51% owned subsidiary of the Company which owns the entire interest of the Property.
- The Property is situated at Hunan Province, north-eastern side of Changsha City, while the surrounding buildings in the locality are low to medium-rise industrial complexes and some residential/commercial buildings. Changsha North railway station and Changsha Huanghua International Airport are about 15-minute and 40-minute driving distance from the subject property respectively. Taxis and buses are accessible to the Property.
- The unit rate of industrial land parcel in the locality as at the Valuation Date is in the range of RMB800 per sq.m. to RMB1,300 per sq.m.

5. We have been provided with a legal opinion on the Property prepared by the Group's PRC legal adviser, DeHeng Law Offices dated 9 August 2019, which contains, inter alia, the following information:
- (a) Changsha China Minsheng DIT Limited is the owner of the Property and is entitled to transfer, occupy, lease and mortgage the Property;
  - (b) the Property is free from any mortgages, charges and legal encumbrances which may cause adverse effects on the ownership of the Property; and
  - (c) the following legal documents were obtained:
    - i. Real Estate Ownership Certificate Yes
    - ii. Construction Land Planning Permit No
    - iii. Construction Works Planning Permit No
    - iv. Construction Works Commencement No



## VALUATION REPORT

## Group II — Property interests held by the Group for development purpose in the PRC

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 30 June 2019	Interest attributable to the Group	Market Value in existing state attributable to the Group as at 30 June 2019
9. A construction site located at Qiaohe Industrial Park, Qijiang District, Chongqing City, the PRC	<p>The Property comprises a land parcel with a site area of approximately 60,039.73 sq.m.</p> <p>As advised by the Company, the Property will be developed into an industrial complex with a total estimated gross floor area of approximately 42,448.38 sq.m.</p> <p>The land use rights of the Property were granted for terms expiring on 7 March 2068 for industrial use.</p>	The Property was under construction as at the Valuation Date.	RMB16,700,000 (equivalent to approximately HK\$19,000,000)	100%	RMB16,700,000 (equivalent to approximately HK\$19,000,000)

## Notes:

- Pursuant to a Real Estate Ownership Certificate (Document No. Yu (2018) Qi Jiang Bu Dong Chan Quan No. 000352376), the land use rights of the Property with a site area of approximately 60,039.73 sq.m. were granted to Chongqing Shi Qijiang Qu China Minsheng Drawin Technology Limited\* (重慶市綦江區中民築友科技有限公司) for a term expiring on 7 March 2068 for industrial use.
- According to the development proposal provided by the Company, the proposed development will comprise an industrial complex with a total gross floor area of approximately 42,448.38 sq.m.
- According to information provided by the Company, the incurred construction cost and estimated total construction cost of the Property together with property no.16 (excluding the land cost) as at the Valuation Date are approximately RMB3,064,467 and RMB68,000,000 respectively. The development is estimated to be completed in 2020. For indicative purpose, the market value of the Property together with property no.16 is RMB87,900,000 (equivalent to approximately HK\$99,900,000) by assuming the development of the Property has been completed as at the Valuation Date.
- Chongqing Shi Qijiang Qu China Minsheng Drawin Technology Limited is a company incorporated in the PRC and an indirectly wholly-owned subsidiary of the Company which owns the entire interest of the Property.
- The Property is situated at Chongqing City Qiaohe industrial area, the surrounding buildings in the locality are mainly low to medium-rise industrial complexes and residential/commercial buildings. Chongqing West Railway Station and Qingdao Liuting International Airport are about 1 hour and 1.5 hour driving distance from the Property respectively. Taxi service is accessible to the Property.
- The unit rate of industrial land parcel in the locality as at the Valuation Date is in the range of RMB200 per sq.m. to RMB300 per sq.m.

7. We have been provided with a legal opinion on the Property prepared by the Group's PRC legal adviser, DeHeng Law Offices dated 9 August 2019, which contains, inter alia, the following information:
- (a) Chongqing Shi Qijiang Qu China Minsheng Drawin Technology Limited is the owner of the Property and is entitled to transfer, occupy, lease and mortgage the Property;
  - (b) the Property is subject to a mortgage in favour of Changsha Sifangping Branch of China Construction Bank;
  - (c) the Property is free from any mortgages, charges and legal encumbrances which may cause adverse effects on the ownership of the Property save and except the mortgage stated in Note 7(b); and
  - (d) the following legal documents were obtained:
    - i. Real Estate Ownership Certificate Yes
    - ii. Construction Land Planning Permit Yes
    - iii. Construction Works Planning Permit No
    - iv. Construction Works Commencement No

## VALUATION REPORT

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 30 June 2019	Interest attributable to the Group	Market Value in existing state attributable to the Group as at 30 June 2019
10. A construction site located at No.28 Mucheng Avenue, Licha Town, Jiaozhou City, Shandong Province, the PRC	<p>The Property comprises a land parcel with a site area of approximately 61,745 sq.m.</p> <p>As advised by the Company, the Property will be developed into an industrial complex with a total estimated gross floor area of approximately 35,087 sq.m.</p> <p>The land use rights of the Property were granted for terms expiring on 22 April 2063 for industrial use.</p>	The Property was under construction as at the Valuation Date.	RMB16,100,000 (equivalent to approximately HK\$18,300,000)	51%	RMB8,200,000 (equivalent to approximately HK\$9,300,000)

*Notes:*

- Pursuant to a Real Estate Ownership Certificate (Document No. Lu (2017) Jiao Zhou Shi Bu Dong Chan Quan No. 0019492), the land use rights of the Property with a site area of approximately 35,087 sq.m. were granted to China Minsheng Drawin Technology (Jinozhou) Limited\* (中民築友科技(膠州)有限公司) for a term expiring on 22 April 2063 for industrial use.
- According to the development proposal provided by the Company, the proposed development will comprise an industrial complex with a total gross floor area of approximately 35,087 sq.m.
- According to information provided by the Company, the incurred construction cost and estimated total construction cost of the Property (excluding the land cost) as at the Valuation Date are approximately RMB63,306,516 and RMB80,000,000 respectively. The development is estimated to be completed in late 2019. For indicative purpose, the market value of the Property is RMB96,100,000 (equivalent to approximately HK\$109,200,000) by assuming the development of the Property has been completed as at the Valuation Date.
- China Minsheng Drawin Technology (Jinozhou) Limited is a company incorporated in the PRC and an indirectly wholly-owned subsidiary of the Company which owns the entire interest of the Property.
- The Property is situated at Shandong Province, south-western side of Jiaozhou City, the surrounding buildings in the locality are low to medium-rise industrial complexes and some residential/commercial buildings. Jiaozhou Railway Station and Qingdao Liuting International Airport are about 50 minute and 1-hour driving distance from the Property respectively. Taxis and buses are accessible to the Property.
- The unit rate of industrial land parcel in the locality as at the Valuation Date is in the range of RMB200 per sq.m. to RMB300 per sq.m.

