

## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in 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 your shares in 1957 & Co. (Hospitality) 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 or licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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

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



**Real Hero Ventures Limited**  
(Incorporated in the British Virgin Islands with limited liability)

**1957 & Co. (Hospitality) Limited**  
(Incorporated in the Cayman Islands with limited liability)  
(Stock Code: 8495)

### COMPOSITE OFFER AND RESPONSE DOCUMENT IN RELATION TO MANDATORY CONDITIONAL CASH OFFER BY SILVERBRICKS SECURITIES COMPANY LIMITED FOR AND ON BEHALF OF REAL HERO VENTURES LIMITED TO ACQUIRE ALL OF THE ISSUED SHARES OF 1957 & CO. (HOSPITALITY) LIMITED (OTHER THAN THOSE ALREADY OWNED AND AGREED TO BE ACQUIRED BY THE OFFEROR'S CONCERT GROUP)

Financial adviser to the Offeror



Financial adviser to the Company



Offer Agent to the Offeror



Independent Financial Adviser to the Independent Board Committee



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

A letter from VBG Capital containing, among other things, details of the terms of the Offer is set out on pages 11 to 19 of this Composite Document. A letter from the Board is set out on pages 20 to 27 of this Composite Document.

A letter from the Independent Board Committee containing its recommendation in respect of the Offer is set out on pages 28 to 29 of this Composite Document.

A letter of advice from the Independent Financial Adviser to the Independent Board Committee in respect of the terms of the Offer and as to the acceptance of the Offer is set out on pages 30 to 48 of this Composite Document.

The procedures for acceptance and settlement of the Offer and other related information are set out in Appendix I "Further Terms and Procedures for Acceptance of the Offer" to this Composite Document and in the accompanying Form of Acceptance. Acceptance of the Offer should be received by the Registrar, Tricor Investor Services Limited, at Level 54 Hopewell Centre 183 Queen's Road East Hong Kong (to be changed to 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong with effect from 15 August 2022), no later than 4:00 p.m. on Wednesday, 3 August 2022 or such later time and/or date as the Offeror may determine and announce, in accordance with the requirements under the Takeovers Code.

Shareholders should inform themselves of and observe any applicable legal, tax or regulatory requirements set out in the "Important Notice" section of this Composite Document. Persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form of Acceptance to any jurisdiction outside Hong Kong, should read the details in this regard which are contained in the paragraph headed "Overseas Shareholders" in the "Letter from VBG Capital" in this Composite Document before taking any action. It is the responsibility of each Overseas Shareholder wishing 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 and the compliance with all necessary formalities, regulatory and/or legal requirements. Overseas Shareholders are advised to seek professional advice on deciding whether or not to accept the Offer.

This Composite Document will remain on the websites of the Stock Exchange at <http://www.hkexnews.hk> and the Company at <http://www.1957.com.hk/> as long as the Offer remains open.

In case of any inconsistency, the English language texts of this Composite Document and the enclosed Form of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation.

13 July 2022

## 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.**

# CONTENTS

	<i>Page</i>
<b>EXPECTED TIMETABLE</b> .....	1
<b>IMPORTANT NOTICE</b> .....	4
<b>DEFINITION</b> .....	5
<b>LETTER FROM VBG CAPITAL</b> .....	11
<b>LETTER FROM THE BOARD</b> .....	20
<b>LETTER FROM THE INDEPENDENT BOARD COMMITTEE</b> .....	28
<b>LETTER FROM THE INDEPENDENT FINANCIAL ADVISER</b> .....	30
<b>APPENDIX I — FURTHER TERMS AND PROCEDURES FOR ACCEPTANCE OF THE OFFER</b> .....	I-1
<b>APPENDIX II — FINANCIAL INFORMATION OF THE GROUP</b> .....	II-1
<b>APPENDIX III — GENERAL INFORMATION OF THE GROUP</b> .....	III-1
<b>APPENDIX IV — GENERAL INFORMATION OF THE OFFEROR</b> .....	IV-1
<b>ACCOMPANYING DOCUMENT — FORM OF ACCEPTANCE</b>	

## EXPECTED TIMETABLE

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

Despatch date of this Composite Document and  
the accompanying Form of Acceptance and  
commencement date of the Offer (*Note 1*) ..... Wednesday, 13 July 2022

Latest time and date for acceptance of the Offer  
on the first Closing Date (*Notes 2, 6 and 7*) ... by 4:00 p.m. on Wednesday, 3 August 2022

First Closing Date (*Notes 2, 6 and 7*)..... Wednesday, 3 August 2022

Announcement of the results of the Offer  
as at the first Closing Date, to be posted  
on the website of the Stock Exchange (*Notes 2, 6 and 7*) ..... by 7:00 p.m. on  
Wednesday, 3 August 2022

Latest date for posting of remittances for  
the amount due in respect of valid acceptances  
received under the Offer on or before 4:00 p.m.  
on the first Closing Date assuming the Offer becomes  
or is declared unconditional on  
the first Closing Date (*Notes 3 and 6*) ..... Friday, 12 August 2022

Latest time and date for acceptance of the Offer that remains  
open for acceptances assuming the Offer becomes or  
is declared unconditional on  
first Closing Date (*Notes 4 and 6*)..... by 4:00 p.m. on Wednesday, 17 August 2022

Final Closing Date (*Notes 4 and 6*)..... Wednesday, 17 August 2022

Announcement of the results of the Offer  
as at the final Closing Date, to be posted on  
the website of the Stock Exchange and the Company ..... by 7:00 p.m.  
on Wednesday, 17 August 2022

Latest date for posting of remittances for  
the amount due in respect of valid acceptances  
received under the Offer on or before 4:00 p.m.  
on the final Closing Date, being the latest time and date  
on which the Offer remain open for acceptances  
assuming the Offer becomes or is declared unconditional  
on the first Closing Date (*Notes 3 and 6*) ..... Friday, 26 August 2022

Latest time and date by which the Offer can become  
or be declared unconditional as to acceptances (*Note 5*) ..... Tuesday, 13 September 2022

## EXPECTED TIMETABLE

*Notes:*

1. The Offer is made on Wednesday, 13 July 2022, the date of this Composite Document, and is capable of acceptance on and from that date until the Closing Date.
2. In accordance with the Takeovers Code, the Offer must initially be open for acceptance for at least twenty one (21) days following the date on which this Composite Document was posted. The latest time for acceptance of the Offer is 4:00 p.m. on the first Closing Date unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. The Offeror has the right under the Takeovers Code to extend the Offer until such date as it may determine in accordance with the Takeovers Code (or as permitted by the Executive in accordance with the Takeovers Code). An announcement will be jointly issued by the Company and the Offeror through the website of the Stock Exchange by 7:00 p.m. on the Closing Date stating the results of the Offer and whether the Offer has been revised or extended or has expired or has become or is declared unconditional. In the event that the Offeror decides to extend the Offer, the announcement will state the next closing date of the Offer or that the Offer will remain open until further notice. In the latter case, at least fourteen (14) days' notice in writing will be given before the Offer is closed to those Independent Shareholders who have not accepted the Offer.

