

THIS COMPOSITE 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, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all of your shares in Pak Wing Group (Holdings) Limited, you should at once hand this Composite Document and the accompanying Form of Acceptance to the purchaser(s) or transferee(s) or to the bank, 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 accompany 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 its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the accompanying Form of Acceptance.



QUANTONG GROUP HOLDINGS LIMITED **PAK WING GROUP (HOLDINGS) LIMITED**
全通集團控股有限公司 **柏榮集團(控股)有限公司**
(Incorporated in the British Virgin Islands with limited liability) *(Incorporated in the Cayman Islands with limited liability)*
(Stock Code: 8316)

**COMPOSITE DOCUMENT RELATING TO
MANDATORY UNCONDITIONAL CASH OFFER BY
MERDEKA SECURITIES LIMITED
FOR AND ON BEHALF OF
QUANTONG GROUP HOLDINGS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
PAK WING GROUP (HOLDINGS) LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE
ACQUIRED BY QUANTONG GROUP HOLDINGS LIMITED AND
PARTIES ACTING IN CONCERT WITH IT)**

Financial adviser to the Offeror

六福金融
LUKFOOK FINANCIAL

Offer agent to the Offeror

MERDEKA 領智

Independent Financial Adviser to the Independent Board Committee



Alliance Capital Partners Limited
同人融資有限公司

Unless the context otherwise requires, 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 Merdeka Securities containing, among other things, details of the terms of the Offer is set out on pages 7 to 15 of this Composite Document.

A letter from the Board is set out on pages 16 to 22 of this Composite Document. A letter from the Independent Board Committee is set out on pages 23 to 24 of this Composite Document. A letter from the Independent Financial Adviser, containing its advice to the Independent Board Committee, is set out on pages 25 to 41 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. Acceptance of the Offer should be received by the Registrar as soon as possible and in any event no later than 4:00 p.m. (Hong Kong time) on Wednesday, 10 February 2021 or such later time and/or the date as the Offeror may determine and the Offeror and the Company may jointly announce in accordance with the requirements under 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 section headed "IMPORTANT NOTICE" contained in this Composite Document before taking any action. 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, exchange control or other consents and any registration or filing which may be required or the compliance with other necessary formalities, or legal and regulatory requirements and the payment of any transfer or other taxes or other required payments due in respect of such jurisdictions. Overseas Shareholders are advised to seek professional advice on deciding whether to accept the Offer.

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

20 January 2021

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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EXPECTED TIMETABLE

The expected timetable set out below is indicative only and may be subject to changes. Further announcement(s) will be made in the event of any changes to the timetable as and when appropriate. Unless otherwise specified, all references to time and date contained in this Composite Document and the Form of Acceptance refer to Hong Kong time and dates.

Event	Time and Date
	2021
Despatch date of this Composite Document and the Form of Acceptance (<i>Note 1</i>).....	Wednesday, 20 January
Offer opens for acceptance (<i>Note 1</i>).....	Wednesday, 20 January
Latest time and date for acceptance of the Offer (<i>Notes 2, 3 and 5</i>).....	by 4:00 p.m. on Wednesday, 10 February
Closing Date (<i>Notes 3 and 5</i>)	Wednesday, 10 February
Announcement of the results of the Offer (or its extension or revision, if any) on the website of the Stock Exchange (<i>Notes 3 and 5</i>).....	no later than 7:00 p.m. on Wednesday, 10 February
Latest date for posting of remittances for the amounts due in respect of valid acceptances received under the Offer (<i>Notes 4 and 5</i>).....	Tuesday, 23 February

Notes:

1. The Offer, which is unconditional in all respects, is made on the date of posting of this Composite Document, and is capable of acceptance on and from that date until 4:00 p.m. on the Closing Date, unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except in the circumstances set out in the paragraph headed “6. Right of Withdrawal” in Appendix I to this Composite Document.
2. Beneficial owners of Shares who hold their Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements (as set out in Appendix I to this Composite Document) for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures.
3. In accordance with the Takeovers Code, the Offer must initially be open for acceptance for at least 21 days following the date on which this Composite Document is posted. The latest time and date for acceptance of the Offer is 4:00 p.m. on Wednesday, 10 February 2021 unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. An announcement in respect of the result of the Offer will be issued jointly by the Offeror and the Company on the website of the Stock Exchange by 7:00 p.m. on the Closing Date stating whether the Offer has been extended, revised or expired. In the event that the Offeror decides to revise or extend the Offer, all Independent Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms. The revised Offer must be kept open for at least 14 days following the date on which the revised offer document(s) are posted and shall not close earlier than the Closing Date.

EXPECTED TIMETABLE

4. Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty in respect of acceptances of the Offer) payable for the Offer Shares tendered under the Offer will be despatched to the Independent Shareholders accepting the Offer 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 relevant documents required to render such acceptance complete and valid in accordance with the Takeovers Code.
5. The latest time and date for acceptance of the Offer and the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances will not take effect if there is a tropical cyclone warning signal number 8 or above, or a "black rainstorm warning signal", or "extreme condition" caused by super typhoon, in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offer and the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances. In such cases, the latest time for acceptance of the Offer and the posting of remittances will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings or condition in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m. or such other day as the Executive may approve.

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

IMPORTANT NOTICE

NOTICE TO THE 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 of the relevant jurisdictions. Overseas Shareholders who are citizens or residents or nationals of jurisdictions outside Hong Kong should inform themselves about and observe any applicable legal and regulatory requirements and, where necessary, seek independent legal advice in respect of the Offer.

It is the responsibility of any such person who wishes to accept the Offer to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required or the compliance with other necessary formalities or legal and regulatory requirements and the payment of any transfer or other taxes or other required payments due in respect of such jurisdiction.

The Offeror and parties acting in concert with it, the Company, Merdeka Securities, Luk Fook Capital, the Independent Financial Adviser, the Registrar, their respective ultimate beneficial owners, directors, officers, agents, advisers and associates and any other person involved in the Offer shall be entitled to be fully indemnified and held harmless by such person for any taxes or duties as such person may be required to pay. Please see the paragraph headed “Overseas Shareholders” in the “Letter from Merdeka Securities” in and Appendix I to this Composite Document.

DEFINITIONS

In this Composite Document, unless otherwise defined or the context otherwise requires, the following expressions shall have the following meanings. Also, where terms are defined and used in only one section of this Composite Document, these defined terms are not included in the table below:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Announcement”	the announcement of the Company dated 24 June 2020 in relation to, among other things, the appointment of the Receivers in respect of the Sale Shares
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“China Huarong”	CHINA HUARONG MACAU (HK) INVESTMENT HOLDINGS LIMITED, a company incorporated in Hong Kong with limited liability
“Closing Date”	Wednesday, 10 February 2021, being the closing date of the Offer which is 21 days following the date on which this Composite Document is posted (or if the Offer is extended, any subsequent closing date as may be determined by the Offeror and jointly announced by the Offeror and the Company in accordance with the Takeovers Code)
“Company”	Pak Wing Group (Holdings) Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on GEM (stock code: 8316)
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the Sale and Purchase Deed
“Completion Date”	17 December 2020

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 accordance with the Takeovers Code containing, among other things, details of the Offer (accompanied by the Form of Acceptance) and the respective letters of advice from the Independent Board Committee and the Independent Financial Adviser
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	the purchase price for the sale and purchase of the Sale Shares under the Sale and Purchase Deed, being an aggregate of HK\$40,000,000
“Director(s)”	the director(s) of the Company
“Encumbrances”	any lien, pledge, encumbrance, charge (fixed or floating), mortgage, third party claim, debenture, option, right of pre-emption, right to acquire, assignment by way of security, trust arrangement for the purpose of providing security or other security interests of any kind, including retention arrangements or other encumbrances and any agreement to create any of the foregoing
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Finance Documents”	the loan agreement dated 11 December 2020 entered into between Mr. Fu as lender and the Offeror as borrower in relation to a term loan in the principal amount of not more than HK\$65,000,000 to finance, among other things, the loan granted by the Offeror under the Offeror Loan Agreement, the Consideration under the Sale and Purchase Deed and the Offer, together with the share charges over (i) the Sale Shares acquired by the Offeror pursuant to the Sale and Purchase Deed; and (ii) the Offer Shares to be acquired by the Offeror, in favour of Mr. Fu
“Form of Acceptance”	the form of acceptance and transfer of the Offer Shares in respect of the Offer accompanying this Composite Document
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huarong Share Charge”	the share charge dated 30 August 2017 executed by Steel Dust in favour of China Huarong in respect of the Sale Shares as security for the Loan, which was released on the Completion Date
“Independent Board Committee”	the independent board committee of the Board (comprising all of the three independent non-executive Directors as at the Latest Practicable Date, namely Mr. Sai Chun Yu, Mr. Lee Man Yeung and Mr. Lee Yan Sang), established for the purpose of advising the Independent Shareholders in connection with the terms of the Offer
“Independent Financial Adviser” or “Alliance Capital”	Alliance Capital Partners 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 appointed by the Company to advise the Independent Board Committee in connection with the Offer
“Independent Shareholder(s)”	Shareholder(s) other than the Offeror and parties acting in concert with it
“Independent Third Party(ies)”	party(ies) independent of and not connected with the Company and its connected persons
“Joint Announcement”	the announcement jointly published by the Offeror and the Company dated 22 December 2020 in relation to, among other things, the Offer pursuant to Rule 3.5 of the Takeovers Code
“Last Trading Day”	14 December 2020, being the last trading day of the Shares on GEM immediately prior to the publication of the Joint Announcement
“Latest Practicable Date”	18 January 2021, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein

DEFINITIONS

“Loan”	the term loan in the principal amount of HK\$300,000,000 granted by China Huarong to Steel Dust under the Loan Agreement
“Loan Agreement”	the loan agreement dated on or about 30 August 2017 entered into between Steel Dust as borrower and China Huarong as lender in relation to the provision of the Loan
“Luk Fook Capital”	Luk Fook Capital (HK) 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 financial adviser to the Offeror in respect of the Offer
“Merdeka Securities”	Merdeka Securities Limited, a corporation licensed by the SFC to carry out Type 1 (dealing in securities) regulated activity under the SFO, being the agent making the Offer for and on behalf of the Offeror
“Mr. Fu”	Mr. Fu Yik Lung, a director of the Offeror and the fund provider of the Consideration and the consideration payable under the Offer
“Mr. Xing”	Mr. Xing Yuan, the sole beneficial owner and a director of the Offeror
“Offer”	the mandatory unconditional cash offer by Merdeka Securities for and on behalf of the Offeror to acquire all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) pursuant to Rule 26.1 of the Takeovers Code and in accordance with the terms and conditions set out in this Composite Document
“Offer Period”	has the meaning ascribed to it under the Takeovers Code, being the period commencing on 24 June 2020 (i.e. the date of the Announcement) and ending on the 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”	the price of HK\$0.075 per Offer Share at which the Offer is made in cash
“Offer Share(s)”	all of the issued Shares, other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it

DEFINITIONS

“Offeror” or “Purchaser”	QUANTONG GROUP HOLDINGS LIMITED, a company incorporated in the British Virgin Islands with limited liability and which was wholly and beneficially owned by Mr. Xing as at the Latest Practicable Date
“Offeror Loan Agreement”	the loan agreement dated 14 December 2020 entered into between the Offeror as lender and the Company as borrower in relation to an interest-free term loan in the principal amount of not more than HK\$6,000,000 and repayable one year after the date of drawdown, provided by the Offeror to the Company to repay the outstanding amount payable by the Company in connection with a loan obtained by the Company from an Independent Third Party, details of which are set out in the announcements of the Company dated 29 July 2020, 27 October 2020, 16 November 2020, 1 December 2020 and 15 December 2020
“Overseas Shareholder(s)”	Shareholder(s) whose address(es), as shown on the register of members of the Company, is/are outside Hong Kong
“PRC”	the People’s Republic of China, and for the purpose of this Composite Document, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Receivers”	Mr. Fok Hei Yu and Mr. Chow Wai Shing Daniel, both of FTI Consulting (Hong Kong) Limited, the joint and several receivers over, among others, the Sale Shares held by Steel Dust prior to Completion
“Registrar”	Tricor Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company, located at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Relevant Period”	the period from 24 December 2019, being the date falling six months immediately preceding the commencement of the Offer Period, up to and including the Latest Practicable Date
“Sale and Purchase Deed”	the sale and purchase deed dated 14 December 2020 entered into among Steel Dust, the Receivers and the Offeror in relation to the sale and purchase of the Sale Shares

DEFINITIONS

“Sale Share(s)”	the 600,000,000 Shares, being the sum of the 536,000,000 Shares initially charged in favour of China Huarong pursuant to the Huarong Share Charge and 64,000,000 additional Shares deposited by Steel Dust into the custodian account which were charged by Steel Dust in favor of China Huarong pursuant to the Huarong Share Charge
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Steel Dust” or “Vendor”	Steel Dust Limited (Receivers appointed pursuant to the Huarong Share Charge over the Sale Shares), a company incorporated in the British Virgin Islands with limited liability and is beneficially and wholly owned by Mr. Zhang Weijie. Mr. Zhang ceased to be the chairman of the Board on 9 July 2020 and retired as an executive Director on 21 August 2020
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“%”	per cent.



Room 1108–1110, 11/F
Wing On Centre
111 Connaught Road Central
Central, Hong Kong

To the Independent Shareholders

20 January 2021

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
MERDEKA SECURITIES LIMITED
FOR AND ON BEHALF OF
QUANTONG GROUP HOLDINGS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
PAK WING GROUP (HOLDINGS) LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE
ACQUIRED BY QUANTONG GROUP HOLDINGS LIMITED AND
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

Reference is made to the Joint Announcement dated 22 December 2020 in relation to, among other things, the Sale and Purchase Deed and the Offer. Unless otherwise defined, capitalised terms used in this letter shall have the same meanings as defined in this Composite Document.

The Company was informed by the Offeror that on 14 December 2020 (after trading hours), Steel Dust, the Receivers and the Offeror entered into the Sale and Purchase Deed, pursuant to which, among other things, Steel Dust and the Receivers agreed to sell and the Offeror agreed to acquire the Sale Shares, being an aggregate of 600,000,000 Shares (representing 75.00% of the entire issued share capital of the Company as at the Latest Practicable Date), at the consideration of HK\$40,000,000 (or approximately HK\$0.067 per Sale Share). Completion took place on 17 December 2020.

Immediately following Completion, the Offeror and parties acting in concert with it are interested in 600,200,000 Shares, representing approximately 75.03% of the entire issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, upon Completion, the Offeror is required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it). Merdeka Securities is making the Offer for and on behalf of the Offeror.

LETTER FROM MERDEKA SECURITIES

This letter forms part of this Composite Document and sets out, among other things, principal terms of the Offer, together with the information on the Offeror and the Offeror's intention regarding the Group. Further details on the terms and procedures of acceptance of the Offer are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

The Independent Shareholders are strongly advised to consider carefully the information contained in the "Letter from the Board", the "Letter from the Independent Board Committee" and the "Letter from the Independent Financial Adviser" as well as the appendices as contained in this Composite Document and to consult their professional advisers if in doubt before reaching a decision as to whether or not to accept the Offer.