7. We have been provided with a legal opinion on the Property prepared by the Group's PRC legal adviser, DeHeng Law Offices dated 9 August 2019, which contains, inter alia, the following information:
- (a) China Minsheng Drawin Technology (Jinozhou) Limited is the owner of the Property and is entitled to transfer, occupy, lease and mortgage the Property;
  - (b) the Property is free from any mortgages, charges and legal encumbrances which may cause adverse effects on the ownership of the Property; and
  - (c) the following legal documents were obtained:
    - i. Real Estate Ownership Certificate Yes
    - ii. Construction Land Planning Permit Yes
    - iii. Construction Works Planning Permit Yes
    - iv. Construction Works Commencement Yes

## VALUATION REPORT

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 30 June 2019	Interest attributable to the Group	Market Value in existing state attributable to the Group as at 30 June 2019
11. A construction site located at Longquan Zone, Yuxi Hi-Tech Zone, Yuxi City, Yunnan Province, the PRC	<p>The Property comprises two land parcel with a total site area of approximately 82,705.57 sq.m.</p> <p>The land use rights of the Property were granted for various terms with the latest expiry date on 2 March 2068 for industrial use.</p>	The Property was owner-occupied for industrial and ancillary uses as at the Valuation Date.	RMB96,000,000 (equivalent to approximately HK\$109,100,000)	100%	RMB96,000,000 (equivalent to approximately HK\$109,100,000)

*Notes:*

- Pursuant to two Real Estate Ownership Certificates (Document Nos. Yun (2018) Jiang Chuan Qu Bu Dong Chan Quan No. 0000338), the land use rights of the Property with a total site area of approximately 82,705.57 sq.m. were granted to Yuxi China Minsheng Drawin Technology Limited\* (玉溪中民築友科技有限公司) for various terms with the latest expiry date on 2 March 2068 for industrial use.
- Yuxi China Minsheng Drawin Technology Limited is a company incorporated in the PRC and an indirectly wholly-owned subsidiary of the Company which owns the entire interest of the Property.
- The Property is situated at Yunnan Province, eastern side of Yuxi City, while the surrounding buildings in the locality are low to medium-rise industrial complexes and residential/commercial buildings. Yixi Railway Station and Yixi South Railway Station are both about 30-minutes driving distance from the Property. Taxis and buses are accessible to the Property.
- The unit rate of industrial land parcel in the locality as at the Valuation Date is in the range of RMB250 per sq.m. to RMB500 per sq.m.
- We have been provided with a legal opinion on the Property prepared by the Group's PRC legal adviser, DeHeng Law Offices dated 9 August 2019, which contains, inter alia, the following information:
  - Yuxi China Minsheng Drawin Technology Limited is the owner of the Property and is entitled to transfer, occupy, lease and mortgage the Property;
  - the Property is subject to a mortgage in favour of Xiangjiang Branch of China Construction Bank;
  - the Property is free from any mortgages, charges and legal encumbrances which may cause adverse effects on the ownership of the Property, save and except the mortgage stated in Note 5(b); and
  - the following legal documents were obtained:
    - Real Estate Ownership Certificate Yes
    - Construction Land Planning Permit Yes
    - Construction Works Planning Permit Yes
    - Construction Works Commencement Yes

## VALUATION REPORT

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 30 June 2019	Interest attributable to the Group	Market Value in existing state attributable to the Group as at 30 June 2019
12. A construction site located on the southern side of Hongxing Road, Xiangtan Economic and Technology Development Zone, Yuhu District, Xiangtan City, Hunan Province, the PRC	<p>The Property comprises a land parcel with a site area of approximately 65,967.04 sq.m.</p> <p>As advised by the Company, the Property will be developed into an industrial complex with a total estimated gross floor area of approximately 27,035.34 sq.m. (exclusive of basement of 83.24 sq.m.).</p> <p>The land use rights of the Property were granted for terms expiring on 24 June 2068 for industrial use.</p>	The Property was under construction as at the Valuation Date.	RMB91,700,000 (equivalent to approximately HK\$104,200,000)	100%	RMB91,700,000 (equivalent to approximately HK\$104,200,000)

## Notes:

- Pursuant to a Real Estate Ownership Certificate (Document No. Hu (2018) Xiang Tan Shi Bu Dong Chan Quan No. 0032564), the land use rights of the Property with a site area of approximately 65,967.04 sq.m. were granted to Xiangtan China Minsheng Technology Limited\* (湘潭中民築友科技有限公司) for a term expiring on 24 June 2068 for industrial use.
- According to the development proposal provided by the Company, the proposed development will comprise an industrial complex with a total gross floor area of approximately 27,035.34 sq.m. (exclusive of basement of 83.24 sq.m.).
- According to information provided by the Company, the incurred construction cost and estimated total construction cost of the Property (excluding the land cost) as at the Valuation Date are approximately RMB66,011,599 and RMB68,000,000 respectively. The development is estimated to be completed in late 2019. For indicative purpose, the market value of the Property is RMB93,800,000 (equivalent to approximately HK\$106,600,000) by assuming the development of the Property has been completed as at the Valuation Date.
- Xiangtan China Minsheng Technology Limited is a company incorporated in the PRC and an indirectly wholly-owned subsidiary of the Company which owns the entire interest of the Property.
- The subject Property is situated at Hunan Province, northern side of Xiangtan City, while the surrounding buildings in the locality are mainly low to medium-rise industrial complexes and residential/commercial buildings. Xiangtan North Railway station and Changsha Huanghua International Airport are about 20-minute and 1-hour driving distance from the Property. Taxis and buses are accessible to the Property.
- The unit rate of industrial land parcel in the locality as at the Valuation Date is in the range of RMB300 per sq.m. to RMB400 per sq.m.