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.

All acceptances, instructions, authorisations and undertakings given by the Offer Shareholders in the Form of Acceptance shall be irrevocable except as permitted under the Takeovers Code. Please refer to "6. Right of Withdrawal" in Appendix I to this Composite Document for further information of the circumstances where acceptances may be withdrawn.

3. Subject to the Offer becoming unconditional, remittances in respect of the cash consideration for the Offer Shares (after deducting the Offer Shareholders' ad valorem stamp duty in respect of acceptances of the Offer) under the Offer will be despatched to the accepting Shareholder(s) (to the address specified on the relevant Form of Acceptance) by ordinary post at his/her/its own risk as soon as possible, but in any event within seven (7) Business Days following the later of (i) the date of receipt by the Registrar of the duly completed and signed Form of Acceptance and all the relevant documents to render the acceptance under the Offer complete and valid, and (ii) the date on which the Offer becomes or is declared unconditional in all respects.
4. In accordance with the Takeovers Code, where the Offer becomes or is declared unconditional in all respects, the Offer should remain open for acceptance for not less than fourteen (14) days thereafter. In such case, at least fourteen (14) days' notice in writing must be given before the Offer is closed. The Offeror has the right, subject to the Takeovers Code, to extend the Offer until such date as it may determine or as permitted by the Executive, in accordance with the Takeovers Code. The Offeror will issue an announcement in relation to any extension of the Offer, which will state the next closing date or, if the Offer has become or is at that time unconditional, that the Offer will remain open until further notice.
5. In accordance with the Takeovers Code, except with the consent of the Executive, the Offer may not become or be declared unconditional as to acceptances after 7:00 p.m. on the 60th day after the day of this Composite Document is posted. Where a period laid down by the Takeovers Code ends on a day which is not a Business Day, the period is extended until the next Business Day. Accordingly, unless the Offer has previously become unconditional as to acceptances, the Offer will lapse on Tuesday, 13 September 2022 unless extended by the Offeror with the consent of the Executive and in accordance with the Takeovers Code. Therefore, the last day by which the Offer can become or be declared unconditional in all respects is Tuesday, 13 September 2022.

## EXPECTED TIMETABLE

6. The latest time and date for acceptance of the Offer and/or 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”, 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/or the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances. In such case, the latest time for acceptance of the Offer and/or the posting of remittances will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.
7. Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except in the circumstances as set out in the paragraph headed “6. Right of Withdrawal” in Appendix I to this Composite Document.

Save as mentioned above, if the latest time for the acceptance of the Offer and/or 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.

**All references to date and time contained in this Composite Document and the accompanying Form of Acceptance refer to Hong Kong date and time.**

## **IMPORTANT NOTICE**

### **NOTICE TO 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 should inform themselves about and observe any applicable legal requirements and, where necessary, seek independent legal advice. 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 of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required or the compliance with other necessary formalities or legal requirements and the payment of any transfer or other taxes or other required payments due in respect of such jurisdiction.

The Offeror's Concert Group, the Company, the Registrar, their respective ultimate beneficial owners, directors, officers, agents, professional advisers and associates and any other persons involved in the Offer shall be entitled to be fully indemnified and held harmless by such person for any taxes as such person may be required to pay. Please see the paragraph headed "Overseas Shareholders" in the "Letter from VBG Capital" in this Composite Document.

### **CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This Composite Document contains forward-looking statements, which may be identified by words such as "believe", "expect", "anticipate", "intend", "plan", "seek", "estimate", "will", "would" or words of similar meaning, that involve risks and uncertainties, as well as assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. The forward-looking statements included herein are made only as at the Latest Practicable Date. The Offeror and the Company assume no obligation to correct or update the forward-looking statements or opinions contained in this Composite Document, except as required pursuant to applicable laws or regulations, including but not limited to the GEM Listing Rules and/or the Takeovers Code.

## DEFINITION

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

“Acquisition”	the sale and purchase of the Sale Shares by the Offeror from the Vendors in accordance with the terms and conditions of the Sale and Purchase Agreement
“acting in concert” or “concert parties”	has the meaning ascribed to it under the Takeovers Code
“associate(s)”	has the meaning ascribed to it under the Takeovers Code
“Board”	the board of Directors
“Business Day(s)”	a day on which the Stock Exchange is open for the transaction of business
“BVI”	the British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Closing Date”	3 August 2022, being the closing date of the Offer or any subsequent closing date as may be announced by the Offeror in accordance with the Takeovers Code
“Company”	1957 & Co. (Hospitality) Limited, a company incorporated in the Cayman Islands with limited liability whose ordinary shares are listed on GEM of the Stock Exchange (stock code: 8495)
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreement
“Completion Date”	the date of Completion, being 22 June 2022
“Composite Document”	this composite offer and response document jointly issued by the Offeror and the Company to the Independent Shareholders in connection with the Offer in compliance with the Takeovers Code containing, among other things, details of the Offer (accompanied by the relevant form(s) of acceptance and transfer) and the respective letters of advice from the Independent Board Committee and the Independent Financial Adviser
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules



## DEFINITION

“Consideration”	The amount of HK\$100,455,664.4, being consideration payable by the Offeror to the Vendors for the Sale Shares
“Controlling Shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“DT Announcement”	an announcement of the Company dated 8 July 2022 in respect of the Tenancy Agreement
“Encumbrance(s)”	a mortgage, Claim, charge, pledge, lien, hypothecation, guarantee, right of set-off, trust, assignment, right of first refusal, right of pre-emption, option, restriction or other encumbrance or any legal or equitable third party right or interest including any security interest of any kind or any type of preferential arrangement (or any like agreement or arrangement creating any of the same or having similar effect)
“Executive”	the Executive Director of the Corporate Finance Division of the SFC from time to time and any delegate of such Executive Director
“Form of Acceptance”	the relevant form(s) of acceptance and transfer of the Offer Share(s) 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
“Group”	the Company together with its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Board, comprising Mr. How Sze Ming, Mr. Ng Wai Hung and Mr. Chan Kam Kwan Jason, being all the independent non-executive Directors who have no direct or indirect interest in the Offer, which has been formed for the purpose of advising the Independent Shareholders in respect of the Offer