THE OFFER

Merdeka Securities is making the Offer, for and on behalf of the Offeror, to acquire all the Offer Shares in compliance with the Takeovers Code on the following basis:

For every Offer Share accepted under the Offer..... HK\$0.075 in cash

The Offer is unconditional in all respects.

The Offer Price of HK\$0.075 per Offer Share is equal to the highest purchase price per Share paid by Mr. Fu to acquire 200,000 Shares in open market on 18 September 2020.

The Offer is extended to all Independent Shareholders in accordance with the Takeovers Code. The Offer Shares to be acquired under the Offer is 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 this Composite Document.

As at the Latest Practicable Date, the Company confirmed that (a) it had not declared any dividend, the record date of which falls before the date of this Composite Document and which is not paid; (b) it had not declared any dividend, the record date of which falls on or after the date of this Composite Document; and (c) it did not have any intention to make, declare or pay any future dividend/make other distributions until the close of the Offer.

Comparison of value of the Offer Price

The Offer Price of HK\$0.075 per Offer Share represents:

- i. a discount of approximately 89.29% to the closing price of HK\$0.70 per Share as quoted on the Stock Exchange as at the Latest Practicable Date;
- ii. the closing price of HK\$0.075 per Share as quoted on the Stock Exchange on the last trading day prior to the publication of the Announcement;
- iii. a discount of approximately 86.61% to the closing price of HK\$0.560 per Share as quoted on the Stock Exchange on the Last Trading Day;

LETTER FROM MERDEKA SECURITIES

- iv. a discount of approximately 85.96% to the average closing price of approximately HK\$0.534 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the five trading days immediately prior to and including the Last Trading Day;
- v. a discount of approximately 85.66% to the average closing price of approximately HK\$0.523 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the 10 trading days immediately prior to and including the Last Trading Day;
- vi. a discount of approximately 82.72% to the average closing price of approximately HK\$0.434 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the 30 trading days immediately prior to and including the Last Trading Day;
- vii. a premium of approximately HK\$0.093 over the audited consolidated net liabilities per Share of approximately HK\$0.018 as at 31 March 2020, which was calculated based on 800,000,000 Shares in issue as at the Latest Practicable Date; and
- viii. a premium of approximately HK\$0.107 over the unaudited consolidated net liabilities per Share of approximately HK\$0.032 as at 30 September 2020, which was calculated based on 800,000,000 Shares in issue as at the Latest Practicable Date.

Highest and lowest Share prices

During the Relevant Period, the highest closing price of the Shares quoted on the Stock Exchange was HK\$0.73 per Share on 14 January 2021; and the lowest closing price of the Shares quoted on the Stock Exchange was HK\$0.03 per Share on 4 May 2020, 14 May 2020 and 15 May 2020.

Value of the Offer

As at the Latest Practicable Date, there were 800,000,000 Shares in issue. Based on the Offer Price of HK\$0.075 per Share, the entire issued share capital of the Company is valued at HK\$60,000,000. Excluding the Sale Shares (being an aggregate of 600,000,000 Shares) held by the Offeror upon Completion and the 200,000 Shares held by parties acting in concert with it and assuming that there will be no change in the issued share capital of the Company, 199,800,000 Shares will be subject to the Offer and the Offer is valued at HK\$14,985,000 based on the Offer Price.

Confirmation of financial resources available for the Offer

The Offer is valued at HK\$14,985,000 based on the Offer Price. The Offeror intends to finance and satisfy the entire consideration payable under the Offer through the loan granted by Mr. Fu (being a director of the Offeror) under the Finance Documents, which is secured by share charges over (i) the Sale Shares acquired by the Offeror pursuant to the Sale and Purchase Deed; and (ii) the Offer Shares to be acquired by the Offeror, in favour of Mr. Fu. The Offeror does not expect that the payment of interest on and repayment of or security for

LETTER FROM MERDEKA SECURITIES

any liability (contingent or otherwise) by the Offeror to Mr. Fu for the abovementioned loan under the Finance Documents will depend to any significant extent on the business of the Group.

Luk Fook Capital, being the financial adviser to the Offeror, is satisfied that financial resources are available to the Offeror sufficient to satisfy the total consideration payable upon full acceptance of the Offer.

Effect of accepting the Offer

Acceptance of the Offer by any Independent Shareholder 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 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 this Composite Document.

The Offer will remain open for acceptance from the date of this Composite Document until 4:00 p.m. on the Closing Date. Acceptance of the Offer tendered by the Independent Shareholders shall be irrevocable and not capable of being withdrawn, except as otherwise permitted under the Takeovers Code, details of which are set out in paragraph headed “6. Right of Withdrawal” in Appendix I to this Composite Document.

Hong Kong stamp duty

In Hong Kong, seller’s ad valorem stamp duty arising in connection with acceptance of the Offer will be payable by the relevant Independent Shareholders at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptance of the Offer, whichever is higher, and will be deducted from the cash amount payable by the Offeror to the Independent Shareholders who accept the Offer. The Offeror will arrange for payment of the seller’s ad valorem stamp duty on behalf of the Independent Shareholders accepting the Offer and will pay the buyer’s ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the relevant Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Payment

Payment 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 following the date on which the duly completed acceptance of the Offer is received. Relevant documents of title in respect of such acceptance must be received by the Offeror (or its agent) to render each such acceptance complete and valid.

Taxation advice

Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, parties acting in concert with it, the Company, Steel Dust, and their respective

LETTER FROM MERDEKA SECURITIES

ultimate beneficial owners, directors, officers, agents, associates, professional advisors 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.

Overseas Shareholders

The Offeror intends to make the Offer available to all Independent Shareholders, including the Overseas Shareholders. However, 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 or regulatory requirements and, where necessary, consult their own professional advisers. It is the responsibilities 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).

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

DEALING AND INTERESTS IN THE COMPANY'S SECURITIES

Save (i) for the acquisition of the Sale Shares by the Offeror under the Sale and Purchase Deed; and (ii) that Mr. Fu acquired an aggregate of 200,000 Shares in open market on 18 September 2020 at prices ranging from HK\$0.074 to HK\$0.075 per Share, as at the Latest Practicable Date, none of the Offeror or parties acting in concert with it has dealt for value in nor owned any Shares, options, derivatives, warrants or other securities convertible into Shares during the Relevant Period.

Your attention is drawn to the shareholding structure of the Company as at the Latest Practicable Date as set out under the paragraph headed "Shareholding Structure of the Company" in the "Letter from the Board" in this Composite Document.

INFORMATION ON THE GROUP

The Company is an exempt company incorporated in the Cayman Islands with limited liability on 15 July 2014. The Group is principally engaged in the foundation business as a foundation subcontractor in Hong Kong.

Further information on the Group are set out in the paragraph headed "Information on the Group" in the "Letter from the Board" in this Composite Document.

LETTER FROM MERDEKA SECURITIES

INFORMATION ON THE OFFEROR

The Offeror is a company incorporated in the British Virgin Islands with limited liability on 6 October 2020. The Offeror is an investment holding company. As at the Latest Practicable Date, the Offeror was wholly and beneficially owned by Mr. Xing, and Mr. Xing and Mr. Fu were the directors of the Offeror.

Mr. Xing Yuan, aged 46, is the sole beneficial owner and one of the directors of the Offeror. Mr. Xing obtained a bachelor's degree in medicine (pharmacology) from Xi'an Jiaotong University Health Science Centre* (西安交通大學醫學部) (formerly known as Xi'an Medical University* (西安醫科大學)) in July 1997. Mr. Xing has been serving as the chairman of the board of directors of Shaanxi Quantong Industrial Group Co., Ltd.* (陝西全通實業集團有限公司) since December 2015, which is principally engaged in the construction of new energy automobile industry cluster development platform and the construction of new energy vehicle full life cycle industrial chain. Business of Shaanxi Quantong Industrial Group Co., Ltd. includes (i) sale of customised vehicles; (ii) design, research and development of vehicles and the related battery, motor and electric control systems; (iii) vehicle charging infrastructure construction; and (iv) vehicle buy backs and battery recycling services. He is mainly responsible for the overall development and strategic planning of the business operations of the company. Mr. Xing was also appointed as an executive council member of the Shaanxi Province Entrepreneurs Association* (陝西省企業家協會) in March 2019 and was accredited jointly by the Shaanxi Province Entrepreneurs Association*, Shaanxi Province Young Entrepreneurs Association* (陝西省青年企業家協會) and Shaanxi Province Female Entrepreneurs Association* (陝西省女企業家協會) as the Outstanding Entrepreneur in Shaanxi Province of the PRC (陝西省優秀企業家) in December 2019.

Mr. Fu Yik Lung, aged 44, is one of the directors of the Offeror. From May 2014 to August 2016, Mr. Fu was appointed as the chairman of the board of directors of Greatwalle Inc. (formerly known as King Force Group Holdings Limited and King Force Security Holdings Limited), the issued shares of which are listed on GEM (stock code: 8315) and the subsidiaries of which principally engaged in the provision of security guarding services and asset management and business advisory services. Since 2005, Mr. Fu has also been serving as a director of a company which became a subsidiary of Greatwalle Inc. in 2014. Since December 2019, Mr. Fu has been the chairman of the board of directors of Full Ying Credit Limited, a company principally engaged in money lending business in Hong Kong.

As an investor of the Group, Mr. Xing is aware that he may not have relevant experience in the construction industry (in particular, foundation business in Hong Kong). He intends to nominate member(s) of senior management who has/have relevant experience in the construction industry to facilitate the business operations, management and strategic development of the Group and was in the process of identifying suitable candidates as at the Latest Practicable Date.

Immediately prior to the entering into of the Sale and Purchase Deed, save for the 200,000 Shares held by Mr. Fu, the Offeror and parties acting in concert with it did not have any interest in any securities of the Company, and are third parties independent of the Company and its connected persons.

LETTER FROM MERDEKA SECURITIES

THE OFFEROR'S INTENTION ON THE GROUP

Upon Completion, the Offeror became a controlling shareholder of the Group interested in 75.00% of the entire issued share capital of the Company as at the Latest Practicable Date. Following the close of the Offer, the Offeror intends to continue the existing principal business of the Group. The Offeror does not intend to introduce any major changes to the existing operations and business of the Group immediately after close of the Offer.

Nevertheless, the Offeror will conduct a detailed review on the existing operations, principal business, and the financial position of the Group for the purpose of formulating business plans and strategies for the Group's long-term business development. Subject to the results of the review, the Offeror may explore other business opportunities and consider whether any assets and/or business acquisitions or disposals and/or business diversification by the Group will be appropriate in order to enhance long-term growth potential of the Group. Any such corporate actions of the Group, if any, will be in compliance with the GEM Listing Rules.

As at the Latest Practicable Date, (i) the Offeror had no intention to dispose of or re-deploy any of the assets (including fixed assets) of the Group other than those in its ordinary course of business; (ii) the Offeror had no intention, undertaking, negotiation or arrangement (concluded or otherwise) to downsize, cease or dispose of any of the existing business of the Group; and (iii) no investment or business opportunity had been identified nor had the Offeror entered into any agreement, arrangement, understanding or negotiation in relation to the injection of any assets or business into the Group.

Save for the potential change(s) to the composition of the Board as mentioned below, as at the Latest Practicable Date, the Offeror had no plan to terminate the employment of any other employees or other personnel of the Group. However, the Offeror reserves the right to make any changes that they deem necessary or appropriate to the benefit of the Group.

PROPOSED CHANGE TO THE BOARD COMPOSITION OF THE COMPANY

As at the Latest Practicable Date, the Board comprised Mr. Wong Chin To and Mr. Lau Yik Lok as executive Directors; and Mr. Sai Chun Yu, Mr. Lee Man Yeung and Mr. Lee Yan Sang as independent non-executive Directors.

In compliance with Rule 7 of the Takeovers Code, it is intended that the existing executive Directors (comprising Mr. Wong Chin To and Mr. Lau Yik Lok) and independent non-executive Directors (comprising Mr. Sai Chun Yu, Mr. Lee Man Yeung and Mr. Lee Yan Sang) as at the Latest Practicable Date will resign with effect from the earliest time permitted under the Takeovers Code (i.e. upon the first Closing Date of the Offer).

The Offeror intends to nominate new Directors to the Board to facilitate the business operation, management and strategy of the Group. The Offeror intends to appoint new Directors with effect not earlier than such date as permitted under Rule 26.4 of the Takeovers Code (i.e. with effect from immediately after the posting of this Composite Document). Accordingly, the Board proposed the appointment of the following individuals as new Directors: (i) Mr. Xing Yuan, Mr. Ji Zhendong, Mr. Lai Yanjun and Ms. Xu Zhi as executive Directors; (ii) Mr. Xing Lei as a non-executive Director; and (iii) Mr. Wong Chun Hung, Mr.

LETTER FROM MERDEKA SECURITIES

Kung Wai Chiu Marco and Ms. Wong Chi Yan as independent non-executive Directors, in compliance with the Takeovers Code and the GEM Listing Rules. Further announcement(s) (including the biographies of the new Directors) will be made immediately after their appointments.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the 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 of the Offeror and the new directors to be appointed to the Board have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

Immediately following Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it were interested in 600,200,000 Shares, representing approximately 75.03% of the entire issued share capital of the Company. Mr. Fu, being a party acting in concert with the Offeror, held 200,000 Shares, representing approximately 0.03% of the entire issued share capital of the Company, immediately before Completion and immediately following Completion and as at the Latest Practicable Date. As Mr. Fu was not a connected person of the Company immediately before Completion and immediately following Completion and as at the Latest Practicable Date, the 200,000 Shares held by Mr. Fu were regarded as being Shares held by public Shareholders immediately before Completion and immediately following Completion and as at the Latest Practicable Date.

The Company will make an application to the Stock Exchange for a temporary waiver from strict compliance with Rule 11.23(7) of the GEM Listing Rules in case less than 25% of the issued share capital of the Company will be held by the public upon the close of the Offer. Appropriate steps will be taken to ensure public float will be restored as soon as possible after the close of the Offer.

Further announcement(s) regarding the restoration of public float will be made by the Company as and when appropriate.

COMPULSORY ACQUISITION

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

LETTER FROM MERDEKA SECURITIES

ACCEPTANCE AND SETTLEMENT

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

GENERAL

This Composite Document has been prepared for the purposes of complying with the laws of Hong Kong, the Takeovers Code and the GEM 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 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 Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offer.

Attention of the Overseas Shareholders is drawn to paragraph headed “7. Overseas Shareholders” in Appendix I to this Composite Document. 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 Company, the Offeror and parties acting in concert with it, Merdeka Securities, Luk Fook Capital, Alliance Capital and any of their respective ultimate beneficial owners, directors, officers, agents and associates nor other parties involved in the Offer accept any liability for any loss in postage or any other liabilities that may arise as a result thereof. Further details have been set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Composite Document and the accompanying Form of Acceptance, 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” and the “Letter from the Independent Financial Adviser” and other information about the Group, which are set out in this Composite Document before deciding whether or not to accept the Offer.