7. We have been provided with a legal opinion on the Property prepared by the Group's PRC legal adviser, DeHeng Law Offices dated 9 August 2019, which contains, inter alia, the following information:
- (a) Xiangtan China Minsheng Technology Limited is the owner of the Property and is entitled to transfer, occupy, lease and mortgage the Property;
  - (b) the Property is free from any mortgages, charges and legal encumbrances which may cause adverse effects on the ownership of the Property; and
  - (c) the following legal documents were obtained:
    - i. Real Estate Ownership Certificate Yes
    - ii. Construction Land Planning Permit Yes
    - iii. Construction Works Planning Permit Yes
    - iv. Construction Works Commencement Yes

## VALUATION REPORT

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 30 June 2019	Interest attributable to the Group	Market Value in existing state attributable to the Group as at 30 June 2019
13. A construction site located at Xingfu Village and Xinnong Village, Wulongquan Street, Jiangxia District, Wuhan City, Hubei Province, the PRC	<p>The Property comprises a land parcel with a site area of approximately 51,990.06 sq.m.</p> <p>As advised by the Company, the Property will be developed into an industrial complex.</p> <p>The land use rights of the Property were granted for terms expiring on 10 October 2068 for industrial use.</p>	The Property was under construction as at the Valuation Date.	RMB25,400,000 (equivalent to approximately HK\$28,900,000)	100%	RMB25,400,000 (equivalent to approximately HK\$28,900,000)

## Notes:

- Pursuant to a Real Estate Ownership Certificate (Document No. E (2018) Wu Han Shi Jiang Xia Bu Dong Chan Quan No. 0046306), the land use rights of the Property with a site area of approximately 51,990.06 sq.m. were granted to Wuhan China Minsheng DIT Limited\* (武漢中民築友智造科技有限公司) for a term expiring on 10 October 2068 for industrial use.
- According to the development proposal provided by the Company, the proposed development will comprise an industrial complex.
- According to information provided by the Company, the incurred construction cost and estimated total construction cost of the Property (excluding the land cost) as at the Valuation Date are approximately RMB454,779 and RMB80,000,000 respectively. The development is estimated to be completed in 2021. For indicative purpose, the market value of the Property is RMB104,800,000 (equivalent to approximately HK\$119,200,000) by assuming the development of the Property has been completed as at the Valuation Date.
- Wuhan China Minsheng DIT Limited is a company incorporated in the PRC and an indirectly wholly-owned subsidiary of the Company which owns the entire interest of the Property.
- The subject Property is situated at Hubei Province, southern side of Wuhan City, the surrounding buildings in the locality are mainly low to medium-rise industrial complexes and residential/commercial buildings. Wuchang Railway Station and Wuhan Tianhe International Airport are about 50 minute and 1.5-hour driving distance from the Property respectively. Taxis and buses are accessible to the Property.
- The unit rate of industrial land parcel in the locality as at the Valuation Date is in the range of RMB400 per sq.m. to RMB600 per sq.m.



7. We have been provided with a legal opinion on the Property prepared by the Group's PRC legal adviser, DeHeng Law Offices dated 9 August 2019, which contains, inter alia, the following information:
- (a) Wuhan China Minsheng DIT Limited is the owner of the Property and is entitled to transfer, occupy, lease and mortgage the Property;
  - (b) the Property is free from any mortgages, charges and legal encumbrances which may cause adverse effects on the ownership of the Property; and
  - (c) the following legal documents were obtained:
    - i. Real Estate Ownership Certificate Yes
    - ii. Construction Land Planning Permit Yes
    - iii. Construction Works Planning Permit No
    - iv. Construction Works Commencement No

## VALUATION REPORT

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 30 June 2019	Interest attributable to the Group	Market Value in existing state attributable to the Group as at 30 June 2019
14. A construction site located on the eastern side of Jiangnan Road West and the southern side of Yingbin Avenue, Lianshui County, Huai'an City, Jiangsu Province, the PRC	<p>The Property comprises a land parcel with a site area of approximately 79,999 sq.m.</p> <p>As advised by the Company, the Property will be developed into an industrial complex with a total estimated gross floor area of approximately 22,561.5 sq.m.</p> <p>The land use rights of the Property were granted for terms expiring on 19 April 2068 for industrial use.</p>	The Property was under construction as at the Valuation Date.	RMB41,000,000 (equivalent to approximately HK\$46,600,000)	100%	RMB41,000,000 (equivalent to approximately HK\$46,600,000)

## Notes:

- Pursuant to a Real Estate Ownership Certificate (Document No. Su (2018) Lian Shui Xian Bu Dong Chan Quan No. 008626), the land use rights of the Property with a site area of approximately 79,999 sq.m. were granted to Huai'an China Minsheng Drawin Intelligence Technology Limited\* (淮安中民樂友智造科技有限公司) for a term expiring on 19 April 2068 for industrial use.
- According to the development proposal provided by the Company, the proposed development will comprise an industrial complex with a total gross floor area of approximately 22,561.5 sq.m.
- According to information provided by the Company, the incurred construction cost and estimated total construction cost of the Property (excluding the land cost) as at the Valuation Date are approximately RMB26,905,082 and RMB45,088,900 respectively. The development is estimated to be completed in late 2019. For indicative purpose, the market value of the Property is RMB57,800,000 (equivalent to approximately HK\$65,700,000) by assuming the development of the Property has been completed as at the Valuation Date.
- Huai'an China Minsheng Drawin Intelligence Technology Limited is a company incorporated in the PRC and an indirectly wholly-owned subsidiary of the Company which owns the entire interest of the Property.
- The subject Property is situated at Jiangsu Province, north-eastern side of Huai'an City, the surrounding buildings in the locality are mainly low to medium-rise industrial complexes and commercial/residential buildings. Huai'an Railway Station railway station and Huai'an Airport are about 30-minute and 15-minute driving distance from the Property respectively. Taxis and buses are accessible to the Property.
- The unit rate of industrial land parcel in the locality as at the Valuation Date is in the range of RMB100 per sq.m. to RMB300 per sq.m.