## DEFINITION

“Independent Financial Adviser” or “Maxa Capital”	Maxa Capital Limited, a licensed corporation under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, being the independent financial adviser appointed by the Company to advise the Independent Board Committee in respect of the Offer
“Independent Shareholder(s)” or “Offer Shareholder(s)”	Shareholders other than the Offeror’s Concert Group
“Joint Announcement”	the announcement dated 1 June 2022 jointly issued by the Company and the Offeror in relation to the Offer
“Last Trading Day”	1 June 2022, being the last trading day immediately prior to the date of the Joint Announcement
“Latest Practicable Date”	8 July 2022, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein
“Loan Facility Agreement”	the interest bearing loan facility agreement entered into between Silverbricks Securities as lender and the Offeror as borrower dated 25 May 2022 in respect of the loan facility of up to HK\$110,000,000 made available by Silverbricks Securities to the Offeror to finance the Consideration and the consideration payable under the Offer, pursuant to which the Pledged Shares shall be deposited into its securities account opened with Silverbricks Securities as security
“Mr. Cai”	Mr. Cai Weike (蔡偉科), the sole ultimate beneficial owner and the sole director of the Offeror as at the Latest Practicable Date
“Offer”	the mandatory conditional cash offer made by Silverbricks 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’s Concert Group) pursuant to Rule 26.1 of the Takeovers Code
“Offer Period”	has the meaning ascribed to it in the Takeovers Code, being the period commencing from the date of publication of the Joint Announcement, namely, 1 June 2022 and ending on the date of the close of the Offer, or such other time or date to which the Offeror may decide to extend the Offer in accordance with the Takeovers Code
“Offer Price”	HK\$0.5341 per Offer Share under the Offer

## DEFINITION

“Offer Share(s)”	any of the 195,916,000 Shares that are subject to the Offer
“Offeror”	Real Hero Ventures Limited, a company incorporated in the BVI with limited liability, being the purchaser under the Sale and Purchase Agreement. Mr. Cai is the sole director and sole ultimate beneficial shareholder of the Offeror
“Offeror’s Concert Group”	Mr. Cai, the Offeror and its associates and parties acting in concert with any of them
“Overseas Shareholder(s)”	Shareholder(s) whose address(es) as shown on the register of members of the Company is/are outside Hong Kong
“Pledged Shares”	the Sale Shares to be held by the Offeror upon Completion pledged by the Offeror under the Loan Facility Agreement in favour of Silverbricks Securities
“PRC”	the People’s Republic of China excluding, for the purpose of this Composite Document, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Registrar”	Tricor Investor Services Limited, the Hong Kong share registrar of the Company
“Relevant Date”	1 June 2022, being the date of the Joint Announcement
“Relevant Period”	the period commencing on 1 December 2021, being the date falling six months preceding the date of commencement of the Offer Period (being 1 June 2022), and ending on and including the Latest Practicable Date
“Sale and Purchase Agreement”	the conditional agreement dated 1 June 2022 and entered into by and among the Vendors and the Offeror in relation to the Acquisition
“Sale Price”	the sale price of HK\$0.5341 per Sale Share
“Sale Shares”	an aggregate of 188,084,000 Shares conditionally agreed to be sold by the Vendors and conditionally agreed to be acquired by the Offeror pursuant to the terms and conditions of the Sale and Purchase Agreement, representing 48.98% of the total issued share capital of the Company as at the Latest Practicable Date
“SFC”	the Securities and Futures Commission of Hong Kong

## DEFINITION

“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) in issue of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Silverbricks Securities”	Silverbricks Securities Company Limited, a licensed corporation under the SFO to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the agent making the Offer on behalf of the Offeror
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers
“Tenancy Agreement”	the tenancy agreement signed by Petit An Nam (YOHO Midtown) Restaurant Limited, a wholly-owned subsidiary of the Company (as tenant) on 8 July 2022 and pending to be signed by the MTR Corporation Limited (as landlord) in relation to the leasing of Shop Unit 334, The Wai, Sha Tin Town Lot No. 520, Sha Tin, New Territories for the opening of a new restaurant under the brand “Modern Shanghai” in The Wai of Sha Tin. The details of the Tenancy Agreement was disclosed in the DT Announcement
“VBG Capital”	VBG Capital Limited, a licensed corporation under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, being the financial adviser to the Offeror
“Vendor 1”	Sino Explorer Limited, a company incorporated in the BVI with limited liability, and is wholly and beneficially owned by Mr. Leung Chi Tien Steve, who is a non-executive Director as at the Latest Practicable Date
“Vendor 2”	All Victory Global Limited, a company incorporated in the BVI with limited liability, and is wholly and beneficially owned by Mr. Leung Chi Tien Steve, who is a non-executive Director as at the Latest Practicable Date
“Vendor 3”	Mr. Kwan Wing Kuen Tino, who is an executive Director as at the Latest Practicable Date

## DEFINITION

“Vendor 4”	P.S Hospitality Limited, a company incorporated in the BVI with limited liability, and is wholly and beneficially owned by Mr. Kwok Chi Po, who is an executive Director as at the Latest Practicable Date
“Vendor 5”	Mr. Kwok Chi Po, who is an executive Director as at the Latest Practicable Date
“Vendors”	collectively, Vendor 1, Vendor 2, Vendor 3, Vendor 4 and Vendor 5
“Waiver”	the waiver from the general requirement to obtain approval of the Shareholders in respect of the Tenancy Agreement under Rule 4 of the Takeovers Code
“%”	per cent

## LETTER FROM VBG CAPITAL



建泉融資有限公司  
VBG Capital Limited

VBG Capital Limited  
18/F, Prosperity Tower  
39 Queen's Road Central  
Hong Kong

13 July 2022

*To the Independent Shareholders*

Dear Sir/Madam,

**MANDATORY CONDITIONAL CASH OFFER BY SILVERBRICKS  
SECURITIES COMPANY LIMITED FOR AND ON BEHALF OF REAL  
HERO VENTURES LIMITED TO ACQUIRE ALL THE ISSUED SHARES  
OF 1957 & CO. (HOSPITALITY) LIMITED (OTHER THAN THOSE  
ALREADY OWNED AND AGREED TO BE ACQUIRED  
BY THE OFFEROR'S CONCERT GROUP)**