Yours faithfully,
For and on behalf of
Merdeka Securities Limited
Chow Man Ho
Director

LETTER FROM THE BOARD



PAK WING GROUP (HOLDINGS) LIMITED

柏榮集團(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8316)

Executive Directors:

Mr. Wong Chin To

Mr. Lau Yik Lok

Independent Non-executive Directors:

Mr. Sai Chun Yu

Mr. Lee Man Yeung

Mr. Lee Yan Sang

Registered Office:

Windward 3, Regatta Office Park

PO Box 1350

Grand Cayman KY1-1108

Cayman Islands

Headquarters and Principal Place

of Business in Hong Kong:

5/F, Shum Tower

268 Des Voeux Road Central

Sheung Wan

Hong Kong

20 January 2021

To the Independent Shareholders,

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
MERDEKA SECURITIES LIMITED
FOR AND ON BEHALF OF
QUANTONG GROUP HOLDINGS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
PAK WING GROUP (HOLDINGS) LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE
ACQUIRED BY QUANTONG GROUP HOLDINGS LIMITED AND
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

Reference is made to the Joint Announcement jointly published by the Offeror and the Company on 22 December 2020 in relation to, among other matters, the Offer pursuant to Rule 3.5 of the Takeovers Code. Terms used in this letter have the same meanings as defined in this Composite Document unless the context otherwise requires.

LETTER FROM THE BOARD

As disclosed in the Joint Announcement, the Company was informed by the Offeror that on 14 December 2020 (after trading hours), Steel Dust, the Receivers and the Offeror entered into the Sale and Purchase Deed, pursuant to which, among other things, Steel Dust and the Receivers agreed to sell and the Offeror agreed to acquire the Sale Shares, being an aggregate of 600,000,000 Shares (representing 75.00% of the entire issued share capital of the Company as at the date of the Joint Announcement), at the consideration of HK\$40,000,000 (or approximately HK\$0.067 per Sale Share). Completion took place on 17 December 2020.

The Consideration for the Sale Shares is HK\$40,000,000 (or approximately HK\$0.067 per Sale Share) which was the bid price for the Sale Shares accepted by the Receivers. The Consideration was settled in full in cash in the following manner:

- (i) deposits in the amount of HK\$4,500,000, HK\$4,500,000 and HK\$4,500,000 were settled in cash on 7 August 2020, 18 September 2020 and 30 September 2020, respectively, which were deemed to have been paid in satisfaction of an equivalent value of the Consideration at Completion; and
- (ii) the remaining balance of the Consideration, being HK\$26,500,000, was paid by the Offeror in cash on 15 December 2020.

Immediately following Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it were interested in 600,200,000 Shares, representing approximately 75.03% of the entire issued share capital of the Company. Save for the interests in 600,200,000 Shares, the Offeror and parties acting in concert with it did not hold any beneficial interest in any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company. Pursuant to Rule 26.1 of the Takeovers Code, upon Completion, the Offeror is required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it). Merdeka Securities is, on behalf of the Offeror, making the Offer in compliance with the Takeovers Code on the terms set out in this Composite Document.

Details of the Offer are set out in the “Letter from Merdeka Securities”, Appendix I to this Composite Document and the Form of Acceptance.

This letter forms part of this Composite Document, together with the Form of Acceptance, which, among other matters, provides you with information relating to the Group and the Offeror, the Offer (including the expected timetable and terms of the Offer), the letter from the Board, the letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Offer and the letter of advice from the Independent Financial Adviser to the Independent Board Committee in respect of the Offer.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Under Rule 2.1 of the Takeovers Code, a board which receives an offer or which is approached with a view to an offer being made, must, in the interests of shareholders, establish an independent committee of the board to make a recommendation (i) as to whether the offer is, or is not, fair and reasonable; and (ii) as to acceptance or voting.

LETTER FROM THE BOARD

The Independent Board Committee, comprising all of the three independent non-executive Directors as at the Latest Practicable Date, namely Mr. Sai Chun Yu, Mr. Lee Man Yeung and Mr. Lee Yan Sang, has been established to advise the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer. Alliance Capital has been appointed as the independent financial adviser to advise the Independent Board Committee in connection with the Offer. The appointment of the Independent Financial Adviser has been approved by the Independent Board Committee.

THE OFFER

As disclosed in the “Letter from Merdeka Securities”, Merdeka Securities is, on behalf of the Offeror, making the Offer in compliance with the Takeovers Code on the following terms:

For every Offer Share accepted under the Offer HK\$0.075 in cash

As at the Latest Practicable Date, there were 800,000,000 Shares in issue. The Company did not have any outstanding options, derivatives, warrants or other securities convertible or exchangeable into Shares or which confer rights to require the issue of Shares and had not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares or which confer rights to require the issue of Shares. As at the Latest Practicable Date, the Company had no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in issue other than the Shares.

The Offer Price of HK\$0.075 per Offer Share is equal to the highest purchase price per Share paid by Mr. Fu to acquire 200,000 Shares in open market on 18 September 2020.

The Offer is extended to all Shareholders other than the Offeror and parties acting in concert with it in accordance with the Takeovers Code. 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 this Composite Document.

The Company confirms that as at the Latest Practicable Date, (a) it had not declared any dividend, the record date of which fell before the expected date of despatch of this Composite Document and which was not paid; (b) it had not declared any dividend, the record date of which falls on or after the expected date of despatch of this Composite Document; and (c) it did not have any intention to make, declare or pay any future dividend/make other distributions until the close of the Offer.

The Offer is unconditional in all respects.

Further details of the Offer

Further details of the Offer including, among other things, its extension to the Overseas Shareholders, information on taxation, the terms and conditions and the procedures for acceptance and settlement and acceptance period are set out in the “Letter from Merdeka Securities”, Appendix I to this Composite Document and the Form of Acceptance.

LETTER FROM THE BOARD

INFORMATION ON THE GROUP

The Company is a company incorporated in the Cayman Islands with limited liability, the Shares of which are currently listed on GEM (stock code: 8316). The Group is principally engaged in the foundation works business as a subcontractor in Hong Kong.

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

SHAREHOLDING STRUCTURE OF THE COMPANY

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

Shareholders	Immediately before Completion		Immediately following Completion and as at the Latest Practicable Date	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Offeror and parties acting in concert with it				
— The Offeror	—	—	600,000,000	75.00
— Mr. Fu ^(Notes 1, 7)	<u>200,000</u> ^(Note 1)	<u>0.03</u> ^(Note 1)	<u>200,000</u> ^(Note 1)	<u>0.03</u> ^(Note 1)
Sub-total	200,000	0.03	600,200,000	75.03
Steel Dust ^(Notes 2, 3, 4)	600,000,000	75.00	—	—
Shareholders other than the Offeror and parties acting in concert with it, and Steel Dust				
— Freeman Union Limited ^(Notes 5, 6, 7)	63,660,000	7.96	63,660,000	7.96
— Other Shareholders ^(Note 7)	<u>136,140,000</u>	<u>17.01</u>	<u>136,140,000</u>	<u>17.01</u>
Sub-total	199,800,000 ^(Note 1)	24.97 ^(Note 1)	199,800,000 ^(Note 1)	24.97 ^(Note 1)
Total	<u><u>800,000,000</u></u>	<u><u>100.00</u></u>	<u><u>800,000,000</u></u>	<u><u>100.00</u></u>

LETTER FROM THE BOARD

Notes:

1. Mr. Fu is a director of the Offeror and the fund provider of the Consideration and the consideration payable under the Offer. As Mr. Fu was not a connected person of the Company immediately before Completion and immediately following Completion and as at the Latest Practicable Date, the 200,000 Shares held by Mr. Fu were regarded as being Shares held by public Shareholders immediately before Completion and immediately following Completion and as at the Latest Practicable Date.
2. Mr. Zhang Weijie wholly and beneficially owns Steel Dust. Therefore, Mr. Zhang is deemed to be interested in all Shares held by Steel Dust. Mr. Zhang ceased to be the chairman of the Board on 9 July 2020 and retired as an executive Director on 21 August 2020.
3. Pursuant to the Huarong Share Charge executed by Steel Dust as security for the Loan, the Sale Shares (being 600,000,000 Shares) were charged in favour of China Huarong. China Huarong is wholly owned by China Huarong (Macau) International Company Limited. China Huarong (Macau) International Company Limited is owned as to 51% by Huarong (HK) Industrial Financial Investment Limited. Huarong (HK) Industrial Financial Investment Limited is wholly owned by Huarong Real Estate Co., Limited. Huarong Real Estate Co., Limited is wholly owned by China Huarong Asset Management Co., Limited, which is owned as to 65% by Ministry of Finance of the PRC. Therefore, China Huarong, China Huarong (Macau) International Company Limited, Huarong (HK) Industrial Financial Investment Limited, Huarong Real Estate Co., Limited, China Huarong Asset Management Co., Limited and Ministry of Finance of the PRC were deemed to be interested in the 600,000,000 Shares before Completion.
4. On 19 June 2020, the Receivers were appointed by China Huarong as the joint and several receivers of the Sale Shares (being 600,000,000 Shares held by Steel Dust) pursuant to the Huarong Share Charge.
5. Freeman Union Limited is the beneficial owner of 63,660,000 Shares and is wholly owned by Freeman United Investments Limited. Freeman United Investments Limited is wholly owned by Ambition Union Limited. Ambition Union Limited is owned as to 76% by Freeman United Investments Limited and as to 24% by Freeman Corporation Limited. Freeman Corporation Limited is wholly owned by Freeman Financial Investment Corporation. Freeman Financial Investment Corporation is wholly owned by Freeman Fintech Corporation Limited. Therefore, Freeman United Investments Limited, Ambition Union Limited, Freeman Corporation Limited, Freeman Financial Investment Corporation and Freeman Fintech Corporation Limited are deemed to be interested in the 63,660,000 Shares held by Freeman Union Limited.
6. Based on the notification filed to the Company, Freeman Fintech Corporation Limited pledged 63,660,000 Shares to Prosper Talent Limited. Prosper Talent Limited is a wholly owned subsidiary of CCBI Investments Limited, which in turn is a wholly owned subsidiary of CCB International (Holdings) Limited, which in turn is a wholly owned subsidiary of CCB Financial Holdings Limited, which in turn is a wholly owned subsidiary of China Construction Bank Corporation, which is 57.11% held by Central Huijin Investment Ltd.. Therefore, Prosper Talent Limited, CCBI Investments Limited, CCB International (Holdings) Limited, CCB Financial Holdings Limited, CCB International Group Holdings Limited, China Construction Bank Corporation and Central Huijin Investment Ltd. are deemed to be interested in the 63,660,000 Shares.
7. Shares held by Mr. Fu, Freeman Union Limited and other Shareholders, representing in aggregate 25% of the issued share capital of the Company, are regarded as being Shares held by public Shareholders under the GEM Listing Rules.

LETTER FROM THE BOARD

INFORMATION ON THE OFFEROR

Please refer to the paragraph headed “Information on the Offeror” in the “Letter from Merdeka Securities” for information on the Offeror.

THE OFFEROR’S INTENTION ON THE GROUP AND THE PROPOSED CHANGE TO THE BOARD COMPOSITION OF THE COMPANY

Please refer to the paragraph “The Offeror’s Intention on the Group” and “Proposed Change to the Board Composition of the Company” in the “Letter from Merdeka Securities” for detailed information on the Offeror’s intention on the business and management of the Group, including but not limited to the proposed change to the Board composition of the Company. The Board is aware of the intention of the Offeror in respect of the Group and is willing to render reasonable co-operation with the Offeror which is in the interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, the Board comprised Mr. Wong Chin To and Mr. Lau Yik Lok as executive Directors; and Mr. Sai Chun Yu, Mr. Lee Man Yeung and Mr. Lee Yan Sang as independent non-executive Directors.

Mr. Wong Chin To and Mr. Lau Yik Lok intend to resign as executive Directors, and Mr. Sai Chun Yu, Mr. Lee Man Yeung and Mr. Lee Yan Sang intend to resign as independent non-executive Directors, all with effect from the first Closing Date of the Offer.

The Offeror intends to appoint new Directors with effect not earlier than such date as permitted under the Takeovers Code (i.e. with effect from immediately after the posting of this Composite Document). Accordingly, the Board proposed the appointment of the following individuals as new Directors: (i) Mr. Xing Yuan, Mr. Ji Zhendong, Mr. Lai Yanjun and Ms. Xu Zhi as executive Directors; (ii) Mr. Xing Lei as a non-executive Director; and (iii) Mr. Wong Chun Hung, Mr. Kung Wai Chiu Marco and Ms. Wong Chi Yan as independent non-executive Directors, in compliance with the Takeovers Code and the GEM Listing Rules. Further announcement(s) (including the biographies of the new Directors) will be made immediately after their appointments.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the 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:

- a false market exists or may exist in the trading of the Shares; or
- that there are insufficient Shares in public hands to maintain an orderly market;

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

The Offeror intends the Company to remain listed on the Stock Exchange. The directors of the Offeror and the new directors to be appointed to the Board have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

LETTER FROM THE BOARD

Immediately following Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it were interested in 600,200,000 Shares, representing approximately 75.03% of the entire issued share capital of the Company. Mr. Fu, being a party acting in concert with the Offeror, held 200,000 Shares, representing approximately 0.03% of the entire issued share capital of the Company, immediately before Completion and immediately following Completion and as at the Latest Practicable Date. As Mr. Fu was not a connected person of the Company immediately before Completion and immediately following Completion and as at the Latest Practicable Date, the 200,000 Shares held by Mr. Fu were regarded as being Shares held by public Shareholders immediately before Completion and immediately following Completion and as at the Latest Practicable Date.

The Company will make an application to the Stock Exchange for a temporary waiver from strict compliance with Rule 11.23(7) of the GEM Listing Rules in case less than 25% of the issued share capital of the Company will be held by the public upon the close of the Offer. Appropriate steps will be taken to ensure public float will be restored as soon as possible after the close of the Offer.

Further announcement(s) regarding the restoration of public float will be made by the Company as and when appropriate.

RECOMMENDATION

Your attention is drawn to (i) the “Letter from the Independent Board Committee” on pages 23 to 24 of this Composite Document, which sets out its recommendations to the Independent Shareholders in relation to the Offer; and (ii) the “Letter from the Independent Financial Adviser” on pages 25 to 41 of this Composite Document, which sets out its advice to the Independent Board Committee in respect of the Offer and, in particular, as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

ADDITIONAL INFORMATION

You are also 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 consider your own tax positions, if any, and, in case of any doubt, consult your professional advisers.

Yours faithfully,
By order of the Board
Pak Wing Group (Holdings) Limited
Wong Chin To
Executive Director



PAK WING GROUP (HOLDINGS) LIMITED

柏榮集團(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8316)

20 January 2021

To the Independent Shareholders,

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
MERDEKA SECURITIES LIMITED
FOR AND ON BEHALF OF
QUANTONG GROUP HOLDINGS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
PAK WING GROUP (HOLDINGS) LIMITED
(OTHER THAN THOSE ALREADY OWNED OR
AGREED TO BE ACQUIRED BY
QUANTONG GROUP HOLDINGS LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

We refer to this Composite Document dated 20 January 2021 issued jointly by the Offeror and the Company of which this letter forms part. Unless the context requires otherwise, terms used in this letter shall have the same meaning as those defined in this Composite Document.