7. We have been provided with a legal opinion on the Property prepared by the Group's PRC legal adviser, DeHeng Law Offices dated 9 August 2019, which contains, inter alia, the following information:
- (a) Huai'an China Minsheng Drawin Intelligence Technology Limited is the owner of the Property and is entitled to transfer, occupy, lease and mortgage the Property;
  - (b) the Property is free from any mortgages, charges and legal encumbrances which may cause adverse effects on the ownership of the Property; and
  - (c) the following legal documents were obtained:
    - i. Real Estate Ownership Certificate Yes
    - ii. Construction Land Planning Permit Yes
    - iii. Construction Works Planning Permit Yes
    - iv. Construction Works Commencement Yes

## VALUATION REPORT

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 30 June 2019	Interest attributable to the Group	Market Value in existing state attributable to the Group as at 30 June 2019
15. A construction site located at Lot A0502-1, Yunlong Industrial Park, Qionghua District, Haikou City, Hainan Province, the PRC	<p>The Property comprises a land parcel with a site area of approximately 60,054.49 sq.m.</p> <p>As advised by the Company, the Property will be developed into an industrial complex with a total estimated gross floor area of approximately 44,701.59 sq.m.</p> <p>The land use rights of the Property were granted for terms expiring on 6 November 2068 for industrial use.</p>	The Property was under construction as at the Valuation Date.	RMB53,100,000 (equivalent to approximately HK\$60,300,000)	80%	RMB42,500,000 (equivalent to approximately HK\$48,200,000)

## Notes:

- Pursuant to a Real Estate Ownership Certificate (Document No. Qiong (2018) Hai Kou Shi Bu Dong Chan Quan No. 0146447), the land use rights of the Property with a site area of approximately 60,054.49 sq.m. were granted to Haikou China Minsheng DIT Limited\* (海口中民築友智造科技有限公司) for a term expiring on 6 November 2068 for industrial use.
- According to the development proposal provided by the Company, the proposed development will comprise an industrial complex with a total gross floor area of approximately 44,701.59 sq.m.
- According to information provided by the Company, the incurred construction cost and estimated total construction cost of the Property (excluding the land cost) as at the Valuation Date are approximately RMB24,881,199 and RMB41,480,000 respectively. The development is estimated to be completed in 2021. For indicative purpose, the market value of the Property is RMB68,500,000 (equivalent to approximately HK\$77,800,000) by assuming the development of the Property has been completed as at the Valuation Date.
- Haikou China Minsheng DIT Limited is a company incorporated in the PRC and an indirectly 80% owned subsidiary of the Company which owns the entire interest of the Property.
- The subject Property is situated at Hainan Province, south-eastern side of Haikou City, while the surrounding buildings in the locality are mainly low to medium-rise industrial complexes and commercial/residential buildings. Haikou East Railway Station and Haikou Meilan International Airport are about 40-minute and 20-minute driving distance from the Property. Taxis and buses are accessible to the Property.
- The unit rate of industrial land parcel in the locality as at the Valuation Date is in the range of RMB300 per sq.m. to RMB500 per sq.m.

7. We have been provided with a legal opinion on the Property prepared by the Group's PRC legal adviser, DeHeng Law Offices dated 9 August 2019, which contains, inter alia, the following information:
- (a) Haikou China Minsheng DIT Limited is the owner of the Property and is entitled to transfer, occupy, lease and mortgage the Property;
  - (b) the Property is free from any mortgages, charges and legal encumbrances which may cause adverse effects on the ownership of the Property; and
  - (c) the following legal documents were obtained:
    - i. Real Estate Ownership Certificate Yes
    - ii. Construction Land Planning Permit No
    - iii. Construction Works Planning Permit Yes
    - iv. Construction Works Commencement Yes

## VALUATION REPORT

## Group III — Property interests held by the Group for future development purpose in the PRC

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 30 June 2019	Interest attributable to the Group	Market Value in existing state attributable to the Group as at 30 June 2019
16. A land parcel located at Qiaohe Industrial Park, Qijiang District, Chongqing City, the PRC	<p>The Property comprises a land parcel with a site area of approximately 29,211.47 sq.m.</p> <p>As advised by the Company, the Property will be developed into an industrial complex with a total estimated gross floor area of approximately 29,211.47 sq.m.</p> <p>The land use rights of the Property were granted for terms expiring on 16 October 2068 for industrial use.</p>	The Property was a clear site as at the Valuation Date.	RMB6,400,000 (equivalent to approximately HK\$7,300,000)	100%	RMB6,400,000 (equivalent to approximately HK\$7,300,000)

## Notes:

- Pursuant to a Real Estate Ownership Certificate (Document No. Yu (2018) Qi Jiang Qu Bu Dong Chan Quan No. 001259713), the land use rights of the Property with a site area of approximately 29,211.47 sq.m. were granted to Chongqing Shi Qijiang Qu China Minsheng Drawin Technology Limited\* (重慶市綦江區中民築友科技有限公司) for a term expiring on 16 October 2068 for industrial use.
- According to the development proposal provided by the Company, the proposed development will comprise an industrial complex with a total gross floor area of approximately 29,211.47 sq.m.
- According to information provided by the Company, the estimated total construction cost of the Property together with property no. 8 (excluding the land cost) as at the Valuation Date is approximately RMB68,000,000. The development is estimated to be completed in 2020. For indicative purpose, the market value of the Property together with property no.8 is RMB87,900,000 (equivalent to approximately HK\$99,000,000) by assuming the development of the Property has been completed as at the Valuation Date.
- Chongqing Shi Qijiang Qu China Minsheng Drawin Technology Limited is a company incorporated in the PRC and an indirectly wholly-owned subsidiary of the Company which owns the entire interest of the Property.
- The subject Property is situated at Chongqing City Qiaohe industrial area, while the surrounding buildings in the locality are mainly low to medium-rise industrial complexes and residential/commercial buildings. Chongqing West Railway Station and Qingdao Liuting International Airport are about 1 hour and 1.5 hour driving distance from the Property respectively. Taxi service is accessible to the subject properties.
- The unit rate of industrial land parcel in the locality as at the Valuation Date is in the range of RMB200 per sq.m. to RMB300 per sq.m.

7. We have been provided with a legal opinion on the Property prepared by the Group's PRC legal adviser, DeHeng Law Offices dated 9 August 2019, which contains, inter alia, the following information:
- (a) Chongqing Shi Qijiang Qu China Minsheng Drawin Technology Limited is the owner of the Property and is entitled to transfer, occupy, lease and mortgage the Property;
  - (b) the Property is subject to a mortgage in favour of Changsha Sifangping Branch of China Construction Bank;
  - (c) the Property is free from any mortgages, charges and legal encumbrances which may cause adverse effects on the ownership of the Property save and except the mortgage stated in Note 7(b); and
  - (d) the following legal documents were obtained:
    - i. Real Estate Ownership Certificate Yes
    - ii. Construction Land Planning Permit Yes
    - iii. Construction Works Planning Permit No
    - iv. Construction Works Commencement No