### INTRODUCTION

Reference is made to the Joint Announcement dated 1 June 2022, where the Company and the Offeror jointly announced, among other things, that the Vendors and the Offeror entered into the Sale and Purchase Agreement dated 1 June 2022, pursuant to which the Vendors conditionally agreed to sell, and the Offeror conditionally agreed to acquire, the Sale Shares at the total consideration of HK\$100,455,664.4 (equivalent to HK\$0.5341 per Sale Share), which was agreed between the Offeror and the Vendors after arm's length negotiations, taking into account the prevailing market price, the audited consolidated net asset value per Share as at 31 December 2021 of approximately HK\$0.190, the financial performance of the Group for the two years ended 31 December 2021 (including but not limited to (i) the revenue of the Group has been increased of approximately HK\$73 million from 31 December 2020 to 31 December 2021, representing an increase of approximately 23.01%; and (ii) the Group recorded a profit attributable to the owners of the Company of approximately HK\$13.2 million for the year ended 31 December 2021, which turned around the loss recorded in the year ended 31 December 2020 of approximately HK\$12.9 million) and the business prospect of the Group.

As disclosed in the section headed "Conditions of the Sale and Purchase Agreement" in the Joint Announcement, completion of the Sale and Purchase Agreement is conditional upon the satisfaction (or waiver by the Offeror, where applicable) of certain conditions. Accordingly, Completion took place on 22 June 2022.

Before the Completion, the Offeror's Concert Group doesn't have any interest in the Shares. Immediately upon Completion which took place on 22 June 2022 and as at the Latest Practicable Date, the Offeror's Concert Group owned in aggregate 188,084,000 Shares, representing 48.98% of the issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory conditional cash offer for all the issued Shares (other than those already owned and agreed to be acquired by the Offeror's Concert Group). Silverbricks Securities is making the Offer for and on behalf of the Offeror.

## LETTER FROM VBG CAPITAL

This letter forms part of this Composite Document which sets out, among other things, the principal terms of the Offer, the information of the Offeror and the Offeror's intentions on the Group. Further details on the terms of the Offer and procedures of acceptance and settlement and acceptance period 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 sections headed "Letter from the Board", "Letter from the Independent Board Committee" and "Letter from the Independent Financial Adviser" and the appendices as set out in this Composite Document before reaching a decision as to whether or not to accept the Offer.

### THE OFFER

#### Principal terms of the Offer

Silverbricks Securities is making the Offer for and on behalf of the Offeror, to acquire the Offer Shares on the following basis:

**For each Offer Share ..... HK\$0.5341 in cash**

The price of HK\$0.5341 for each Offer Share is the same as the price paid for each Sale Share by the Offeror to the Vendors pursuant to the Sale and Purchase Agreement.

As at the Latest Practicable Date, there were 384,000,000 Shares in issue and the Company did not have any outstanding options, warrants or derivatives or securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares. Further details of the terms of the Offer and the procedures for acceptance and settlement and acceptance period are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

As at the Latest Practicable Date, none of the members of the Offeror's Concert Group has received any irrevocable commitment not to accept the Offer. The Offer Shares to be acquired under the Offer shall be fully paid and shall be acquired free from all Encumbrances and together with all rights attaching thereto, including the rights to receive all dividends and distributions declared, made or paid on or after the date on which the Offer is made. The Company has not declared and has no intention of declaring any dividend or making any distribution before the close of the Offer.

#### Comparison of value

The Offer Price of HK\$0.5341 per Offer Share represents:

- (a) a premium of approximately 4.73% over the closing price of HK\$0.510 per Share as quoted on Stock Exchange on Latest Practicable Date;
- (b) a premium of approximately 4.73% over the closing price of HK\$0.510 per Share as quoted on Stock Exchange on 30 June 2022;

## LETTER FROM VBG CAPITAL

- (c) a premium of approximately 14.86% over the closing price of HK\$0.465 per Share as quoted on the Stock Exchange on 31 May 2022;
- (d) a premium of approximately 7.90% over the closing price of HK\$0.495 per Share as quoted on the Stock Exchange on 1 June 2022, being the Last Trading Day;
- (e) a premium of approximately 20.29% over the average closing price of approximately HK\$0.444 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (f) a premium of approximately 24.21% over the average closing price of approximately HK\$0.430 per Share as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day;
- (g) a premium of approximately 29.64% over the average closing price of approximately HK\$0.412 per Share as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;
- (h) a premium of approximately 39.45% over the average closing price of approximately HK\$0.383 per Share as quoted on the Stock Exchange for the last 60 trading days immediately prior to and including the Last Trading Day;
- (i) a premium of approximately 181.11% over the audited consolidated net asset value of the Group of approximately HK\$0.190 per Share as at 31 December 2021 calculated based on the audited consolidated net asset value of the Group as at 31 December 2021 of approximately HK\$72,867,000 and 384,000,000 Shares in issue as at the Latest Practicable Date; and
- (j) a premium of approximately 268.34% over the unaudited consolidated net asset value of the Group of approximately HK\$0.145 per Share as at 31 March 2022 calculated based on the unaudited consolidated net asset value of the Group as at 31 March 2022 of approximately HK\$55,740,000 and 384,000,000 Shares in issue as at the Latest Practicable Date.

### **Highest and lowest Share price**

During the six-month period immediately preceding and including the date of the Joint Announcement: (a) the highest closing price of the Shares quoted on the Stock Exchange was HK\$0.495 per Share on 1 June 2022; and (b) the lowest closing price of the Shares quoted on the Stock Exchange was HK\$0.295 per Share on 20 and 31 December 2021 and 3, 4, 5, 6, 7 and 14 January 2022.

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

As at the Latest Practicable Date, there were 384,000,000 Shares in issue. The Offer Price of HK\$0.5341 per Offer Share under the Offer is the same as the purchase price per Sale Share payable by the Offeror under the Sale and Purchase Agreement. Assuming there is no change



## LETTER FROM VBG CAPITAL

in the issued share capital of the Company from the date of the Joint Announcement up to the Closing Date and based on the Offer Price of HK\$0.5341 per Offer Share, the Consideration, together with the value of the Offer, would be valued at HK\$205,094,400.

Immediately following Completion and on the basis that there are 195,916,000 Shares subject to the Offer and assuming that there is no change in the issued share capital of the Company from the date of the Joint Announcement up to the Latest Practicable Date, in the event that the Offer is accepted in full, the aggregate value of the Offer is HK\$104,638,735.6.