We have been appointed to form the Independent Board Committee to consider the terms of the Offer and to make a recommendation to the Independent Shareholders as to whether, in our opinion, the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned and as to the acceptance of the Offer.

Alliance Capital has been appointed as the Independent Financial Adviser to advise us in this respect. Details of its advice and the principal factors and reasons taken into consideration in arriving at its advice and recommendations are set out in the “Letter from the Independent Financial Adviser” on pages 25 to 41 of this Composite Document.

We also wish to draw your attention to the “Letter from Merdeka Securities”, the “Letter from the Board” and the additional information set out in the appendices to this Composite Document.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We, being the members of the Independent Board Committee, have declared that, as disclosed in Appendix III to this Composite Document, we are independent and do not have any conflict of interest in respect of the Offer or any direct or indirect interest in the Offer and are therefore able to consider the terms of the Offer and to make recommendations to the Independent Shareholders.

RECOMMENDATIONS

Having considered the terms of the Offer, taking into account the information contained in this Composite Document and the advice from Alliance Capital, in particular the factors, reasons and recommendations as set out in the “Letter from the Independent Financial Adviser”, we consider that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned, and accordingly recommend the Independent Shareholders to accept the Offer if they cannot sell the Shares in the open market above the Offer Price having taking into account all transaction costs.

Independent Shareholders are reminded to closely monitor the market price and liquidity of the Shares during the Offer Period, and consider selling their Shares in the open market, where possible, instead of accepting the Offer, if the net proceeds from such sales after deducting all transaction costs exceed the net amount receivable under the Offer.

Notwithstanding our recommendation, the Independent Shareholders are strongly advised that their decision to realise or to hold their investment in the Company depends on their own individual circumstances and investment objectives. If in any doubt, the Independent Shareholders should consult their own professional advisers for professional advice.

Yours faithfully,

For and on behalf of

**Independent Board Committee of
Pak Wing Group (Holdings) Limited**

Mr. Sai Chun Yu
*Independent
non-executive Director*

Mr. Lee Man Yeung
*Independent
non-executive Director*

Mr. Lee Yan Sang
*Independent
non-executive Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from the Independent Financial Adviser in connection with the Offer which has been prepared for inclusion in this Composite Document.



Alliance Capital Partners Limited
同人融資有限公司

20 January 2021

*To: The Independent Board Committee of
Pak Wing Group (Holdings) Limited*

Dear Sirs and Madams,

**MANDATORY UNCONDITIONAL CASH OFFER BY
MERDEKA SECURITIES LIMITED FOR AND ON BEHALF OF
QUANTONG GROUP HOLDINGS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
PAK WING GROUP (HOLDINGS) LIMITED (OTHER THAN
THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY
QUANTONG GROUP HOLDINGS LIMITED AND
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to Independent Board Committee and Independent Shareholders with respect to the Offer, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the Composite Document dated 20 January 2021, of which this letter forms part. Unless otherwise stated, terms defined in the Composite Document have the same meanings in this letter.

Reference is made to the Joint Announcement in relation to, among other things, the Sale and Purchase Deed and the Offer. The Company was informed by the Offeror that on 14 December 2020 (after trading hours), Steel Dust, the Receivers and the Offeror entered into the Sale and Purchase Deed, pursuant to which, among other things, Steel Dust and the Receivers agreed to sell and the Offeror agreed to acquire the Sale Shares, being an aggregate of 600,000,000 Shares (representing 75.00% of the entire issued share capital of the Company as at the Latest Practicable Date), at the consideration of HK\$40,000,000 (or approximately HK\$0.067 per Sale Share). Completion took place on 17 December 2020.

Immediately before Completion, save for the 200,000 Shares held by Mr. Fu (who is a director of the Offeror) which were acquired by him in open market on 18 September 2020, the Offeror and parties acting in concert with it did not hold, own, control or have direction over any voting rights or rights over any Shares, options, derivatives, warrants or other securities convertible into Shares (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company. Immediately following Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it were interested in 600,200,000 Shares, representing

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

approximately 75.03% of the entire issued share capital of the Company. The Offeror is therefore required under Rule 26.1 of the Takeovers Code to make mandatory unconditional cash offer for all the issued Shares not already owned or agreed to be acquired by it and the parties acting in concert with it.

THE INDEPENDENT BOARD COMMITTEE

Pursuant to Rule 2.1 and Rule 2.8 of the Takeovers Code, the Independent Board Committee, comprising all of the three independent non-executive Directors, namely Mr. Sai Chun Yu, Mr. Lee Man Yeung and Mr. Lee Yan Sang, has been formed in order to make a recommendation to the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer. We have been appointed by the Company with the approval of the Independent Board Committee as the Independent Financial Adviser in relation to the Offer. Our role is to provide the Independent Board Committee and the Independent Shareholders with an independent opinion as to whether the terms of the Offer are fair and reasonable as far as the Independent Shareholders are concerned and to advise them whether they should or should not accept the Offer.

We are not associated or connected with the Company, the Receivers, or the Offeror, their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them. Accordingly, we consider ourselves eligible to give independent advice on the Offers. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, the Receivers, or the Offeror, their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them.

BASIS OF OUR OPINION AND RECOMMENDATION

In formulating our advice, we have relied on the information and facts supplied, and the opinions expressed, by the executive Directors and management of the Company and have assumed that the information and facts provided and opinions expressed to us are true, accurate and complete in all material respects at the time they were made and continue to be true, accurate and complete in all material respects up to the Latest Practicable Date. We have relied on such information and consider that the information we have received is sufficient for us to reach an informed view and have no reason to believe that any material information has been withheld, nor doubt the truth or accuracy of the information provided. We have not, however, conducted any independent investigation into the businesses and affairs of the Group, the Offeror or associates of any of them, nor have we carried out any independent verification of the information supplied. Shareholders will be notified of any material changes to such statements, information, opinions and/or representations as soon as possible in accordance with Rule 9.1 of the Takeovers Code if there arises any material changes of information previously provided to us by the Company in which event this letter shall be amended and updated.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In relation to the Offer, we have not considered the tax implications on the Independent Shareholders of acceptance or non-acceptance of the Offer since such investment decisions 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 advisers.

PRINCIPAL TERMS OF THE OFFER

Merdeka Securities is making the Offer, for and on behalf of the Offeror, to acquire all the Offer Shares in compliance with the Takeovers Code on the following basis:

The Offer

For every Offer Share accepted under the Offer HK\$0.075 in cash

The Offer Price of HK\$0.075 per Offer Share is equal to the highest purchase price per Share paid by Mr. Fu to acquire 200,000 Shares in open market on 18 September 2020.

The Offer Price of HK\$0.075 per Offer Share represents:

- (i) a discount of approximately 89.29% to the closing price of HK\$0.70 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) the closing price of HK\$0.075 per Share as quoted on the Stock Exchange on the last trading day prior to the date of publication of the Announcement;
- (iii) a discount of approximately 86.61% to the closing price of HK\$0.560 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iv) a discount of approximately 85.96% to the average closing price of approximately HK\$0.534 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the five trading days immediately prior to and including the Last Trading Day;
- (v) a discount of approximately 85.66% to the average closing price of approximately HK\$0.523 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the 10 trading days immediately prior to and including the Last Trading Day;
- (vi) a discount of approximately 82.72% to the average closing price of approximately HK\$0.434 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the 30 trading days immediately prior to and including the Last Trading Day;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (vii) a discount of approximately 75.67% to the average closing price of approximately HK\$0.308 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the 60 trading days immediately prior to and including the Last Trading Day;
- (viii) a discount of approximately 66.65% to the average closing price of approximately HK\$0.225 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the 90 trading days immediately prior to and including the Last Trading Day;
- (ix) a discount of approximately 45.81% to the average closing price of approximately HK\$0.138 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the 180 trading days immediately prior to and including the Last Trading Day;
- (x) a premium of approximately HK\$0.093 over the audited consolidated net liabilities per Share of approximately HK\$0.018 as at 31 March 2020, which was calculated based on the net liabilities of the Group as at 31 March 2020 of approximately HK\$14.69 million divided by 800,000,000 Shares in issue as at Latest Practicable Date; and
- (xi) a premium of approximately HK\$0.107 over the unaudited consolidated net liabilities per Share of approximately HK\$0.032 as at 30 September 2020, which was calculated based on the net liabilities of the Group as at 30 September 2020 of approximately HK\$25.69 million divided by 800,000,000 Shares in issue as at Latest Practicable Date.

The Offer is unconditional in all respects.

Value of the Offer

As at the Latest Practicable Date, there are 800,000,000 Shares in issue. Based on the Offer Price of HK\$0.075 per Share, the entire issued share capital of the Company is valued at HK\$60,000,000. Excluding the Sale Shares (being an aggregate of 600,000,000 Shares) held by the Offeror upon Completion and the 200,000 Shares held by parties acting in concert with it and assuming that there will be no change in the issued share capital of the Company, 199,800,000 Shares will be subject to the Offer and the Offer is valued at HK\$14,985,000 based on the Offer Price.

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The Company does not have any outstanding options, derivatives, warrants or other securities convertible or exchangeable into Shares or which confer rights to require the issue of Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares or which confer rights to require the issue of Shares. As at the Latest Practicable Date, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in issue other than the Shares.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion regarding the Offer, we have considered the following principal factors and reasons:

1. Background of the Offer

On or about 30 August 2017, Steel Dust as borrower and China Huarong as lender entered into the Loan Agreement in relation to the provision of the Loan to Steel Dust. To secure the payment obligations of Steel Dust under the Loan Agreement, Steel Dust executed the Huarong Share Charge, pursuant to which the Loan owed by Steel Dust under the Loan Agreement was secured by way of charge over 536,000,000 Shares in favour of China Huarong. On 7 September 2018, Steel Dust deposited additional 64,000,000 Shares into a custodian account which were charged by Steel Dust in favour of China Huarong pursuant to the Huarong Share Charge. Since Steel Dust defaulted in the repayment of the Loan which constituted an event of default under the Loan Agreement, China Huarong decided to exercise its rights under the Huarong Share Charge and appointed the Receivers as the joint and several receivers of the Sale Shares (being the sum of 536,000,000 Shares and 64,000,000 Shares) on 19 June 2020.

On 7 August 2020, Mr. Fu made an offer to acquire the Sale Shares. Pursuant to the letter dated 17 September 2020 from one of the Receivers to Mr. Fu, Mr. Fu agreed that he or any other person introduced by him would enter into formal sale and purchase agreement with the Receivers in respect of the sale and purchase of the Sale Shares. Mr. Fu introduced his friend, Mr. Xing, to acquire the Sale Shares through Quantong Group Holdings Limited, a company wholly owned by Mr. Xing, being the Offeror, under the Sale and Purchase Deed.

2. Information and financial performance of the Group

The Company was incorporated in Cayman Islands with limited liability and the Shares are listed on the GEM of the Stock Exchange. The Group is principally engaged in the foundation business as a foundation subcontractor in Hong Kong.

Set out below are extracts of consolidated statement of profit or loss, and consolidated statement of financial position of the Group for (i) the three years ended 31 March 2020 as extracted from the annual report of the Company for the year ended 31 March 2020 (the “**2020 Annual Report**”) and the annual report of the Company for the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER
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year ended 31 March 2019 (the “**2019 Annual Report**”); and (ii) the six months ended 30 September 2020 as extracted from the interim report for the six months ended 30 September 2020 (the “**2020 Interim Report**”):

Table 1: Extracts of consolidated statement of profit or loss of the Group

	For the year ended 31 March			For the six months ended 30 September	
	2018	2019	2020	2019	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
Revenue	125,448	98,175	99,833	36,329	68,838
Gross profit/(loss)	(7,663)	(3,920)	(4,860)	(183)	(10,969)
Other income	4,795	14,038	16,932	3,420	5,458
Administrative expenses	(19,120)	(15,583)	(18,152)	(5,506)	(4,953)
Finance costs	(1,544)	(1,751)	(1,633)	(514)	(544)
Profit/(Loss) and total comprehensive income for the year/period attributable to the owners of the Company	(24,916)	(6,385)	(7,207)	(2,745)	(11,008)

Table 2: Extracts of consolidated statement of financial position of the Group

	As at 31 March			As at 30 September
	2018	2019	2020	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(audited)	(audited)	(audited)	(unaudited)
Total assets	71,182	47,670	61,179	49,948
Property, plant and equipment	16,479	9,165	14,774	14,401
Trade and other receivables	43,290	22,076	20,679	21,603
Cash and cash equivalents	11,110	10,199	14,561	6,820
Total liabilities	69,788	55,149	75,865	75,642
Trade and other payables	28,249	17,275	34,372	36,402
Amounts due to directors	1,028	926	2,774	11
Loans from directors	20,568	22,106	24,220	15,000
Net assets/(liabilities)	1,394	(7,479)	(14,686)	(25,694)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

For the year ended 31 March 2019

As depicted in Table 1, the Group recorded a decrease in revenue of approximately 21.7% from approximately HK\$125.45 million for the year ended 31 March 2018 (“**FY2018**”) to approximately HK\$98.18 million for the year ended 31 March 2019 (“**FY2019**”), which was primarily due to two large foundation projects that contributed approximately HK\$17.1 million completed during FY2019.

The Group recorded a decrease in gross loss of approximately 48.9% from a gross loss of approximately HK\$7.66 million for FY2018 to a gross loss of approximately HK\$3.92 million for FY2019 and a decrease in the gross loss margin from approximately 6.1% for FY2018 to approximately 4.0% for FY2019. As disclosed in the 2019 Annual Report, the gross loss and gross loss margin of the Group for FY2019 were due to an increase in gross profit margin of the two larger tendered foundation construction work projects of the Group during FY2019.

We noted that the Group recorded a decrease in loss and total comprehensive income for the period attributable to the owners of the Company of approximately 74.4% from a loss of approximately HK\$24.92 million for FY2018 to a loss of approximately HK\$6.39 million for FY2019. As disclosed in the 2019 Annual Report, such improvement was mainly due to the decrease in gross loss and gain on disposal of property, plant and equipment amounted to approximately HK\$12.5 million for FY2019.

As at 31 March 2019, the Group recorded total assets of approximately HK\$47.67 million, representing a decrease of approximately 33.0% as compared to the total assets of approximately HK\$71.18 million as at 31 March 2018. The Group recorded a decrease in total liabilities from approximately HK\$69.79 million as at 31 March 2018 to approximately HK\$55.15 million as at 31 March 2019. The net assets had decreased from approximately HK\$1.39 million as at 31 March 2018 to net liabilities of approximately HK\$7.48 million as at 31 March 2019. The current ratio of the Group had increased from 1.69 times as at 31 March 2018 to 2.18 times as at 31 March 2019. The cash and cash equivalent of the Group decreased by approximately 8.2% from approximately HK\$11.11 million as at 31 March 2018 to approximately HK\$10.20 million as at 31 March 2019.