## VALUATION REPORT

## Group IV — Property interests held by the Group for investment purpose in the PRC

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 30 June 2019	Interest attributable to the Group	Market Value in existing state attributable to the Group as at 30 June 2019
17. Various shops situated at South East Hong Kong Mall at the junction between the southern side of Gongye 2nd Road and the eastern side of Dongcheng 1st Road, Zouping Economic Development Zone, Zouping City, Shandong Province, the PRC	<p>South East Hong Kong Mall (the “Development”) comprises 3 blocks of 3-storey and 1 block of 4-storey commercial buildings completed in about 2006.</p> <p>The Property comprises various units located on Level 1 to Level 3 of the Development with a total gross floor area of approximately 7,006.43 sq.m.</p> <p>The land use rights of the Property were granted for a term expiring on 22 December 2044 for commercial use.</p>	<p>Portion of the Property was occupied by the tenants for retail or restaurant uses and portion of the Property was vacant as at the Valuation Date.</p>	<p>RMB14,700,000 (equivalent to approximately HK\$16,700,000)</p>	100%	<p>RMB14,700,000 (equivalent to approximately HK\$16,700,000)</p>

## Notes:

- Pursuant to a State-owned Land Use Certificate (Document No.: Zou Guo Yong (2005) No. 0104172), the land use rights of the Property were granted to South East (Shandong) Property Limited\* (東南(山東)置業有限公司) for a term expiring on 22 December 2044 for commercial use.
- The Property is subject to various tenancies with a total annual rent of RMB636,400 with the latest expiry date on 20 June 2020. According to information provided by the Company, all tenants are independent third parties.
- South East (Shandong) Property Limited is a company incorporated in the PRC and an indirectly wholly-owned subsidiary of the Company which owns the entire interest of the Property.
- The Property is situated at the Shandong Province, western side of Zouping City, buildings in the locality are medium to high-rise residential/commercial buildings. Zouping Railway Station and Jinan Yaoqiang International Airport are about 30-minute and 1-hour driving distance from the Property respectively. Taxis and buses are accessible to the Property.
- The monthly unit rent of shop units on level 1 in the locality as at the Valuation Date is in the range of RMB15 per sq.m. to RMB25 per sq.m.



6. We have been provided with a legal opinion on the Property prepared by the Group's PRC legal adviser, DeHeng Law Offices dated 9 August 2019, which contains, inter alia, the following information:
- (a) South East (Shandong) Property Limited is the owner of the Property and is entitled to transfer, occupy, lease and mortgage the Property;
  - (b) the Property is free from any mortgages, charges and legal encumbrances which may cause adverse effects on the ownership of the Property; and
  - (c) the tenancy agreements stated in Note 2 are legally binding.

## 1. RESPONSIBILITY STATEMENT

This Composite Document includes particulars given in compliance with the Takeovers Code for the purpose of providing information to the Independent Shareholders with regard to the Group, the Offeror and the Offer.

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

## 2. SHARE CAPITAL OF THE COMPANY

As at the Latest Practicable Date, the authorised and issued share capital of the Company were as follows:

	<b>Nominal value of each Share</b> <i>HK\$</i>	<b>Number of Shares</b>	<b>Amount</b> <i>HK\$</i>
Authorised	0.10	25,000,000,000	2,500,000,000
Issued and fully paid	0.10	11,209,602,920	1,120,960,292

All of the existing issued Shares currently in issue rank pari passu in all respects with each other, including, in particular, as to rights in respect of capital, dividends and voting. The Shares are listed and traded on the Stock Exchange. No Shares are listed, or dealt in, on any other stock exchange, nor is any listing of or permission to deal in the Shares being, or proposed to be sought, on any other stock exchange.

As at the Latest Practicable Date, the Company had not issued any Shares since 31 December 2018, being the end of the last financial year of the Company.

As at the Latest Practicable Date, the Company did not have any outstanding options, warrants or other conversion rights affecting the Shares.

### 3. DISCLOSURE OF INTERESTS

#### (a) Interests of the Directors in the Shares or securities of the Company

As at the Latest Practicable Date, none of the Directors or chief executive of the Company had, or were deemed to have, interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which are required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein, or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, and to be disclosed under the Takeovers Code, to be notified to the Company and the Stock Exchange.

#### (b) Substantial Shareholders' and other persons' interests and short positions in Shares and underlying Shares

As at the Latest Practicable Date, so far as was known to the Directors, the following persons (other than the Directors and chief executive of the Company) held interests in the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code), or interests and short positions in the Shares and/or underlying Shares which are required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or were directly or indirectly, interested in 10% or more of the number of any class of issued share capital carrying rights to vote in all circumstances at a general meeting of the Company:

Name of Shareholder	Nature of interest	Total number of Shares and/or underlying Shares interested (Note 1)	Approximate percentage of the existing issued ordinary share capital of the Company (Note 2)
The Investor (Note 3)	Interests in controlled corporation	7,118,440,000 (L)	63.50
Jianye Holdings Limited (Note 3)	Interests in controlled corporation	7,118,440,000 (L)	63.50
Construction Housing Group Company Limited (Note 3)	Interests in controlled corporation	7,118,440,000 (L)	63.50

Name of Shareholder	Nature of interest	Total number of Shares and/or underlying Shares interested (Note 1)	Approximate percentage of the existing issued ordinary share capital of the Company (Note 2)
Construction Development (H.K.) Company Limited (Note 3)	Interests in controlled corporation	7,118,440,000 (L)	63.50
Hongdao Consultancy (Note 3)	Interests in controlled corporation	7,118,440,000 (L)	63.50
TCMDT (Note 3)	Interests in controlled corporation	7,118,440,000 (L)	63.50
China Minsheng Drawin Technology Industry Limited* (中民築友科技 產業有限公司) (Note 3)	Interests in controlled corporation	7,118,440,000 (L)	63.50
Jiaye (Note 3)	Interests in controlled corporation	7,118,440,000 (L)	63.50
Jiayao (Note 3)	Beneficial Owner	5,880,440,000 (L)	52.46
Jiayao (Note 3)	Interests in controlled corporation	1,238,000,000 (L)	11.04
Jialing (International) Investment Limited (Note 3)	Interests in controlled corporation	1,238,000,000 (L)	11.04
Jiaheng (Holding) Investment Limited (Note 3)	Beneficial Owner	269,000,000 (L)	2.40
Jiaxin (Holding) Investment Limited (Note 3)	Beneficial Owner	274,000,000 (L)	2.44
Jianuo (Holding) Investment Limited (Note 3)	Beneficial Owner	310,000,000 (L)	2.77

Name of Shareholder	Nature of interest	Total number of Shares and/or underlying Shares interested (Note 1)	Approximate percentage of the existing issued ordinary share capital of the Company (Note 2)
Jiamin (Holding) Investment Limited (Note 3)	Beneficial Owner	320,000,000 (L)	2.85
Jiacheng (Holding) Investment Limited (Note 3)	Beneficial Owner	65,000,000 (L)	0.58