### **Confirmation of financial resources**

The aggregate of the cash amount payable to the Vendors as the Consideration is HK\$100,455,664.4. The maximum amount of cash payable by the Offeror in respect of acceptances of the Offer is HK\$104,638,735.6, assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to the Closing Date and based on the Offer Price of HK\$0.5341 per Offer Share. The Offeror will finance the Consideration and the consideration payable under the Offer by its internal resources and the loan facility provided by Silverbricks Securities under the Loan Facility Agreement, which will be secured by the Pledged Shares.

The Offeror confirms that the repayment of the interest on, or security for any liability (contingent or otherwise) of the loan facility under the Loan Facility Agreement will not depend on any significant extent on the business of the Company.

As at the Latest Practicable Date, VBG Capital, as the financial adviser to the Offeror in respect of the Offer is satisfied that sufficient financial resources are, and will remain, available to the Offeror to satisfy the Consideration and the consideration payable in respect of full acceptance of the Offer.

### **Conditions of the Offer**

The Offer is conditional upon valid acceptances of the Offer Shares being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such other time as the Offeror may, subject to the Takeovers Code, decide) which, together with Shares to be acquired before or during the Offer Period, will result in the Offeror's Concert Group holding more than 50% of the voting rights of the Company.

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

By accepting the Offer, the Offer Shareholders shall sell their Shares free from all Encumbrances and with all rights and benefits at any time accruing and attached to them, including the rights to receive all dividends and distributions declared, made or paid on or after the date on which the Offer is made (i.e. the date of this Composite Document).

Acceptance of the Offer by any Offer Shareholders will be deemed to constitute a warranty by such person that all the Shares to be sold by such person under the Offer are free from all Encumbrances and with all rights and benefits at any time accruing and attached to them, including the rights to receive all dividends and distributions declared, made or paid on

## LETTER FROM VBG CAPITAL

or after the date on which the Offer is made (i.e, the date of this Composite Document). The Company has not declared and has no intention of declaring any dividend or making any distribution before the close of the Offer.

### **Payment**

Payment in cash in respect of acceptances of the Offer will be made as soon as possible but in any event within seven (7) Business Days following the later of the date on which (i) the Offer becomes, or is declared unconditional in all respects; and (ii) the date on which the duly completed acceptance of the Offer and the relevant documents of title of the Offer Shares in respect of such acceptance are received by the Offeror to render each such acceptance complete and valid pursuant to Rule 20.1 and Note 1 to Rule 30.2 of the Takeovers Code.

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

### **Return of documents**

If the Offer does not become, or is not declared, unconditional in all respects within the time permitted by the Takeovers Code, the Offeror shall (or shall procure), as soon as possible but in any event within ten (10) days after the Offer has lapsed, return by ordinary post of 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 Share(s) lodged with the Form of Acceptance in respect of the Offer to such Independent Shareholder at their own risks.

### **Hong Kong stamp duty**

The Offer Shareholders' ad valorem stamp duty at a rate of 0.13% of the market value of the Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the cash amount payable to the relevant Offer Shareholder on acceptance of the Offer. The Offeror will arrange for payment of the ad valorem stamp duty on behalf of accepting Offer Shareholders and bear the Offeror's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Offer Shares.

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

### **Overseas Shareholders**

As the Offer to persons not being resident in Hong Kong may be affected by the laws and regulations of the relevant jurisdiction in which they are resident, Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the sole 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

## LETTER FROM VBG CAPITAL

connection with the acceptance of the Offer (including the obtaining of any governmental, exchange control or other consents which may be required, or compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in respect of such jurisdictions).

Any acceptance of the Offer by such Overseas Shareholders will be deemed to constitute a representation and warranty from such Overseas Shareholders to the Offeror that the applicable local laws and requirements have been complied with. The Overseas Shareholders should consult their professional advisers if in doubt. The Overseas Shareholders who are in doubt as to the action they should take should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

### **Taxation advice**

The Offer 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 the Offeror, the Company and their respective ultimate beneficial owners, directors, advisers, agents or associates, or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

### **Procedures for acceptance**

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

### **INFORMATION ON THE GROUP**

Details of the 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.

### **INFORMATION ON THE OFFEROR**

The Offeror was incorporated in the BVI with limited liability and is an investment holding company. As at the Latest Practicable Date, the Offeror is wholly and beneficially owned by Mr. Cai. Mr. Cai is the sole director of the Offeror.

## LETTER FROM VBG CAPITAL

Mr. Cai, aged 39, is a seasoned investor and operator with over 10 years' experience in the area of PRC Internet, e-commerce, logistics trade, operation of restaurants and catering management related industries. From 2007 to 2017, Mr. Cai had invested in and managed businesses as a business partner (業務合伙人) of (i) a trading company in education products, Shenzhen Sanhefeng Culture Trading Co., Ltd.\* (深圳三禾豐文化貿易有限公司) (now known as Shenzhen Guangtun Jianheng Electromechanical Equipment Co., Ltd.\* (深圳市廣隧建恒機電設備有限責任公司)), (ii) a logistics company, Shenzhen Shi Rijia International Freight Forwarding Co., Ltd.\* (深圳市日佳國際貨運代理有限公司) and (iii) a website design and server rental company, Shenzhen Xuanzhen Advertising Design Co., Ltd.\* (深圳玄真廣告設計有限公司). Mr. Cai was one of the founders and a shareholder of Hong Huan Group Limited (宏寰集團有限公司), a private company with limited liability incorporated in Hong Kong in 2018 which is principally engaged in, among others, financial investment, real estate development, catering business, film entertainment, tourism and construction engineering in Hong Kong indirectly through its subsidiaries in Hong Kong. In 2018, Mr. Cai also was the founder and a shareholder of Loksan Inc Limited (珞信有限公司), a private company with limited liability incorporated in Hong Kong which is principally engaged in the operation of restaurants and catering management. The company is engaged in the provision of Japanese, Cantonese and Shanghainese cuisines to customers in Hong Kong. The company's self-owned brands restaurants include God of Teppanyaki (板神), Yakniku King (燒肉帝), Henning House (軒寧樓) and King's Delicacy (京滬佳餚).

### INTENTIONS OF THE OFFEROR REGARDING THE GROUP

Upon Completion, the Offeror has become the controlling Shareholder (as defined under the GEM Listing Rules). The Offeror intends to continue the employment of the existing management and employees of the Group (except for a proposed change to the members of the Board at a time no earlier than that permitted under the GEM Listing Rules and the Takeovers Code or such later time as the Offeror considers to be appropriate). As at the Latest Practicable Date, the Offeror intends to continue the principal business of the Group. The Offeror will, following the close of the Offer, conduct a detailed review of the business operations and financial position of the Group for the purpose of developing a sustainable business plan or strategy for the Group. Subject to the result of the review and should suitable investment or business opportunities arise, the Offeror may diversify the business of the Group with the objective of broadening its sources of income. Also, the Offeror has no intention to redeploy any fixed assets and downscale or change the scale of the Group's existing principal business. However, as at the Latest Practicable Date, no such investment or business opportunities has been identified nor has the Offeror entered into any agreement, arrangements, understandings or negotiation in relation to the injection of any assets or business into the Group.