For the year ended 31 March 2020

As depicted in Table 1, the Group recorded an increase in revenue of approximately 1.7% from approximately HK\$98.18 million for FY2019 to approximately HK\$99.83 million for the year ended 31 March 2020 (“**FY2020**”), which was primarily due to the increase in a number of projects tendered by the Group during FY2020.

The Group recorded a deterioration in gross loss of approximately 24.0% from a gross loss of approximately HK\$3.92 million for FY2019 to a gross loss of approximately HK\$4.86 million for FY2020 and a deterioration in the gross loss margin from approximately 4.0% for FY2019 to approximately 4.9% for FY2020. As

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disclosed in the 2020 Annual Report, the gross loss and gross loss margin of the Group for FY2020 were due to the generally lower profit margins of work performed and increasing competition in the construction industry.

We noted that the Group recorded a deterioration in loss and total comprehensive income for the period attributable to the owners of the Company of approximately 12.9% from a loss of approximately HK\$6.39 million for FY2019 to a loss of approximately HK\$7.21 million for FY2020. As disclosed in the 2020 Annual Report, the further loss was mainly due to the increase in gross loss and increase in administration expenses, which was mainly attributable to the provision for impairment loss on trade and other receivables by approximately HK\$6.41 million incurred but partly offset by a decrease in salaries and allowances which amounted to approximately HK\$3.30 million during FY2020.

As at 31 March 2020, the Group recorded total assets of approximately HK\$61.18 million, representing an increase of approximately 28.3% as compared to the total assets of approximately HK\$47.67 million as at 31 March 2019. The Group recorded an increase in total liabilities from approximately HK\$55.15 million as at 31 March 2019 to approximately HK\$75.87 million as at 31 March 2020. The net liabilities had increased from approximately HK\$7.48 million as at 31 March 2019 to approximately HK\$14.69 million as at 31 March 2020. The current ratio of the Group had deteriorated from 2.18 times as at 31 March 2019 to 1.25 times as at 31 March 2020. The cash and cash equivalent of the Group increased by approximately 42.8% from approximately HK\$10.20 million as at 31 March 2019 to approximately HK\$14.56 million as at 31 March 2020.

For the six months ended 30 September 2020

As set out in the Table 1 above, the Group recorded an increase in revenue of approximately 89.5% from approximately HK\$36.33 million for the six months ended 30 September 2019 to approximately HK\$68.84 million for the six months ended 30 September 2020, which was mainly due to the increase of number of sizable projects tendered by the Group during the period. Two of the projects contributed HK\$44.1 million which represented 64.1% of the Group's revenue.

The Group recorded a deterioration in gross loss of approximately 59 times from a gross loss of approximately HK\$0.18 million for the six months ended 30 September 2019 to a gross loss of approximately HK\$10.97 million for the six months ended 30 September 2020 and a deterioration in the gross loss margin from approximately 0.5% for the six months ended 30 September 2019 to approximately 15.9% for the six months ended 30 September 2020. As disclosed in the 2020 Interim Report, the deterioration in gross loss and gross loss margin of the Group for the six months ended 30 September 2020 were due to one of the major projects incurred gross loss margin of approximately 17.1% as some construction work done was not agreed or certified by the main contractor at the stage.

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We noted that the Group recorded a deterioration in loss and total comprehensive income for the period attributable to the owners of the Company of approximately 3 times from a loss of approximately HK\$2.75 million for the six months ended 30 September 2019 to a loss of approximately HK\$11.01 million for the six months ended 30 September 2020. Such deterioration in loss was mainly due to the deterioration in gross loss as abovementioned.

As at 30 September 2020, the Group recorded total assets and total liabilities of approximately HK\$49.95 million and HK\$75.64 million respectively, representing a decrease of approximately 18.4% and 0.3% as compared to the corresponding figures as at 31 March 2020. The net liabilities had increased from approximately HK\$14.69 million as at 31 March 2020 to approximately HK\$25.69 million as at 30 September 2020. We also noted that the current ratio of the Group has deteriorated from 1.25 times as at 31 March 2020 to approximately 0.59 times as at 30 September 2020.

Going concern

It is noted that the Group continued to sustain a gross loss of approximately HK\$4.86 million and generated a net loss of approximately HK\$7.21 million for FY2020. In addition, the Group had net liabilities of approximately HK\$14.69 million as at 31 March 2020. The Group is dependent on its ability to generate sufficient cash flows from future operations to cover its operating costs and to meet its financing commitments. These conditions indicate the existence of a material uncertainty which may cast doubt on the Group's ability to continue as a going concern, and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. As disclosed in the 2020 Annual Report, the Directors assumed that (i) the Group has undertaken certain measures to improve its business performance so as to enable the Group to generate sufficient working capital during the period up to 31 March 2021, which comprised bidding more lucrative projects, and reducing staff costs, other operating costs to the extent that the operations of the Group will not be significantly affected, as well as machinery maintenance and storage costs; (ii) the loans from controlling shareholder, executive Director and former executive Director would be granted further extension until the Group is able to meet its obligations; and (iii) save for the amount of financial assistance by the executive Director of approximately HK\$15 million as disclosed in the announcement of the Group in relation to provision of financial assistance by an executive Director dated 31 August 2020, the amounts due to controlling shareholder, executive Director and former executive Director would not be repaid within twelve months from 31 March 2020.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Prospects and outlook of the Group and the industry in which the Group operates

According to the Census and Statistics Department of the Government of the Hong Kong Special Administrative Region (“HKSAR”), the gross value of construction work in 2019 amounted to approximately HK\$73,286 million, HK\$62,697 million, and HK\$100,455 million for private sector sites, public sector sites, and locations other than sites respectively, aggregated at HK\$236,438 million. For the first three quarters of 2020, the gross value of construction work amounted to approximately HK\$42,562 million, HK\$50,605 million, and HK\$73,272 million respectively, aggregated at approximately HK\$166,439 million. Comparing the gross value of construction work for the first three quarters of 2020 with the corresponding period in 2019, despite the public sector sites and locations other than site recorded an increase of approximately 10.3% and 0.9% respectively, the impact was outweighed by the decrease recorded for the private sector sites of approximately 19.5%, resulting in an aggregate decrease of approximately 2.9%.

As disclosed in the Interim Report of the Group for the six months ended 30 September 2020, the market conditions are less favourable to the construction industry, and, at the same time, the public sector construction sites are expected to improve. The management’s understanding is in line with the statistics of the gross value of construction work as disclosed above.

On 9 October 2020, the Construction Industry Council (CIC) released the latest “Ten-year Construction Expenditure Forecast” up to 2029/30. The construction expenditure is forecasted ranging between HK\$225 billion and HK\$315 billion (in September 2020 price level) per annum. The forecast has taken into account the latest market situation trend and developments in both the public and private sectors.

While the COVID-19 poses a threat to the construction industry, a total of HK\$170 billion had been approved by the Finance Committee of the Legislative Council of the HKSAR for the public works projects, which is expected to bring positive impacts to the construction industry. Despite so, it is uncertain as to the pace to roll out the implementation of these prospective public work projects. In view of the weak private sector markets, it is reasonably expected that industry players will be driven to compete for these public works projects, which will likely further aggravate the keen competition in the construction industry. According to the Interim Report of the Group for the six months ended 30 September 2020, the Group recorded increase in number of sizable projects and two of which are particularly sizeable. Taken as a whole, the future prospect of the Group would likely be dependent on whether the Group will be available to participate in public works projects at the time when HKSAR Government launches them, and whether the Group is able to outperform its peers in competing for these public works projects.

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

(a). Information on the Offeror

As stated in the “Letter from Merdeka Securities” contained in the Composite Document, the Offeror is a company incorporated in the British Virgin Islands with limited liability on 6 October 2020. The Offeror is an investment holding company. As at the Latest Practicable Date, the Offeror was wholly and beneficially owned by Mr. Xing. Mr. Xing and Mr. Fu were the directors of the Offeror.

Mr. Xing Yuan, aged 46, is the sole beneficial owner and one of the directors of the Offeror. Mr. Xing has been serving as the chairman of the board of directors of Shaanxi Quantong Industrial Group Co., Ltd.* (陝西全通實業集團有限公司) since December 2015, which is principally engaged in the construction of new energy automobile industry cluster development platform and the construction of new energy vehicle full life cycle industrial chain.

Mr. Fu Yik Lung, aged 44, is one of the directors of the Offeror. Since 2005, Mr. Fu has also been serving as a director of a company which became a subsidiary of Greatwalle Inc. in 2014. Since December 2019, Mr. Fu has been the chairman of the board of directors of Full Ying Credit Limited, a company principally engaged in money lending business in Hong Kong.

As an investor of the Group, Mr. Xing Yuan is aware that he may not have relevant experience in the construction industry (in particular, foundation business in Hong Kong). He intends to nominate member(s) of senior management who has/have relevant experience in the construction industry to facilitate the business operations, management and strategic development of the Group. The Offeror intends to nominate new Directors to the Board with effect not earlier than such date as permitted under Rule 26.4 of the Takeovers Code. Accordingly, the Board proposed the appointment of the following individuals as new Directors: (i) Mr. Xing Yuan, Mr. Ji Zhendong, Mr. Lai Yanjun and Ms. Xu Zhi as executive Directors; (ii) Mr. Xing Lei as a non-executive Director; and (iii) Mr. Kung Wai Chiu Marco, Ms. Wong Chi Yan and Mr. Wong Chun Hung as independent non-executive Directors, in compliance with the Takeovers Code and the GEM Listing Rules. Further announcement(s) (including the biographies of the new Directors) will be made immediately after their appointments.

Furthermore, the Offeror also intends to retain the crucial employees (save for the potential changes to the composition of the Board) to maintain the business and operations of the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Immediately prior to the entering into of the Sale and Purchase Deed, save for the 200,000 Shares held by Mr. Fu, the Offeror and parties acting in concert with it did not have any interest in any securities of the Company, and are third parties independent of the Company and its connected persons (as defined under the GEM Listing Rules).

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

As stated in the “Letter from Merdeka Securities”, contained in the Composite Document, upon Completion, the Offeror became a controlling shareholder of the Group interested in 75.00% of the entire issued share capital of the Company as at the Latest Practicable Date. Following the close of the Offer, the Offeror intends to continue the existing principal business of the Group. The Offeror does not intend to introduce any major changes to the existing operations and business of the Group immediately after close of the Offer.

Nevertheless, the Offeror will conduct a detailed review on the existing operations, principal business, and the financial position of the Group for the purpose of formulating business plans and strategies for the Group’s long-term business development. Subject to the results of the review, the Offeror may explore other business opportunities and consider whether any assets and/or business acquisitions or disposals and/or business diversification by the Group will be appropriate in order to enhance long-term growth potential of the Group. Any such corporate actions of the Group, if any, will be in compliance with the GEM Listing Rules.

As at the Latest Practicable Date, (i) the Offeror had no intention to dispose of or redeploy any of the assets (including fixed assets) of the Group other than those in its ordinary course of business; (ii) the Offeror had no intention, undertaking, negotiation or arrangement (concluded or otherwise) to downsize, cease or dispose of any of the existing business of the Group; and (iii) no investment or business opportunity had been identified nor has the Offeror entered into any agreement, arrangement, understanding or negotiation in relation to the injection of any assets or business into the Group.

Save for the potential change(s) to the composition of the Board as mentioned above, as at the Latest Practicable Date, the Offeror has no plan to terminate the employment of any other employees or other personnel of the Group. However, the Offeror reserves the right to make any changes that they deem necessary or appropriate to the benefit of the Group.

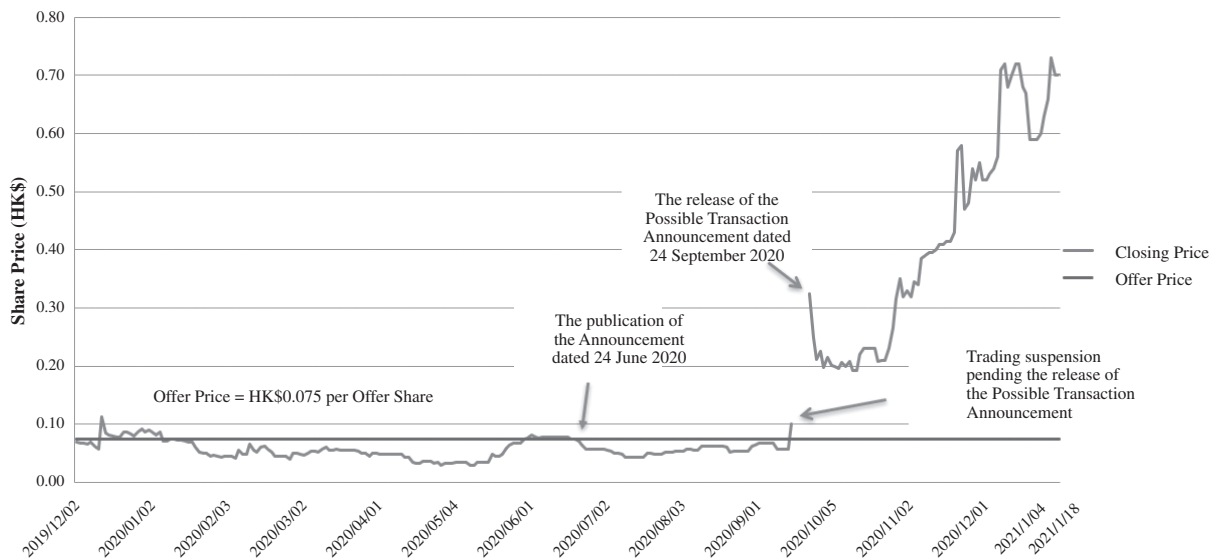
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

4. Analysis on Offer Price

(i) *Historical Share price performance*

Set out below is a chart showing the daily closing prices of the Shares as quoted on the Stock Exchange during the period from 1 December 2019, being the date which is approximately 12 months prior to the Last Trading Day, up to and including the Latest Practicable Date which we consider to be reasonable to illustrate the relationship between the historical trend of the closing price of the Share and the Offer Price (the “**Review Period**”):

Comparison of the Offer Price to daily closing prices of the Shares during the Review Period



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

During the Review Period:

- (1) the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.730 on 14 January 2021; and
- (2) the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.030 per Share on 4 May 2020, 14 May 2020 and 15 May 2020, respectively.

During the Review Period, the daily closing price of the Shares was at a range between HK\$0.030 per Share and HK\$0.730 per Share. We note the occasion that the daily closing prices of the Shares were above the Offer Price occurred mainly after 18 September 2020, with daily closing prices ranging from HK\$0.100 per Share (on 18 September 2020, being the last trading day prior to the date of release of an announcement of the company dated 24 September 2020 in respect of potential

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transaction (the “**Possible Transaction Announcement**”) that Mr. Fu or any other person introduced by him would enter into formal sale and purchase agreement with the Receivers for the Sales Shares) to HK\$0.730 per Share (on 14 January 2021), which could reasonably be perceived as market respond to the recent news surrounding the possible transaction under Takeovers Code and the Joint Announcement.