*Notes:*

1. The letter “L” denotes the individual’s or corporation’s long position in Shares.
2. The percentages have been calculated based on 11,209,602,920 Shares in issue as at the Latest Practicable Date.
3. As at the Latest Practicable Date, the Investor was interested in 7,118,440,000 Shares. Jianye Holdings Limited, Construction Housing Group Company Limited, Construction Development (H.K.) Company Limited, Hongdao Consultancy, TCMDT, China Minsheng Drawin Technology Industry Limited\* (中民築友科技產業有限公司), Jiaye, Jiayao, Jialing (International) Investment Limited, Jiaheng (Holding) Investment Limited, Jiabin (Holding) Investment Limited, Jianuo (Holding) Investment Limited, Jiamin (Holding) Investment Limited and Jiacheng (Holding) Investment Limited (collectively, “**Wu’s Companies**”) were directly or indirectly wholly-owned by the Investor. The Investor was deemed to be interested in the Shares in which the Wu’s Companies are interested in under the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was aware of any person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had any interests in the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code), or interests and short positions in the Shares, underlying Shares and debentures of the Company which are required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the number of any class of issued share capital carrying rights to vote in all circumstances at a general meeting of the Company.

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

During the Relevant Period and up to the Latest Practicable Date,

- (i) none of the Company or any of the Directors was interested in any shares, convertible securities, warrants, options or derivatives in respect of the shares of the Offeror, and the Company or any of the Directors had not dealt for value in any shares, convertible securities, warrants, options or derivatives of the Offeror during the Relevant Period;
- (ii) none of the Directors had dealt for value in any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company during the Relevant Period;
- (iii) none of the subsidiaries of the Company, the pension fund of the Company or of its subsidiaries, a person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code owned or controlled any shares or convertible securities, options, warrants or derivatives of the Company, or had dealt for value in any such securities of the Company during the Relevant Period;
- (iv) there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code between any person and the Company or any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code, and no such person had owned, controlled or dealt for value in any shares or any convertible securities, warrants, options or derivative of the Company during the Relevant Period;
- (v) no Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company were managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company and no such person had dealt for value in any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company during the Relevant Period;
- (vi) there were no Shares or other securities of the Company carrying voting rights or convertible securities, warrants, options or derivatives of the Company which the Company and any Directors had borrowed or lent; and

- (vii) as disclosed in the paragraph headed “Irrevocable Undertaking” under the section headed “Mandatory unconditional cash offer” in the “Letter from Opus Capital” contained in this Composite Document, Mr. Zhu has committed not to accept the Offer in respect of the Excluded Shares (if he is entitled to the Offer). Other than this, no person had irrevocably committed himself/herself/itself to accept or reject the Offer.

## **5. ARRANGEMENTS AFFECTING AND RELATING TO DIRECTORS**

As at the Latest Practicable Date:

- (a) no benefit (other than statutory compensation) would be given to any Director as compensation for loss of office or otherwise in connection with the Offer;
- (b) there was no agreement or arrangement between any Director and any other person which was conditional or dependent upon the outcome of the Offer or otherwise connected with the Offer; and
- (c) there was no material contract entered into by the Offeror in which any Director had a material personal interest.

## **6. DIRECTORS’ SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had entered into, or proposed to enter into, any service contract (including both continuous and fixed term contracts) with the Company or any of its subsidiaries or associated companies which:

- (a) had been entered into or amended within 6 months before the commencement of the Offer Period;
- (b) was a continuous contract with a notice period of 12 months or more; or
- (c) was a fixed term contract with more than 12 months to run irrespective of the notice period.

## 7. 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) had been entered into by the members of the Group after the date two years before the commencement of the Offer Period up to and including the Latest Practicable Date and which are or may be material:

- (a) the sale and purchase agreement dated 20 May 2019 between China Minsheng Technology Investment Limited\* (中民築友科技投資有限公司) (“**CMTI**”) as seller (being a wholly-owned subsidiary of the Company) and Jianhua Construction Materials (China) Limited\* (建華建材(中國)有限公司) (“**Jianhua**”) as purchaser, in respect of the disposal of 100% of equity interests in Haikou China Minsheng DIT Limited\* (海口中民築友智造科技有限公司) (“**HCMDIT**”) in consideration of: (i) RMB70,000,000 payable by Jianhua to CMTI and (ii) Jianhua assuming CMTI’s liability to pay up the unpaid registered capital to HCMDIT in respect of 100% of the equity interest in HCMDIT in the amount of RMB40,000,000, further details of which are disclosed in the Company’s announcement dated 20 May 2019;
- (b) the framework agreement dated 3 April 2019 between the Company and China Minsheng Drawin Construction Technology Group Co., Ltd.\* (中民築友建設科技集團有限公司) (“**CMDCT**”), in respect of the provision of the EPC general contracting services by the CMDCT group to the Group for the development of the Group’s technology parks in the PRC with a maximum consideration of RMB250 million for the year ending 31 December 2019, and the supply of prefabricated construction components and products by the Group to the CMDCT Group for its construction projects engaged by third party developers and contractors with a maximum consideration of RMB300 million for the year ending 31 December 2019, further details of which are disclosed in the Company’s announcement dated 3 April 2019 and circular dated 14 June 2019;
- (c) the framework agreement dated 3 April 2019 between the Company and China Minsheng Drawin Construction Design Co., Ltd.\* (中民築友建築設計有限公司) (“**CMDCD**”), in respect of the provision of design services by CMDCD to the Group in respect of the design of the Group’s technology parks in the PRC with a maximum consideration of RMB6 million for the year ending 31 December 2019, and the provision of design services by CMDCD to the Group in respect of the design of prefabricated construction components and products sold by the Group with a maximum consideration of RMB9 million for the year ending 31 December 2019, further details of which are disclosed in the Company’s announcement dated 3 April 2019 and circular dated 14 June 2019;
- (d) the wealth management product customer agreement dated 22 August 2017 between China Construction Bank Corporation (“**CCB**”) as issuer and the Company as subscriber, pursuant to which the Company has subscribed for a wealth management product issued by CCB at a consideration of RMB15,000,000, further details of which are disclosed in the Company’s announcement dated 24 August 2017; and



- (e) the wealth management product customer agreement dated 22 August 2017 between CCB as issuer and the Company as subscriber, pursuant to which the Company has subscribed for a wealth management product issued by CCB at a consideration of RMB50,000,000, further details of which are disclosed in the Company's announcement dated 24 August 2017.