### PROPOSED CHANGE OF BOARD COMPOSITION

As at the Latest Practicable Date, the Board is currently made up of eight Directors, comprising (i) three executive Directors, being Mr. Kwok Chi Po, Mr. Kwan Wing Kuen Tino and Mr. Lau Ming Fai; (ii) two non-executive Directors, being Mr. Leung Chi Tien Steve and Ms. Chan Siu Wan; and (iii) three independent non-executive Directors, being Mr. How Sze Ming, Mr. Ng Wai Hung and Mr. Chan Kam Kwan Jason. It is intended that Mr. Kwan Wing

## **LETTER FROM VBG CAPITAL**

Kuen Tino, Mr. Leung Chi Tien Steve, Ms. Chan Siu Wan, Mr. How Sze Ming, Mr. Ng Wai Hung and Mr. Chan Kam Kwan Jason will resign from the Board no earlier than the time permitted under Rule 7 of the Takeovers Code.

The Offeror intends to continue the employment of the existing management and employees of the Group (except for a proposed change to the members of the Board at a time no earlier than that permitted under the GEM Listing Rules and the Takeovers Code or such later time as the Offeror considers to be appropriate). As at the Latest Practicable Date, the Offeror has not reached any final decision as to who will be nominated as new director(s) of the Company. Any changes to the members of the Board will be made in compliance with the Takeovers Codes and the GEM Listing Rules and further announcement(s) will be made as and when appropriate.

### **APPLICATION FOR WAIVER UNDER RULE 4 OF THE TAKEOVERS CODE**

Your attention is drawn to the paragraphs headed “Application for waiver under Rule 4 of the Takeovers Code” in the “Letter from the Board” in this Composite Document, which sets out details of the Waiver in respect of the Tenancy Agreement.

### **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 at all times 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 to maintain the listing of the Shares on GEM after the close of the Offer. The sole director of the Offeror has undertaken and will procure the proposed new director(s) by the Offeror to jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares after the close of the Offer.

### **COMPULSORY ACQUISITION**

The Offeror does not intend to exercise any right which may be available to it to compulsorily acquire any outstanding Offer Shares not acquired under the Offer.

### **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.

## LETTER FROM VBG CAPITAL

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 each 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.

The attention of the Overseas Shareholders is drawn to the section headed “Important Notice” contained in this Composite Document and the paragraph headed “7. Overseas Shareholders” in Appendix I to this Composite Document.

All documents and remittances to be sent to the Independent Shareholders will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent to the Independent Shareholders at their respective addresses as they appear in the register of members of the Company or in the case of joint Shareholders, to such Shareholder whose name appears first in the register of members of the Company. None of the members of the Offeror’s Concert Group, the Company, VBG Capital, the Registrar or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other persons involved in the Offer will be responsible for any loss or delay in transmission of such documents and remittances or any other liabilities that may arise as a result thereof or in connection therewith.

### **WARNING**

Independent Shareholders and potential investors are advised to exercise caution when dealing in the Shares. Persons who are in doubt as to the action they should take should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

### **ADDITIONAL INFORMATION**

Your attention is drawn to the “Letter from the Board” and the “Letter from the Independent Board Committee” as set out in this Composite Document, the accompanying Form of Acceptance and the additional information set out in the appendices to, which form part of, this Composite Document and to consult your professional advisers, before deciding whether or not to accept the Offer.

Yours faithfully  
For and on behalf of  
**VBG Capital Limited**  
**Hui Ringo Wing Kun**  
*Director*

LETTER FROM THE BOARD



**1957 & Co. (Hospitality) Limited**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8495)**

*Executive Directors:*

Mr. Kwok Chi Po  
Mr. Kwan Wing Kuen Tino  
Mr. Lau Ming Fai

*Non-executive Directors:*

Mr. Leung Chi Tien Steve  
Ms. Chan Siu Wan

*Independent non-executive Directors:*

Mr. How Sze Ming  
Mr. Ng Wai Hung  
Mr. Chan Kam Kwan Jason

*Registered office in Cayman Islands:*

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

*Principal place of business*

*in Hong Kong:*  
33/F Times Tower  
391-407 Jaffe Road  
Hong Kong

13 July 2022

*To the Independent Shareholders:*

Dear Sir/Madam,

**MANDATORY CONDITIONAL CASH OFFER BY SILVERBRICKS  
SECURITIES COMPANY LIMITED FOR AND ON BEHALF OF REAL  
HERO VENTURES LIMITED TO ACQUIRE ALL THE ISSUED SHARES  
OF 1957 & CO. (HOSPITALITY) LIMITED (OTHER THAN THOSE  
ALREADY OWNED AND AGREED TO BE ACQUIRED  
BY THE OFFEROR'S CONCERT GROUP)**

**INTRODUCTION**

Reference is made to the Joint Announcement issued by the Offeror and the Company in relation to, among others, the Sale and Purchase Agreement and the Offer. Unless the context requires otherwise, terms defined in this Composite Document shall have the same meanings when used herein.

## LETTER FROM THE BOARD

On 1 June 2022 (after trading hours), the Vendors and the Offeror entered into the Sale and Purchase Agreement, pursuant to which the Vendors conditionally agreed to sell and the Offeror conditionally agreed to purchase 188,084,000 Shares (representing 48.98% of the total issued share capital of the Company as at the date of the Sale and Purchase Agreement), for a Consideration of HK\$100,455,664.4 (representing HK\$0.5341 per Sale Shares), which was agreed between the Offeror and the Vendors after arm's length negotiations, taking into account the prevailing market price, the audited consolidated net asset value per Share as at 31 December 2021 of approximately HK\$0.190, the financial performance of the Group for the two years ended 31 December 2021 (including but not limited to (i) the revenue of the Group has been increased of approximately HK\$73 million from 31 December 2020 to 31 December 2021, representing an increase of approximately 23.01%; and (ii) the Group recorded a profit attributable to the owners of the Company of approximately HK\$13.2 million for the year ended 31 December 2021, which turned around the loss recorded in the year ended 31 December 2020 of approximately HK\$12.9 million) and the business prospect of the Group.