During the period from 2 December 2019 to 18 September 2020, there were 199 trading days, of which (i) the daily closing price of 1 day (23 June 2020, being the last trading date prior to the date of publication of the Announcement) was equal to the Offer Price; (ii) the daily closing prices of 169 days (approximately 84.92%) ranged from HK\$0.030 per Share to HK\$0.074 per Share, which were below Offer Price; and (iii) the daily closing prices of 30 days (approximately 15.08%) ranged from HK\$0.076 per Share to HK\$0.113 per Share.

On 2 December 2019, the closing price of the Shares was HK\$0.069 per Share. On 11 December 2019, the closing price of the Share reached HK\$0.113 per Share and subsequently the closing price of the Share was in a decreasing trend and decreased to HK\$0.030 per Share, the lowest closing price during the Review Period, on 4 May 2020. The closing price of the Shares increased to HK\$0.079 per Share on 9 June 2020 and decreased to HK\$0.074 per Share on 24 June 2020, being the date of publication of the Announcement regarding the appointment of the Receivers in respect of the Sale Shares. The closing price of the Shares raise to HK\$0.325 per Share on 25 September 2020, being the first trading date after the release of the Possible Transaction Announcement. The closing price of the Share has further increased to HK\$0.710 per Share on 23 December 2020 following the release of the announcement of the Joint Announcement in relation to the Offer.

It is noted that the Group’s current liabilities increased significantly from approximately HK\$17.5 million as at 31 March 2019 to approximately HK\$37.1 million as at 31 March 2020, and further increased to approximately HK\$59.8 million as at 30 September 2020. The Group’s net current assets decreased from approximately HK\$20.7 million as at 31 March 2019 to approximately HK\$9.3 million as at 31 March 2020, and further decreased to net current liabilities of approximately HK\$24.3 million as at 30 September 2020. Besides, the Group historically had an overdue borrowing of approximately HK\$5 million despite it was being settled as disclosed in the announcement of the Company dated 15 December 2020. Should any of the payment to creditors fall due and the Group is unable to repay or renegotiate with the creditors to extend the payment, there may be possibility that the creditors will file the winding up petition, and the Company may be eventually liquidated or de-listed.

Independent Shareholders who wish to realise their investment in the Group are reminded that they should carefully and closely monitor the market price of the Group during the Offer Period and 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 amount receivable under the Offer and there is sufficient liquidity in the Shares in the open market.

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(ii) *Historical 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 (Thousand Shares)	Number of trading days	Average daily trading volume of the Shares (Approximate thousand Shares)	Percentage of average daily trading volume to total number of Shares in issue ^(Note 2)	Percentage of average daily trading volume to total number of Shares in the public hands ^(Note 3)
2019					
December	11,380	20	569	0.071%	0.285%
2020					
January	4,920	20	246	0.031%	0.123%
February	6,450	20	323	0.040%	0.161%
March	3,710	22	169	0.021%	0.084%
April	5,170	19	272	0.034%	0.136%
May	7,330	20	367	0.046%	0.183%
June	3,010	21	143	0.018%	0.072%
July	3,450	22	157	0.020%	0.078%
August	4,180	21	199	0.025%	0.100%
September ^(Note 1)	46,870	18	2,604	0.325%	1.302%
October	6,200	18	344	0.043%	0.172%
November	19,980	21	904	0.113%	0.452%
December	10,850	16	678	0.085%	0.339%
2021					
January (up to and including Latest Practicable Date)	2,870	11	261	0.033%	0.130%
Maximum	46,870		2,604	0.325%	1.302%
Minimum	2,870		143	0.018%	0.072%
Average	9,669		517	0.065%	0.258%

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

Notes:

1. Trading in Shares was suspended from 9:00 a.m. on 21 September 2020 and resumed at 9:00 a.m. on 25 September 2020.
2. Based on 800,000,000 Shares in issue as at the Latest Practicable Date.
3. Based on 200,000,000 Shares in the public hands as at the Latest Practicable Date.

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As illustrated in the table above, the average daily trading volume of the Shares during the Review Period ranged from approximately 143,000 Shares to approximately 2,604,000 Shares, representing approximately 0.072% to approximately 1.302% of the Shares in the public hands as at the Latest Practicable Date. During the period from January to August 2020, the average daily trading volume merely represented a range of 0.07% to 0.18% of the Shares in the public hands. The average daily trading volume of Shares between December 2019 and January 2021 was generally thin.

Given the thin historical average daily trading volume of the Shares, 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.

OPINION AND RECOMMENDATION

Having considered the factors and reasons set out in this letter, in particular,

- (i) in view of (i) the continuous deterioration of financial performance of the Group during the past three financial years in respect of the Group's scale of operation in term of revenue; (ii) the consecutive gross loss and net loss for FY2018, FY2019, FY2020, and the six months ended 30 September 2020; and (iii) the Group recorded an increasing net liabilities for FY2019, FY2020 and the six months ended 30 September 2020, it is uncertain as to whether the Group can make a turnaround in the near future;
- (ii) despite that the Offer Price represents a discount of approximately 86.61% to the closing price of the Last Trading Day of HK\$0.560 per Share, taking into account that (i) the closing prices of the Share kept in a low level for several months between January to August 2020, mostly below the Offer Price (ranging from HK\$0.03 to HK\$0.074) until the release of the Possible Transaction Announcement; and (ii) there is no assurance that the trading price will continue to maintain at a level higher than the Offer Price during and after the Offer Period;
- (iii) disposal of large block of Shares held by the Independent Shareholders in the open market may trigger price slump of the Shares as a result of thin trading volume of the Shares, with the average daily trading volume of the Shares as a percentage of the total issued Shares in the public hands ranged from approximately 0.072% to approximately 0.452% during the Review Period (save and except for the average daily trading volume of the Shares of approximately 1.302% during September 2020), and the Offer provides an exit alternative to the Independent Shareholders who would like to realise their investments in the Shares; and

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- (iv) the Group recorded net liabilities of approximately HK\$25.69 million as at 30 September 2020. Despite the Offer Price is at a deep discount of approximately 86.61% as compared to the closing price of the Shares on the Last Trading Day, taking into account the Group's net liabilities position, the Independent Shareholders would not be able to recover any of their investment should the Company eventually be de-listed or liquidated,

we consider the terms of the Offer to be fair and reasonable so far as the Independent Shareholders are concerned. We recommend Independent Shareholders who wish to realise their investments in the Shares but (i) cannot sell the Shares in the open market or (ii) the net proceeds from the open market sale of their Shares after deducting all transaction costs are lower than the net amount to be received under the Offer to accept the Offer. Having said that, we note that the Share price has traded above HK\$0.075 per Share (the Offer Price) since the last trading date prior to the date of the Possible Transaction Announcement. As at the Latest Practicable Date, closing Share price was HK\$0.70 per Share. As such, for those Shareholders who wish to dispose all or part of their shareholding, the Independent Shareholders may do so in the market instead of accepting the Offer, should there be sufficient liquidity of Shares.

For Independent Shareholders who wish to retain their holdings and participate in the future prospects of the Group, they may elect not to accept the Offer in respect of part or all of their shareholding in the Company.

Independent Shareholders are reminded that their decisions to dispose or hold their investments or exercise their rights in the Shares are subject to their individual circumstances and investment objectives and they are reminded to carefully (i) monitor the stock market including the trading price and liquidity of the Shares before the end of the Offer, and selling their Shares in the open market, where possible, rather than accepting the Offer if the net proceeds from the open market sale of their Shares after deducting all transaction costs are higher than the net amount to be received under the Offer; (ii) consider the intention of the Offeror; and (iii) evaluate the future prospects of the Group. We recommend Independent Shareholders who cannot sell the Shares in the open market but intended to realise their investments in the Shares to accept the Offer.

Yours faithfully,
For and on behalf of
Alliance Capital Partners Limited
Alyssa Ng
Managing Director

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 in respect of your Shares (whether in full or in part), 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, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong marked "Pak Wing Group (Holdings) Limited — General Offer" on the envelope as soon as possible but in any event so as to reach the Registrar by not later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and the Offeror and the Company may jointly announce with the consent of the Executive in accordance with the Takeovers Code.
- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer in respect of your 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, and with instructions authorising it to accept the Offer on your behalf and requesting it to 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 by no later than 4:00 p.m. on the Closing Date; 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 by no later than 4:00 p.m. on the Closing Date; 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, give your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.
- (c) 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 together with the transfer receipt(s) duly signed by yourself. Such action will constitute an irrevocable authority to the Offeror and/or Merdeka Securities and/or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Registrar on your behalf and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Offer, as if it was/they were delivered to the Registrar with the Form of Acceptance.
- (d) 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 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, signed and delivered to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares or that it is/they 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 the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title in respect of your Shares, you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given should be provided to the Registrar. The Offeror shall have the absolute discretion to decide whether any Shares in respect of which the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title is/are not readily available and/or is/are lost will be taken up by the Offeror.

- (e) Acceptance of the Offer will be treated as valid only if the completed and signed Form of Acceptance is received by the Registrar by not later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and the Offeror and the Company may jointly announce with the consent of the Executive in accordance with the Takeovers Code and the Registrar has recorded that the Form of Acceptance and any relevant documents as required by Note 1 to Rule 30.2 of 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 (e.g. a duly stamped transfer of the relevant Share(s) in blank or in favour of the acceptor executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or
 - (ii) from a registered Shareholder or his/her 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 Independent Shareholder, appropriate documentary evidence of authority (for example, grant of probate or certified of a power of attorney) to the satisfaction of the Registrar must be produced.

- (f) In Hong Kong, seller's ad valorem stamp duty payable by the Shareholders who accept the Offer and 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 acceptances of the Offer, whichever is the higher, will be deducted from the amount payable by the Offeror to the relevant Shareholders on the acceptance of the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the Shareholders who accept the Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the 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) will be given.

2. SETTLEMENT UNDER 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 any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Shares as required by Note 1 to Rule 30.2 of the Takeovers Code are complete and in good order in all respects and have been received by the Registrar by not later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and the Offeror and the Company may jointly announce with the consent of the Executive in accordance with the Takeovers Code, a cheque for the amount (rounding up to the nearest cent) representing the cash consideration due to each of the Independent Shareholders who accepts the Offer less seller's ad valorem stamp duty in respect of the Offer Shares tendered by it/him/her under the Offer will be despatched to such Independent 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 which render such acceptance complete and valid are received by the Registrar in accordance with the Takeovers Code.

Settlement of the consideration to which any accepting Independent Shareholder is entitled under the Offer will be implemented in full in accordance with its terms of the Offer (save with respect of the payment of the seller's ad valorem stamp duty in respect of the Offer) 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 Independent Shareholder.

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

3. ACCEPTANCE PERIOD AND REVISIONS

- (a) Unless the Offer has previously been revised or extended with the consent of the Executive, to be valid, the Form of Acceptance must be received by the Registrar in accordance with the instructions printed thereon by 4:00 p.m. on the Closing Date. The Offer is unconditional.
- (b) The Offeror will publish an announcement on the Stock Exchange's website no later than 7:00 p.m. on the Closing Date stating the results of the Offer and whether the Offer has been extended, revised or has expired.
- (c) If the Offer is extended, the Offeror will issue an announcement in relation to any extension of the Offer, which will state either the next closing date or, a statement that the Offer will remain open until further notice. In the latter case, at least fourteen (14) days' notice in writing must be given, before the Offer is closed, to those Independent Shareholders who have not accepted the Offer.

- (d) If, in the course of the Offer, the Offeror revises the terms of the Offer, all Independent Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms. A revised Offer must be kept open for at least fourteen (14) days following the date on which the revised Offer document is posted.
- (e) If the Closing Date is extended, any reference in this Composite Document and in the Form of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the Closing Date of the Offer as so extended.
- (f) 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 paragraph headed “6. Right of Withdrawal” below and duly do so.

4. NOMINEE REGISTRATION

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

5. ANNOUNCEMENTS

- (a) As required by Rule 19 of the Takeovers Code, by 6:00 p.m. on the 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 expiry, revision or extension of the Offer. The Offeror must publish an announcement in accordance with the requirements of the GEM Listing Rules on the Stock Exchange’s website by 7:00 p.m. on the Closing Date stating the results of the Offer and whether the Offer has been revised, extended, or has expired. The announcement will state the following:
 - (i) the total number of Offer Shares and rights over the Offer 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 parties acting in concert with it before the Offer Period;
 - (iii) the total number of Shares and rights over Shares acquired or agreed to be acquired during the Offer Period by the Offeror or parties acting in concert with it;

- (iv) details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or any person acting in concert with it has borrowed or lent (save for any borrowed Shares which have been either on-lent or sold); and
 - (v) the percentages of the issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers.
- (b) In computing the total number of Shares represented by acceptances as of the Closing Date, only valid acceptances that are completed and in good order, and which have been received by the Registrar no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Offer, shall be included.
- (c) As required under the Takeovers Code, all announcements in relation to the Offer which the Executive and the Stock Exchange have confirmed that they have no further comments, will be made in accordance with the requirements of the Takeovers Code and the GEM Listing Rules, where appropriate.

6. RIGHT OF WITHDRAWAL

- (a) Acceptance of the Offer tendered by the Independent Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in paragraph (b) below.
- (b) If the Offeror is unable to comply with the requirements set out in the paragraph headed “5. Announcements” above, the Executive may, pursuant to Rule 19.2 of the Takeovers Code, require that the Independent Shareholders who have tendered acceptances of the Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met. In such case, if the Independent Shareholder(s) withdraw(s) their acceptance(s), the Offeror shall, as soon as possible but in any event within ten (10) days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the Shares lodged with the Form(s) of Acceptance to the relevant Independent Shareholder(s).

7. OVERSEAS SHAREHOLDERS

The making of the Offer to the Overseas Shareholders may be affected by the laws of the relevant jurisdictions in which they are resident. The Overseas Shareholders should observe any applicable legal or regulatory requirements. The Overseas Shareholders should obtain appropriate legal advice regarding the implications of the Offer in the relevant jurisdictions with a view to observing any applicable legal or regulatory requirements. 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 therewith, including but not limited to the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with

all other necessary formalities or regulatory or legal requirements. The Overseas Shareholders will also be fully responsible for the payment of any transfer or other taxes and duties by the accepting Overseas Shareholders payable in respect of all relevant jurisdictions. The Offeror and the parties acting in concert with it, the Company, Merdeka Securities, Luk Fook Capital, the Independent Financial Adviser, the Registrar, their respective ultimate beneficial owners, directors, officers, advisers, associates, agents and any persons involved in the Offer shall be entitled to be fully indemnified and held harmless by the Overseas Shareholders for any taxes and duties they may be required to pay. Acceptance of the Offer by the Overseas Shareholders will constitute a representation and warranty by such person that the local laws and requirements have been complied with and such person is permitted under all applicable laws and regulations to receive and accept the Offer, and any revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws and regulations. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above representation and warranty. The Overseas Shareholders should consult their professional advisers if in doubt.