## 8. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration or claim of material importance and, so far as the Directors were aware, no litigation or claims of material importance was pending or threatened by or against the Company and any of its subsidiaries.

## 9. EXPERT'S QUALIFICATIONS AND CONSENTS

The following is the qualifications of the expert who has given opinion or advice which is contained in this Composite Document.

Name	Qualifications
Red Sun	A licensed corporation to carry out Type 1 (Dealing in securities) and Type 6 (advising on corporate finance) regulated activity under the SFO
Grant Sherman Appraisal Limited	An independent qualified property valuer

Each of Red Sun and Grant Sherman Appraisal Limited has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion herein of its letter, report and/or references to its name, in the form and context in which it is included.

## 10. MISCELLANEOUS

- (a) The registered office of the Company is located at Victoria Place, 5th Floor, Victoria Street, Hamilton HM10, Bermuda.
- (b) The head office and principal place of business of the Company in Hong Kong is located at Suites 1001-1004 on Level 10 One Pacific Place 88 Queensway Admiralty, Hong Kong.
- (c) The company secretary of the Company is Mr. Tsang Ho Pong who is a member of The Hong Kong Institute of Certified Public Accountants.
- (d) The Company's branch share registrar and transfer office in Hong Kong is Computershare Hong Kong Investor Services Ltd., whose address is Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

- (e) The registered office of the Independent Financial Adviser, Red Sun, is at Room 3303, 33/F, West Tower, Shun Tak Centre, 168–200 Connaught Road Central, Sheung Wan, Hong Kong.
- (f) The registered office of Grant Sherman Appraisal Limited, the independent property valuer, is at Unit 1005, 10/F, Capital Centre, 151 Gloucester Road, Wan Chai, Hong Kong.
- (g) In case of inconsistency, the English text of this Composite Document and the Form of Acceptance shall prevail over the Chinese text.

## 1. RESPONSIBILITY STATEMENT

The directors of the Offeror (including Mr. Wu Po Sum in his capacity as the sole shareholder of the Offeror) jointly and severally 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 expressed in this Composite Document (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statements in this Composite Document misleading.

## 2. MARKET PRICES

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

<b>Date</b>	<b>Closing price per Share HK\$</b>
31 January 2019	0.103
28 February 2019	0.131
29 March 2019	0.129
30 April 2019	0.107
31 May 2019	0.102
28 June 2019	0.094
4 July 2019 (being the Last Trading Day)	0.100
22 July 2019 (being the date of the Joint Announcement)	0.19
31 July 2019	0.18
9 August 2019 (being the Latest Practicable Date)	0.175

During the Relevant Period:

- (i) the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.204 per Share on 25 July 2019; and
- (ii) the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.082 per Share on 12 February 2019.

**3. SHAREHOLDINGS AND DEALINGS IN SECURITIES OF THE COMPANY**

As at the Latest Practicable Date, the Offeror was directly wholly-owned by the Investor. Hongdao Consultancy was indirectly wholly-owned by the Investor and was interested in the entire issued share capital of Jiayao, which directly and indirectly through its wholly-owned subsidiaries as shown in the diagram under the paragraph headed “Completion” under the section headed “Introduction” in the “Letter from the Board” contained in this Composite Offer Document held in aggregate 7,118,440,000 Shares, representing approximately 63.5% of the entire issued share capital of the Company.

Save as disclosed above, the Offeror confirms that, as at the Latest Practicable Date:

- (a) none of the Offeror, its ultimate beneficial owner and/or any member of the Investor Concert Group owned or had control or direction over any voting rights and rights over any Shares or any options, warrants, derivatives or convertible securities in respect of any voting rights or rights over the Shares, and none of the directors of the Offeror was interested within the meaning of Part XV of the SFO in any Shares or any options, warrants, derivatives or convertible securities in respect of the Shares;
- (b) save for the Equity Transfer Agreement, none of the Offeror, its directors, its ultimate beneficial owner and/or any member of the Investor Concert Group had dealt in any Shares or any options, warrants, derivatives or convertible securities in respect of the Shares during the Relevant Period;
- (c) save for the Irrevocable Undertaking, none of the Offeror, its ultimate beneficial owner and/or any member of the Investor Concert Group had received any irrevocable commitment to accept or reject the Offer;
- (d) save for the entering into of the Equity Transfer Agreement, no person who had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Offeror, its ultimate beneficial owner and/or any member of the Investor Concert Group had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares during the Relevant Period;
- (e) save for the Irrevocable Undertaking, there was no arrangement of any kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code exists between the Offeror, its ultimate beneficial owner and/or any member of the Investor Concert Group on one hand and any other person on the other hand;
- (f) there were no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror, its ultimate beneficial owner and/or any member of the Investor Concert Group has borrowed or lent; and

- (g) no Shares, convertible securities, warrants, options or derivatives of the Company was managed by any non-exempt discretionary fund manager or principal trader connected with the Offeror, its ultimate beneficial owner and/or any member of the Investor Concert Group, and no such person had dealt in any Shares or convertible securities, warrants, options or derivatives of the Company during the Relevant Period.

Further, as at the Latest Practicable Date, Mr. Zhu, who had entered into the Irrevocable Undertaking, was interested in the Excluded Shares. Based on the information provided by Mr. Zhu, save for the Excluded Shares, Mr. Zhu did not own or control any other Shares, and he had not dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares during the Relevant Period.

In addition, as at the Latest Practicable Date, the Vendor, which is deemed to be acting in concert with the Offeror under class (9) of the presumptions in the definition of acting in concert under the Takeovers Code by virtue of the deferred payment of the Consideration pursuant to the Equity Transfer Agreement, through Jiayou (International) Investment Limited, indirectly owned 40,960,000 Shares, representing approximately 0.37% of the total issued Shares.

Save as disclosed above, based on the information and confirmation provided by the Vendor, the Offeror confirms that, as at the Latest Practicable Date:

- (a) none of the members of the Vendor Group owns or has control or direction over any voting rights and rights over any Shares or any options, warrants, derivatives or convertible securities in respect of any voting rights or rights over the Shares;
- (b) there were no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which any member of the Vendor Group has borrowed or lent; and

- (c) save for the Equity Transfer Agreement and save as disclosed below, none of the members of the Vendor Group had dealt in any Shares or any options, warrants, derivatives or convertible securities in respect of the Shares during the Relevant Period.