Completion took place on 22 June 2022. Each of the Vendors ceased to be a Shareholder immediately after Completion.

Immediately following the Completion and as at the Latest Practicable Date, the Offeror's Concert Group were interested in 188,084,000 Shares, representing 48.98% of the total issued share capital of the Company. Accordingly, Silverbricks Securities is making the Offer for and on behalf of the Offeror in compliance with the Takeovers Code.

The purpose of this Composite Document (of which this letter forms part) is to provide you with, among other things, (i) further information relating to the Group, the Offeror and the Offer; (ii) the letter from VBG Capital containing details of the Offer; (iii) the letter from the Independent Board Committee containing its recommendations in respect of the Offer; and (iv) the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee in respect of the terms of the Offer and as to the acceptance 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 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.

An Independent Board Committee comprising all the independent non-executive Directors who have no direct or indirect interest in the Offer, namely, Mr. How Sze Ming, Mr. Ng Wai Hung and Mr. Chan Kam Kwan Jason, has been established in accordance with Rule 2.1 of the Takeovers Code to advise and give a recommendation to the Offer Shareholders in respect of the Offer as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer. Mr. Leung Chi Tien Steve is a non-executive Director and the sole shareholder of two of the Vendors, Vendor 1 and Vendor 2, and Ms. Chan Siu Wan is a non-executive Director and the spouse of Mr. Leung Chi Tien Steve. Accordingly, they are not members of the Independent Board Committee.



## LETTER FROM THE BOARD

Maxa Capital Limited, with the approval of the Independent Board Committee, has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in respect of the fairness and reasonableness of the Offer and as to the acceptance of the Offer.

The full texts of the letter from the Independent Board Committee addressed to the Independent Shareholders and the letter from the Independent Financial Adviser addressed to the Independent Board Committee are set out in this Composite Document. **You are advised to read both letters and the additional information contained in the appendices to this Composite Document carefully before taking any action in respect of the Offer.**

### PRINCIPAL TERMS OF THE OFFER

As disclosed in the “Letter from VBG Capital”, Silverbricks Securities is making the Offer for and on behalf of the Offeror in compliance with the Takeovers Code on the following basis:

**For each Offer Share ..... HK\$0.5341 in cash**

As at the Latest Practicable Date, there were 384,000,000 Shares in issue and the Company did not have any outstanding options, warrants or derivatives or securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares.

The Offer Shares to be acquired under the Offer shall be fully paid and shall be acquired free from all Encumbrances and together with all rights attaching thereto, including the rights to receive all dividends and distributions declared, made or paid on or after the date on which the Offer is made. The Company has not declared and has no intention of declaring any dividend or making any distribution before the close of the Offer.

The Offer is conditional upon valid acceptances of the Offer Shares being received (and not, where permitted, withdrawn) by 4:00 p.m. on the first Closing Date (or such other time as the Offeror may, subject to the Takeovers Code, decide) in respect of Shares which, together with Shares to be acquired before or during the Offer Period, will result in the Offeror’s Concert Group holding more than 50% of the voting rights of the Company.

Further details of the Offer are set out in the “Letter from VBG Capital” and the additional information contained in appendices to this Composite Document and the accompanying Form of Acceptance.

### The Offer Price

Please see the paragraphs headed “Comparison of value” and “Highest and lowest Share price” in the “Letter from VBG Capital” for details of the Offer price.

## LETTER FROM THE BOARD

### Conditions of the Offer

Please see the paragraph headed “Conditions of the Offer” in the “Letter from VBG Capital” for details of the conditions of Offer.

### Total value of the offer

As at the Latest Practicable Date, there are 384,000,000 Shares in issue. On the basis of the Offer Price of HK\$0.5341 per Sale Share, the Consideration, together with the value of the Offer, would be valued at HK\$205,094,400.

Immediately following Completion and on the basis that there are 195,916,000 Shares subject to the Offer, in the event that the Offer is accepted in full, the aggregate value of the Offer is HK\$104,638,735.6.

### 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 can be found in the “Letter from VBG Capital” and “Appendix I — Further Terms and Procedures for Acceptance of the Offer” to this Composite Document and the accompanying Form of Acceptance.

### INFORMATION ON THE GROUP

The Company was incorporated in the Cayman Islands with limited liability and its issued shares were listed on GEM on 5 December 2017. The Company is an investment holding company and its subsidiaries are principally engaged in (i) operation of restaurants in Hong Kong and (ii) catering management and consultancy services in Hong Kong and the PRC.

Financial and general information in relation to the Group are set out in “Appendix II — Financial Information of the Group” and “Appendix III — General Information of the Group” to this Composite Document.

### SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, the authorised share capital of the Company was HK\$380,000 divided into 3,800,000,000 ordinary Shares, and there are 384,000,000 Shares in issue. The Company does not have any outstanding options, warrants or derivatives or convertible rights affecting the Shares.

## LETTER FROM THE BOARD

The shareholding structure of the Company immediately before and after Completion is set out below:

<b>Shareholders</b>	<b>Immediately before Completion</b>		<b>Immediately after Completion and as at the Latest Practicable Date</b>	
	<i>No. of Shares</i>	<i>Approximate % of issued Shares</i>	<i>No. of Shares</i>	<i>Approximate % of issued Shares</i>
Offer and the parties acting in concert with it				
— Offeror	—	—	188,084,000	48.98
— Parties acting in concert with the Offeror (including Mr. Cai Weike)	—	—	—	—
Sub-total:	—	—	<u>188,084,000</u>	<u>48.98</u>
Vendor 1 <sup>(1)</sup>	73,728,800	19.20	—	—
Vendor 2 <sup>(1)</sup>	22,680,000	5.91	—	—
Vendor 3	75,268,800	19.60	—	—
Vendor 4 <sup>(2)</sup>	15,362,400	4.00	—	—
Vendor 5	1,044,000	0.27	—	—
Other Shareholders	<u>195,916,000</u>	<u>51.02</u>	<u>195,916,000</u>	<u>51.02</u>
<b>TOTAL</b>	<b><u>384,000,000</u></b>	<b><u>100.00</u></b>	<b><u>384,000,000</u></b>	<b><u>100.00</u></b>

*Notes:*

1. Both Vendor 1 and Vendor 2 are wholly owned by 1957 & Co. Limited, which is in turn wholly owned by Mr. Leung Chi Tien Steve, a non-executive Director.
2. Vendor 4 is wholly-owned by Vendor 5, which is Mr. Kwok Chi Po, an executive Director.