8. TAX IMPLICATIONS

Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptance of the Offer. It is emphasised that none of the Offeror and the parties acting in concert with it, the Company, Merdeka Securities, Luk Fook Capital, the Independent Financial Adviser, the Registrar, their respective ultimate beneficial owners, directors, officers, advisers, associates, agents or any persons involved in the Offer is in a position to advise the Independent Shareholders on their individual tax implications nor accepts responsibility for any taxation effects on, or liabilities of, any person or persons as a result of their acceptance or rejection of the Offer.

9. GENERAL

- (a) All communications, notices, Forms of Acceptance, share certificates, transfer receipts, other documents of title and/or any satisfactory indemnity or indemnities required in respect thereof and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Independent Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Company, the Offeror and the parties acting in concert with it, Merdeka Securities, Luk Fook Capital, the Independent Financial Adviser and any of their respective agents nor the Registrar or other parties 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 and conditions 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 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 and/or Merdeka Securities and/or such person or persons as any of them may direct, to complete 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 and/or such person or persons as it may direct the Shares in respect of which such person or persons has accepted the Offer.
- (f) Acceptance of the Offer by any person or persons will be deemed to constitute a representation and warranty by such person or persons to the Offeror and Merdeka Securities that the Shares are sold to the Offeror free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attached to them as at the Latest Practicable Date or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the Offer is made, being the date of despatch of this Composite Document. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above representation and warranty.
- (g) Reference to the Offer in this Composite Document and in the Form of Acceptance shall include any extension or revision thereof.
- (h) This Offer is made in accordance with the Takeovers Code.
- (i) In making their decision, the Independent Shareholders must rely on their own examination of the Offeror, the Group and the terms of the Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Form of Acceptance, shall not be construed as any legal or business advice on the part of the Company, the Offeror and parties acting in concert with it, Merdeka Securities, Luk Fook Capital, the Independent Financial Adviser, the Registrar or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other persons involved in the Offer. The Independent Shareholders should consult their own professional advisers for professional advice.
- (j) Unless otherwise expressly stated in this Composite Document and/or the Form of Acceptance, no person other than the Offeror and the accepting Independent Shareholders may enforce any terms of the Offer that will arise out of complete and valid acceptances under the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong).
- (k) The English texts of this Composite Document and the Form of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation in case of inconsistency.

1. FINANCIAL INFORMATION

Set out below is a summary of the audited consolidated financial information of the Group for the three years ended 31 March 2018, 2019 and 2020 as extracted from the audited consolidated financial statements of the Group as set forth in the annual reports of the Company for the three years ended 31 March 2018, 2019 and 2020, and the unaudited consolidated financial information of the Group for the six months ended 30 September 2020 as extracted from the interim report of the Company for the six months ended 30 September 2020:

	For the six months ended		For the year ended 31 March	
	30 September 2020	2020	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)	(audited)	(audited)
Revenue	68,838	99,833	98,175	125,448
Cost of services	<u>(79,807)</u>	<u>(104,693)</u>	<u>(102,095)</u>	<u>(133,111)</u>
Gross loss	(10,969)	(4,860)	(3,920)	(7,663)
Other income	5,458	16,932	14,038	4,795
Administrative expenses	(4,953)	(18,152)	(15,583)	(19,120)
Finance costs	<u>(544)</u>	<u>(1,633)</u>	<u>(1,751)</u>	<u>(1,544)</u>
Loss before income tax	(11,008)	(7,713)	(7,216)	(23,532)
Income tax	<u>—</u>	<u>506</u>	<u>831</u>	<u>(1,384)</u>
Loss and total comprehensive income for the period/year attributable to the owners of the Company	<u><u>(11,008)</u></u>	<u><u>(7,207)</u></u>	<u><u>(6,385)</u></u>	<u><u>(24,916)</u></u>
Loss per share	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
— Basic and diluted	(1.38)	(0.90)	(0.80)	(3.11)
Dividend per share	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

The Group did not have any item of any income or expense which was material during the three years ended 31 March 2018, 2019 and 2020 and for the six months ended 30 September 2020.

As set out in the annual report of the Company for the year ended 31 March 2019 (the “**2019 Annual Report**”), the auditor of the Company, BDO Limited, considered that there is material uncertainty related to going concern. The basis of such material uncertainty set out in the 2019 Annual Report is reproduced herein below:

“MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 3(b) in the consolidated financial statements, which indicates that the Group continued to sustain a gross loss and a net loss for the year ended 31 March 2019, which amounted to approximately HK\$3,920,000 and HK\$6,385,000, respectively. In addition, the Group had net liabilities of approximately HK\$7,479,000 as at 31 March 2019. As stated in note 3(b), these conditions, along with other matters as set forth in note 3(b), indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not qualified in respect of this matter.”

As set out in the annual report of the Company for the year ended 31 March 2020 (the “**2020 Annual Report**”), the auditor of the Company, BDO Limited, considered that there is material uncertainty related to going concern. The basis of such material uncertainty as set out in the 2020 Annual Report is reproduced herein below:

“MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 3(b) in the consolidated financial statements, which indicates that the Group continued to sustain a gross loss and a net loss for the year ended 31 March 2020, which amounted to approximately HK\$4,860,000 and HK\$7,207,000, respectively. In addition, the Group had net liabilities of approximately HK\$14,686,000 as at 31 March 2020. As stated in Note 3(b), these conditions, along with other matters as set forth in Note 3(b), indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.”

Save as disclosed above, the auditor of the Company, BDO Limited, did not issue any modified opinion, emphasis of matter or material uncertainty related to going concern on the respective financial statements of the Group for the three years ended 31 March 2018, 2019 and 2020.

2. CONSOLIDATED FINANCIAL STATEMENTS

The Company is required to set out or refer in this Composite Document the consolidated statements of profit or loss, the consolidated statements of financial position, the consolidated statements of cash flows, and any other primary statements as shown in the audited consolidated financial statements of the Group for the years ended 31 March 2018 (the “**2018 Financial Statements**”), 31 March 2019 (the “**2019 Financial Statements**”), 31 March 2020 (the “**2020 Financial Statements**”) and the unaudited consolidated financial statements of the Group for the six months ended September 2020 (the “**2020 Interim Financial Statements**”), together with the relevant notes to the relevant published accounts which are of major relevance to the appreciation of the above financial information.

The 2018 Financial Statements are set out from page 39 to page 97 in the annual report of the Company for the year ended 31 March 2018 (the “**2018 Annual Report**”) which was published on 28 June 2018. The 2018 Annual Report was posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (<http://www.pakwingc.com>), and is accessible via the following hyperlinks:

<https://www1.hkexnews.hk/listedco/listconews/gem/2018/0628/gln20180628293.pdf>
<http://www.pakwingc.com/uploads/GLN20180628293.pdf>

The 2019 Financial Statements are set out from page 41 to page 115 in the 2019 Annual Report which was published on 28 June 2019. The 2019 Annual Report was posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (<http://www.pakwingc.com>), and is accessible via the following hyperlinks:

<https://www1.hkexnews.hk/listedco/listconews/gem/2019/0628/gln20190628147.pdf>
<http://www.pakwingc.com/uploads/Annual%20Report%202019.pdf>

The 2020 Financial Statements are set out from page 41 to page 111 in the 2020 Annual Report which was published on 29 June 2020. The 2020 Annual Report was posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (<http://www.pakwingc.com>), and is accessible via the following hyperlinks:

<https://www1.hkexnews.hk/listedco/listconews/gem/2020/0629/2020062900780.pdf>
<http://www.pakwingc.com/uploads/Annual%20Report%202020.pdf>

The 2020 Interim Financial Statements are set out from pages 2 to 15 of the interim report of the Company for the six months ended 30 September 2020 which was posted on 13 November 2020 on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (<http://www.pakwingc.com>), and is accessible via the following hyperlinks:

<https://www1.hkexnews.hk/listedco/listconews/gem/2020/1113/2020111301375.pdf>
http://www.pakwingc.com/uploads/fr_20201113_en.pdf

3. INDEBTEDNESS

As at the close of business on 30 November 2020, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Composite Document, details of the Group’s indebtedness are as follows:

(i) Lease liabilities-current

As at 30 November 2020, the Group had lease liabilities — current of approximately HK\$3.1 million.

(ii) Lease liabilities-non current

As at 30 November 2020, the Group had lease liabilities — non-current of approximately HK\$1.5 million.

(iii) Other loan

As at 30 November 2020, the Group's other loan amounted to HK\$5.0 million.

(iv) Loan from a director

As at 30 November 2020, the Group had loan from a director amounted to HK\$15.0 million.

(v) Other payables

As at 30 November 2020, the Group had other payables which comprised loans granted and cash advanced from the prior directors with carrying amount of approximately HK\$18.4 million.

Save as disclosed above and apart from intra-group liabilities, normal trade and other payables in the ordinary course of business, the Group did not, as at the close of business on 30 November 2020, have any outstanding loan, bank overdrafts, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, guarantees, or other material contingent liabilities.

4. MATERIAL CHANGE

The Directors confirm that save as disclosed below, there has been no material change in the financial or trading position or outlook of the Group since 31 March 2020, being the date to which the latest published audited financial statements of the Group were made up and up to and including the Latest Practicable Date:

- i. as stated in the interim report of the Company for the six months ended 30 September 2020, notwithstanding that revenue increased to approximately HK\$68.8 million for the six months ended 30 September 2020 from approximately HK\$36.3 million for the six months ended 30 September 2019, the Group recorded (a) a deterioration in gross loss from approximately HK\$0.2 million for the six months ended 30 September 2019 to approximately HK\$11.0 million for the six months ended 30 September 2020, which was mainly attributable to a loss making project, and (b) a loss attributable to the owners of the Company of approximately HK\$11.0 million for the six months ended 30 September 2020; and
- ii. as stated in the interim report of the Company for the six months ended 30 September 2020, the Group recorded (a) an increase in net liabilities from approximately HK\$14.7 million as at 31 March 2020 to approximately HK\$25.7 million as at 30 September 2020; and (b) a decrease in cash and cash equivalent from approximately HK\$14.6 million as at 31 March 2020 to approximately HK\$6.8 million as at 30 September 2020.

1. RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than those relating to the Offeror and parties acting in concert with it), and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those 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

The authorised and issued share capital of the Company as at 31 March 2020 (being the end of the last financial year of the Company) and the Latest Practicable Date were as follows:

<i>Authorised share capital:</i>	<i>HK\$</i>
<u>1,000,000,000</u> Ordinary Shares	<u>10,000,000</u>
<i>Issued and fully paid share capital:</i>	
<u>800,000,000</u> Ordinary Shares	<u>8,000,000</u>

Since 31 March 2020 (being the date to which the Company's latest published audited accounts were prepared) and up to the Latest Practicable Date, no new Shares had been issued by the Company.

All of the Shares currently in issue are fully paid up and rank *pari passu* in all respects with each other, including, in particular, as to dividends, voting and capital.

The Company did not have any outstanding securities, options, derivatives, warrants or other convertible securities or rights affecting the Shares as at the Latest Practicable Date.

3. DISCLOSURE OF INTERESTS

(a) Directors and chief executive's interests and short positions in the Shares, underlying Shares and debentures of the Company and any of its associated corporations

As at the Latest Practicable Date, none of the Directors nor the chief executive of the Company or their respective associates had any interests or 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 any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or which, pursuant to Section 352 of the SFO, have been entered in the register referred to therein, or which were required pursuant to the GEM Listing Rules to be notified to the Company and the Stock Exchange.

(b) Substantial shareholders' and other persons' interests and short positions in the Shares and underlying Shares of the Company

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of the SFO and, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO or were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at a general meeting of the Company:

Name of Shareholder	Nature of Interest	Number of Shares	Appropriate percentage or attributable percentage of shareholding
The Offeror (<i>Note 1</i>)	Beneficial owner	600,000,000 (L)	75.0%
Mr. Xing (<i>Note 1</i>)	Interest of a controlled corporation	600,000,000 (L)	75.0%
Mr. Fu (<i>Note 2</i>)	Person having a security interest in shares	600,000,000 (L)	75.0%
Freeman Union Limited ("Freeman Union") (<i>Note 3</i>)	Beneficial owner	63,660,000 (L) 63,660,000 (S)	7.96% 7.96%
Freeman United Investments Limited ("Freeman United Investments") (<i>Note 3</i>)	Interest of a controlled corporation	63,660,000 (L) 63,660,000 (S)	7.96% 7.96%
Ambition Union Limited ("Ambition Union") (<i>Note 3</i>)	Interest of a controlled corporation	63,660,000 (L) 63,660,000 (S)	7.96% 7.96%
Freeman Corporation Limited ("Freeman Corporation") (<i>Note 3</i>)	Interest of a controlled corporation	63,660,000 (L) 63,660,000 (S)	7.96% 7.96%
Freeman Financial Investment Corporation ("Freeman Financial Investment") (<i>Note 3</i>)	Interest of a controlled corporation	63,660,000 (L) 63,660,000 (S)	7.96% 7.96%
Freeman Fintech Corporation Limited ("Freeman Fintech Corporation") (<i>Note 3</i>)	Interest of a controlled corporation	63,660,000 (L) 63,660,000 (S)	7.96% 7.96%
Prosper Talent Limited ("Prosper Talent") (<i>Note 4</i>)	Person having a security interest in shares	63,660,000 (L)	7.96%
CCBI Investments Limited ("CCBI Investments") (<i>Note 4</i>)	Security interest of controlled corporation	63,660,000 (L)	7.96%

Name of Shareholder	Nature of Interest	Number of Shares	Appropriate percentage or attributable percentage of shareholding
CCB International (Holdings) Limited (“ CCB International ”) (Note 4)	Security interest of controlled corporation	63,660,000 (L)	7.96%
CCB Financial Holdings Limited (“ CCB Financial ”) (Note 4)	Security interest of controlled corporation	63,660,000 (L)	7.96%
CCB International Group Holdings Limited (“ CCB International Group ”) (Note 4)	Security interest of controlled corporation	63,660,000 (L)	7.96%
China Construction Bank Corporation (“ China Construction Bank ”) (Note 4)	Security interest of controlled corporation	63,660,000 (L)	7.96%
Central Huijin Investment Ltd. (“ Central Huijin ”) (Note 4)	Security interest of controlled corporation	63,660,000 (L)	7.96%

(L): Long position

(S): Short position

Notes:

1. Mr. Xing wholly and beneficially owns the Offeror. Pursuant to the SFO, Mr. Xing is deemed to be interested in all Shares held by the Offeror.
2. Pursuant to the share charge under the Finance Documents, 600,000,000 Shares were pledged by the Offeror in favour of Mr. Fu.
3. Freeman Union is the beneficial owner of 63,660,000 shares of the Company and is wholly owned by Freeman United Investments. Freeman United Investments is wholly owned by Ambition Union. Ambition Union is owned as to 76% by Freeman United Investments and as to 24% Freeman Corporation. Freeman Corporation is wholly owned by Freeman Financial Investment. Freeman Financial Investment is wholly owned by Freeman Fintech Corporation. Therefore, Freeman United Investments, Ambition Union, Freeman Corporation, Freeman Financial Investment and Freeman Fintech Corporation are deemed to be interested in the 63,660,000 shares of the Company held by Freeman Union.
4. Based on the notification filed to the Company, Freeman Fintech Corporation pledged 63,660,000 shares to Prosper Talent. Prosper Talent is a wholly owned subsidiary of CCBI Investments, which in turn is a wholly owned subsidiary of CCB International, which in turn is a wholly owned subsidiary of CCB Financial, which in turn is a wholly owned subsidiary of CCB International Group, which in turn is a wholly owned subsidiary of China Construction Bank, which is 57.11% held by Central Huijin. Therefore, CCBI Investments, CCB International, CCB Financial, CCB International Group, China Construction Bank and Central Huijin are deemed to be interested in the 63,660,000 shares of the Company held by Prosper Talent.