Transfer Date	Members of the Vendor Group	Number of Shares bought (sold)	Transfer price per Share (HK\$) Average	Lowest	Highest
13 March 2019	Jiayou (International) Investment Limited	(21,360,000)	0.1346	0.1300	0.1460
7 March 2019	Jiaheng (Holding) Investment Limited	(31,000,000)	<b>Not applicable. See Note.</b>		
7 March 2019	Jiabin (Holding) Investment Limited	(31,000,000)			
12 February 2019	Jiayou (International) Investment Limited	(21,840,000)	0.0907	0.0800	0.1160
30 January 2019	Jiayou (International) Investment Limited	(200,000)	0.1030	0.1030	0.1030
29 January 2019	Jiayou (International) Investment Limited	(160,000)	0.1040	0.1040	0.1040
28 January 2019	Jiayou (International) Investment Limited	(40,000)	0.1030	0.1030	0.1030
25 January 2019	Jiayou (International) Investment Limited	(520,000)	0.1046	0.1040	0.1050
24 January 2019	Jiayou (International) Investment Limited	(5,640,000)	0.1046	0.1030	0.1060
22 January 2019	Jiayou (International) Investment Limited	(20,000)	0.1160	0.1160	0.1160

*Note:* According to the disclosure of interest form filed on 12 March 2019 on the website of the Stock Exchange, a charge over 605,000,000 Shares was released, of which a total of 62,000,000 Shares were retained by the relevant chargees pursuant to a settlement agreement.

- (d) there were no agreements or arrangements to which any member of the Vendor Group is a party which relate to circumstances in which it may or may not invoke or seek a pre-condition or a condition to the Offer;
- (e) there was no agreement, arrangement or understanding (including any compensation arrangement) between any member of the Vendor Group on one hand and any directors, recent directors, shareholders or recent shareholders of the Company on the other hand, having any connection with or dependence upon the Offer;

- (f) save for the entering into of the Equity Transfer Agreement, no person who had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with any member of the Vendor Group had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares during the Relevant Period;
- (g) there was no arrangement of any kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code exists between any member of the Vendor Group on one hand and any other person on the other hand; and
- (h) no Shares, convertible securities, warrants, options or derivatives of the Company was managed by any non-exempt discretionary fund manager or principal trader connected with any member of the Vendor Group, and no such person had dealt in any Shares or convertible securities, warrants, options or derivatives of the Company during the Relevant Period.

#### **4. OTHER ARRANGEMENTS IN RELATION TO THE OFFER**

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, its ultimate beneficial owner and/or any member of the Investor Concert Group on one hand and any directors, recent directors, shareholders or recent shareholders of the Company on the other hand, having any connection with or dependence upon the Offer;
- (b) there were no agreements or arrangements to which the Offeror is a party which relate to circumstances in which it may or may not invoke or seek a pre-condition or a condition to the Offer;
- (c) save as disclosed in the paragraph headed “Confirmation of financial resources available to the Offeror” under the section headed “Mandatory unconditional cash offer” in the “Letter from Opus Capital” contained in this Composite Offer Document and the CCBIS Finance Documents, there was no agreement, arrangement or understanding that any securities acquired in pursuance of the Offer would be transferred, charged or pledged to any other persons;
- (d) no benefit (other than statutory compensation required under the applicable laws) was or would be paid to any Director as compensation for loss of office or otherwise in connection with the Offer; and

- (e) there is no arrangement in relation to the facility in the paragraph headed “Confirmation of financial resources available to the Offeror” under the section headed “Mandatory unconditional cash offer” in the “Letter from Opus Capital” contained in this Composite Offer Document and/or the CCBIS Finance Documents pursuant to which 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.

## 5. EXPERT’S QUALIFICATIONS AND CONSENT

The following is the qualifications of the expert who has given opinion and advice contained in this Composite Document:

Name	Qualifications
Opus Capital	a corporation licensed by the SFC to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the agent making the Offer on behalf of the Offeror and the financial adviser to the Offeror in respect of the Offer

Opus Capital has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion in this Composite Document of the text of its letters titled “Letter from Opus Capital” and the relevant written consent and references to its name, logo and qualifications in the form and context in which they respectively appear.

## 6. MISCELLANEOUS

- (i) The principal members of the Offeror’s concert group are the Offeror and the Investor (i.e. Mr. Wu Po Sum).
- (ii) As at the Latest Practicable Date, the Offeror was beneficially and wholly-owned by the Investor (i.e. Mr. Wu Po Sum). The directors of the Offeror were Mr. Wu Po Sum and Ms. Wu Wallis.
- (iii) The registered office of the Offeror was Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, BVI. The correspondence address of the Offeror is Rooms 7701B–7702A, 77/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.
- (iv) The registered office of Opus Capital was at 18/F Fung House, 19–20 Connaught Road Central, Central, Hong Kong.
- (v) The English texts of this Composite Document and the accompanying Form of Acceptance shall prevail over their respective Chinese texts in the case of inconsistency.



**DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection (i) during normal business hours from 9:00 a.m. to 5:00 p.m. on a Business Day at the principal place of business of the Company in Hong Kong at Suites 1001–1004, 10/F, One Pacific Place, 88 Queensway, Hong Kong; (ii) on the website of SFC ([www.sfc.hk](http://www.sfc.hk)); and (iii) on the website of the Company at (<http://cmdrawin.todayir.com>), from the date of this Composite Document for so long as the Offer remains open for acceptance:

- (i) the memorandum and articles of association of the Offeror;
- (ii) the memorandum of association and bye-laws of the Company;
- (iii) the annual reports of the Company for the two years ended 31 December 2017 and 31 December 2018;
- (iv) the Equity Transfer Agreement;
- (v) the letter from Opus Capital, the text of which is set out on pages 10 to 18 of this Composite Document;
- (vi) the letter from the Board, the text of which is set out on pages 19 to 28 of this Composite Document;
- (vii) the letter from the Independent Board Committee, the text of which is set out on pages 29 to 30 of this Composite Document;
- (viii) the letter from Red Sun, the text of which is set out on pages 31 to 51 of this Composite Document;
- (ix) the property valuation report from Grant Sherman Appraisal Limited, the text of which is set out on pages III-1 to III-40 of this Composite Document;
- (x) the written consents referred to in the section headed “9. Expert’s qualifications and consents” in Appendix IV to this Composite Document;
- (xi) the written consent referred to in the section headed “5. Expert’s qualifications and consent” in Appendix V to this Composite Document;
- (xii) the material contracts referred to in section headed “7. Material contracts” in this Appendix IV to this Composite Document;
- (xiii) this Composite Document and the accompanying Form of Acceptance;
- (xiv) the Irrevocable Undertaking; and
- (xv) the interim results announcement of the Company for the six months ended 30 June 2019.