Save as disclosed above, as at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of the SFO and, so far as is known to the Directors, the Directors were not aware of any other persons (not being a Director or chief executive of the Company) had interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO or were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at a general meeting of the Company.

4. SHAREHOLDINGS AND DEALINGS IN THE OFFEROR

As at the Latest Practicable Date, none of the Company nor any of its Directors had any interest in the relevant securities (as defined in note 4 to Rule 22 of the Takeovers Code) (the “**Relevant Securities**”) of the Offeror, and no such person (including the Company) had dealt in the Relevant Securities of the Offeror during the Relevant Period.

5. SHAREHOLDINGS AND DEALINGS IN SECURITIES OF THE COMPANY

None of the Directors held any shares, convertible securities, warrants, options or other derivatives of the Company, and none of the Directors have dealt for value in any Share or any convertible securities, warrants, option or derivatives issued by the Company during the Relevant Period.

As at the Latest Practicable Date,

- (a) no Share or any convertible securities, warrants, option or derivatives issued by the Company was owned or controlled by a subsidiary of the Company or by a pension fund (if any) of any member of the Group or by a person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of acting in concert or who is an associate of the Company by virtue of class (2) of the definition of associate under the Takeovers Code or by the Independent Financial Adviser or any of its associates (as defined in the Takeovers Code), and no such person had dealt for value in the Shares or any convertible securities, warrants, options or derivatives issued by the Company during the Relevant Period;
- (b) no Shares or any convertible securities, warrants, option or derivatives issued by the Company was managed on a discretionary basis by fund managers connected with the Company, and no such person had dealt for value in the Shares or any convertible securities, warrants, options or derivatives issued by the Company during the Relevant Period;
- (c) no person had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of acting in concert 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 dealt for value in the Shares or any convertible securities, warrants, options or derivatives issued by the Company during the Relevant Period;

- (d) none of the Directors held any beneficial shareholdings in the Company which would otherwise entitle them to accept or reject the Offer; and
- (e) none of the Company or any of its Directors had borrowed or lent any Shares or other securities of the Company carrying voting rights or convertible securities, warrants, options or derivatives issued by the Company.

6. ARRANGEMENTS AFFECTING AND RELATING TO DIRECTORS

As at the Latest Practicable Date,

- (a) no benefit (other than statutory compensation) had been or 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 is conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer; and
- (c) the Offeror had not entered into any material contract in which any Director has a material personal interest.

7. SERVICE CONTRACTS OF DIRECTORS

As at the Latest Practicable Date, save as disclosed below, none of the Directors had any existing or proposed service contract with the Group or associated companies which: (i) which (including both continuous and fixed term contracts) have been entered into or amended within 6 months before the commencement of the Offer Period, or (ii) which are continuous contracts with a notice period of 12 months or more, or (iii) which are fixed term contracts with more than 12 months to run irrespective of the notice period:

	Position	Form of contract	Effective date of the service agreement/letter of appointment	Expiry date of the service agreement/letter of appointment	Fixed monthly remuneration (HK\$)
Mr. Lau Yik Lok	Executive Director	Letter of appointment	16 September 2020	16 September 2023	HK\$20,000
Mr. Sai Chun Yu	Independent non-executive Director	Letter of appointment	29 April 2020	29 April 2023	HK\$10,000
Mr. Lee Yan Sang	Independent non-executive Director	Letter of appointment	29 April 2020	29 April 2023	HK\$10,000

Note: There are no variable remuneration payable under each of the letters of appointment as mentioned above.

8. MATERIAL CONTRACTS

No contracts (not being contracts in the ordinary course of business carried on or intended to be carried on by the Group) have been entered into by members of the Group within the two years immediately preceding the commencement of the Offer Period and up to the Latest Practicable Date which are or may be material.

9. LITIGATION

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

10. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert whose letter, opinion or advice is contained or referred to in this Composite Document:

Name	Qualification
Alliance Capital	Licensed Corporation to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO

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

As at the Latest Practicable Date, Alliance Capital did not have any interests, either direct or indirect, in any assets which have been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2020, the date to which the latest published audited consolidated financial statements of the Group were made up.

As at the Latest Practicable Date, Alliance Capital did not have any shareholding in the Company or any of its subsidiaries or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

11. MISCELLANEOUS

- (a) The registered office of the Company is at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands.
- (b) The head office and principal place of business of the Company in Hong Kong is at 5/F, Shum Tower, 268 Des Voeux Road Central, Sheung Wan, Hong Kong.

- (c) The Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) The English text of this Composite Offer Document shall prevail over the Chinese text.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (i) at the principal office of the Company at 5/F, Shum Tower, 268 Des Voeux Road Central, Sheung Wan, Hong Kong during normal business hours from 9:30 a.m. to 5:30 p.m. (on any weekdays, except public holidays); (ii) on the website of the SFC (<http://www.sfc.hk>); and (iii) on the website of the Company (<http://www.pakwingc.com>) from the date of this Composite Document up to and including the Closing Date:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for the three years ended 31 March 2018, 2019 and 2020;
- (c) the interim report of the Company for the six months ended 30 September 2020;
- (d) the letter from the Board, the text of which is set out on pages 16 to 22 of this Composite Document;
- (e) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 23 to 24 of this Composite Document;
- (f) the letter from the Independent Financial Adviser to the Independent Board Committee, the text of which is set out on pages 25 to 41 of this Composite Document;
- (g) the service agreements and the letters of appointment referred to under the paragraph headed "7. Service Contracts of Directors" in this Appendix III; and
- (h) the written consent referred to under the paragraph headed "10. Qualification and Consent of Expert" in this Appendix III.

1. RESPONSIBILITY STATEMENT

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

The directors of the Offeror (namely, Mr. Xing and Mr. Fu) jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Group, Steel Dust, the Receivers and parties acting in concert with any of them), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than that 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 statement contained in this Composite Document misleading.

2. MARKET PRICES

The table below shows the closing prices 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 Business Day immediately preceding the date of the Announcement; (iii) the Last Trading Day; and (iv) the Latest Practicable Date:

Date:	Closing price per Share HK\$
31 December 2019	0.087
31 January 2020	0.046
28 February 2020	0.04
31 March 2020	0.045
29 April 2020	0.034
29 May 2020	0.064
23 June 2020 (being the last Business Day immediately preceding the date of the Announcement)	0.075
30 June 2020	0.058
31 July 2020	0.052
31 August 2020	0.054
30 September 2020	0.225
30 October 2020	0.21
30 November 2020	0.58
14 December 2020 (being the Last Trading Date) (<i>Note</i>)	0.56
31 December 2020	0.72
18 January 2021 (being the Latest Practicable Date)	0.70

Note: Trading in the Shares on GEM was halted from 9:00 a.m. on 15 December 2020 to 22 December 2020 pending the release of the Joint Announcement.

During the Relevant Period, the highest closing price of the Shares quoted on the Stock Exchange was HK\$0.73 per Share on 14 January 2021 and the lowest closing price of the Shares quoted on the Stock Exchange was HK\$0.03 per Share on 4 May 2020, 14 May 2020 and 15 May 2020.

3. DISCLOSURE OF INTERESTS IN SHARES

As at the Latest Practicable Date, details of interests in the Shares, underlying Shares, debentures or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company held or controlled by the Offeror, parties acting in concert with it and directors of the Offeror were as follows:

Name of Shareholder	Capacity	Number of Shares	Approximate percentage of interest in the Company's share capital
The Offeror	Beneficial owner	600,000,000 (Note 3)	75.00%
Mr. Xing (Note 1)	Interest of controlled corporation	600,000,000 (Note 3)	75.00%
Mr. Fu (Note 2)	Beneficial owner	200,000	0.03%
	Person having a security interest in shares	600,000,000 (Note 3)	75.00%

Notes:

1. The Offeror is wholly and beneficially owned by Mr. Xing, who is deemed to be interested in 600,000,000 Shares held by the Offeror under the SFO. Mr. Xing is a director of the Offeror.
2. Mr. Fu is a director of the Offeror and the fund provider of the Consideration and the consideration payable under the Offer pursuant to the Finance Documents.
3. Pursuant to the share charge under the Finance Documents, 600,000,000 Shares were charged by the Offeror in favour of Mr. Fu.

Save as disclosed above, (i) as at the Latest Practicable Date, none of the Offeror, parties acting in concert with it and directors of the Offeror owned, controlled or had any other interest in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company; and (ii) save for the acquisition of the Sale Shares by the Offeror under the Sale and Purchase Deed and that Mr. Fu acquired an aggregate of 200,000 Shares in open market on 18 September 2020 at prices ranging from HK\$0.074 to HK\$0.075 per Share, none of the Offeror, parties acting in concert with it and directors of the Offeror had dealt for value in any Shares, options, derivatives, warrants or other securities convertible into Shares during the Relevant Period.

4. DEALING AND INTERESTS IN THE COMPANY'S SECURITIES AND OTHER ARRANGEMENTS

As at the Latest Practicable Date:

- (i) save for the Sale Shares held by the Offeror and the 200,000 Shares held by Mr. Fu, none of the Offeror, parties acting in concert with it or directors of the Offeror owned or had control or direction over any voting rights or rights over the Shares, options, derivatives, warrants or other securities convertible into Shares;
- (ii) there was no outstanding derivative in respect of securities in the Company which was owned, controlled or directed by, or had been entered into by the Offeror, its ultimate beneficial owner and/or any person acting in concert with any of them;
- (iii) no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company was managed on a discretionary basis by any fund managers or principal traders connected with the Offeror or any person acting in concert with it, and no such person had dealt in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Relevant Period;
- (iv) save for the Finance Documents, none of the Offeror or parties acting in concert with it had any arrangement (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with any person;
- (v) save for the Finance Documents, there was no arrangement (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code which existed between the Offeror or any person acting in concert with it or any other associate of the Offeror and any other person;
- (vi) there was no agreement or arrangement to which the Offeror is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;
- (vii) none of the Offeror or parties acting in concert with it had received any irrevocable commitment to accept or reject the Offer;
- (viii) none of the Offeror nor parties acting in concert with it had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;
- (ix) save for the Finance Documents pursuant to which the Sale Shares had been and the Offer Shares to be acquired by the Offeror would be charged in favour of Mr. Fu who held 200,000 Shares as at the Latest Practicable Date, there was no agreement, arrangement or understanding to transfer, charge or pledge any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company which the Offeror may acquire in pursuance of the Offer would be transferred, charged or pledged to any other persons;

- (x) save for the Sale and Purchase Deed, there was no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Offeror and/or any party acting in concert with it on one hand, and Steel Dust, the Receivers and any party acting in concert with any of them on the other hand;
- (xi) save for the Sale and Purchase Deed, the Finance Documents and the Offeror Loan Agreement, there was no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeover Code) between (i) any Shareholder; and (ii)(a) the Offeror and any party acting in concert with it or (ii)(b) the Company, its subsidiaries or associated companies;
- (xii) save for the Consideration, there was no other consideration, compensation or benefit in whatever form paid or to be paid by the Offeror or any parties acting in concert with it to Steel Dust, the Receivers or any party acting in concert with any of them in connection with the sale and purchase of the Sale Shares;
- (xiii) save for the Sale and Purchase Deed and the Finance Documents, there was no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror or any person acting in concert with it and any of the Directors, recent directors of the Company, Shareholders or recent shareholders of the Company having any connection with or dependence upon the Offer;
- (xiv) there was no arrangement whereby benefit (other than statutory compensation) was or would be given to any Directors as compensation for loss of office or otherwise in connection with the Offer; and
- (xv) there were no conditions to which the Offer is subject to.

Save (i) for the acquisition of the Sale Shares by the Offeror under the Sale and Purchase Deed; and (ii) that Mr. Fu acquired an aggregate of 200,000 Shares in open market on 18 September 2020 at prices ranging from HK\$0.074 to HK\$0.075 per Share, none of the Offeror, parties acting in concert with it and the directors of the Offeror had dealt for value in nor owned any Shares, options, derivatives, warrants or other securities convertible into Shares during the Relevant Period.

5. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given opinions or advice which are contained or referred to in this Composite Document:

Name	Qualification
Luk Fook Capital (HK) 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
Merdeka Securities Limited	a corporation licensed by the SFC to carry out Type 1 (dealing in securities) regulated activity under the SFO

Each of the above experts has given and has not withdrawn their respective written consent to the issue of this Composite Document with the inclusion of the text of its letter, advice and/or references to its name, in the form and context in which they appear herein.

6. MISCELLANEOUS

- (a) The registered office of the Offeror is situated at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.
- (b) The correspondence address of the principal members of the Offeror's concert group (which include Mr. Xing and Mr. Fu) is Room 502, Tai Tung Building, 8 Fleming Road, Wan Chai, Hong Kong.
- (c) The main business address of Luk Fook Capital is situated at Units 2201–2207 & 2213–2214, 22/F Cosco Tower, 183 Queen's Road Central, Central, Hong Kong.
- (d) The main business address of Merdeka Securities is situated at Room 1108–1110, 11/F, Wing On Centre, 111 Connaught Road Central, Central, Hong Kong.
- (e) The Offeror is a company incorporated in the British Virgin Islands with limited liability on 6 October 2020.
- (f) The English text of this Composite Document and the accompanying Form of Acceptance shall prevail over their respective Chinese texts, in case of any inconsistency.

7. DOCUMENTS AVAILABLE FOR INSPECTION AND DOCUMENTS ON DISPLAY

Copies of the following documents are available for inspection (i) at the principal office of the Company at 5/F, Shum Tower, 268 Des Voeux Road Central, Sheung Wan, Hong Kong during normal business hours from 9:30 a.m. to 5:30 p.m. (on any weekdays, except public holidays); (ii) on the website of the SFC (<http://www.sfc.hk>); and (iii) on the website of the Company (<http://www.pakwingc.com>) from the date of this Composite Document up to and including the Closing Date:

- (a) the memorandum and articles of association of the Offeror;
- (b) the letter from Merdeka Securities, the text of which is set out on pages 7 to 15 of this Composite Document; and
- (c) the written consents referred to under the paragraph headed “5. Experts and Consents” in this appendix.