Immediately after the Completion, none of the Vendors, their respective ultimate beneficial owners and parties acting in concert with any of them hold any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

### INFORMATION ON THE OFFEROR

Your attention is drawn to the section headed “Information of the Offeror” in the “Letter from VBG Capital” and “Appendix IV — General Information of the Offeror” to this Composite Document.

## **LETTER FROM THE BOARD**

### **INTENTIONS OF THE OFFEROR REGARDING THE GROUP**

Your attention is drawn to the section headed “Intentions of the Offeror regarding the Group” in the “Letter from VBG Capital” of this Composite Document. The Board is aware of the Offeror’s intention to continue the employment of the existing management and employees of the Group (except for a proposed change to the members of the Board at a time no earlier than that permitted under the GEM Listing Rules and the Takeovers Code or such later time as the Offeror considers to be appropriate). The Board is aware that the Offeror also intends to continue the existing principal business of the Group immediately following Completion. The Board is also aware that the Offeror intends to conduct a detailed review of the business operations and financial position of the Group for the purpose of developing a sustainable business plan or strategy for the Group and that subject to the result of the review and should suitable investment or business opportunities arise, the Offeror may diversify the business of the Group with the objective of broadening its sources of income. However, as at the Latest Practicable Date, no such investment or business opportunities has been identified nor has the Offeror entered into any agreement, arrangements, understandings or negotiation in relation to the injection of any assets or business into the Group. The Board is also aware that the Offeror has no intention to redeploy any fixed assets and downscale or change the scale of the Group’s existing principal business.

The Board is willing to cooperate with the Offeror and act in the best interests of the Company and its Shareholders as a whole.

### **TAXATION ADVICE**

Your attention is drawn to the paragraph headed “The Offer — Taxation advice” in the “Letter from VBG Capital” to this Composite Document.

Independent Shareholders are recommended to consult their own professional advisers as to the tax implications that may arise from accepting or rejecting the Offer.

### **PROPOSED CHANGE OF BOARD COMPOSITION OF THE COMPANY**

The Board is aware that the Offeror may make changes to the members of the Board at a time no earlier than that permitted under the GEM Listing Rules and the Takeovers Code or at such later time as the Offeror considers to be appropriate but has not yet determined the composition of the Board. Any changes to the Board will be made in compliance with the Takeovers Code and the GEM Listing Rules and further announcement(s) will be made as and when appropriate.

## LETTER FROM THE BOARD

### APPLICATION FOR WAIVER UNDER RULE 4 OF THE TAKEOVERS CODE

Reference is made to the DT Announcement of the Company on 8 July 2022, in which the Board announced that Petit An Nam (YOHO Midtown) Restaurant Limited, a wholly-owned subsidiary of the Company (as tenant), signed the Tenancy Agreement with the MTR Corporation Limited (as landlord) in relation to the leasing of Shop Unit 334, The Wai, Sha Tin Town Lot No. 520, Sha Tin, New Territories for the opening of a new restaurant under the brand “Modern Shanghai” in The Wai of Sha Tin. Please refer to the DT Announcement for details of the Tenancy Agreement.

As the applicable percentage ratios in respect of the Tenancy Agreement are greater than 5% but less than 25%, the Tenancy Agreement constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and is subject to reporting and announcement requirements but exempt from Shareholders’ approval requirement. The Tenancy Agreement also constitutes frustrating action under Rule 4 of the Takeovers Code.

As stated in the DT Announcement, for the purpose of Rule 4 of the Takeovers Code, having obtained written consent from the Offeror on the proceeding of the Tenancy Agreement, the Company has applied for, and the Executive has indicated that it is minded to grant to the Company, a waiver from the general requirement to obtain approval of the Shareholders under Rule 4 of the Takeovers Code.

### 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 at all times, 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. Therefore, it should be noted that upon close of the Offer, there may be insufficient public float of the Shares and the trading in the Shares may be suspended until sufficient public float exists for the Shares. The Board is aware that the sole director of the Offeror has undertaken and will procure the proposed new director(s) by the Offeror to jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares. The Offeror intends to maintain the listing of the Shares on GEM and will take appropriate steps (including but not limited to placement of Shares) as soon as possible following the close of the Offer to ensure that a sufficient public float exists for the Shares.

## LETTER FROM THE BOARD

### ADVICE AND RECOMMENDATION

Your attention is drawn to the “Letter from the Independent Board Committee” set out in this Composite Document which contains the recommendation of the Independent Board Committee in respect of the Offer. Your attention is also drawn to the “Letter from Independent Financial Adviser” set out in this Composite Document, which contains its advice to the Independent Board Committee in respect of the terms of the Offer and as to the acceptance of the Offer.

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this Composite Document. You are also recommended to read carefully “Appendix I — Further Terms and Procedures for Acceptance of the Offer” to this Composite Document and the accompanying Form of Acceptance for further details in respect of the procedures for acceptance of the Offer.

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.

By order of the Board of  
**1957 & Co. (Hospitality) Limited**  
**Kwok Chi Po**  
*Chief Executive Officer and Executive Director*



**1957 & Co. (Hospitality) Limited**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 8495)**

13 July 2022

*To the Independent Shareholders:*

Dear Sir/Madam,

**MANDATORY CONDITIONAL CASH OFFER BY SILVERBRICKS  
SECURITIES COMPANY LIMITED FOR AND ON BEHALF OF REAL  
HERO VENTURES LIMITED TO ACQUIRE ALL THE ISSUED SHARES  
OF 1957 & CO. (HOSPITALITY) LIMITED (OTHER THAN THOSE  
ALREADY OWNED AND AGREED TO BE ACQUIRED  
BY THE OFFEROR'S CONCERT GROUP)**

**INTRODUCTION**

We refer to the composite offer and response document dated 13 July 2022 and issued jointly by the Offeror and the Company (the “**Composite Document**”), of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as those defined in this Composite Document.

We have been appointed by the Board to form the Independent Board Committee to consider the terms of the Offer and to make a recommendation to you 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 acceptance thereof.

Maxa Capital Limited has been appointed, with our approval, as the Independent Financial Adviser to advise us in respect of the fairness and reasonableness of the Offer and as to the acceptance of the Offer. Your attention is drawn to the “Letter from the Independent Financial Adviser” set out on pages 30 to 48 of this Composite Document which contains the details of its advice and the principal factors and reasons taken into consideration in arriving at its recommendation in respect of the Offer.

We also wish to draw your attention to the “Letter from VBG Capital” set out on pages 11 to 19 of this Composite Document which contains, inter alia, information about the Offer, the “Letter from the Board” set out on pages 20 to 27 of this Composite Document and the additional information set out in this Composite Document, including the appendices to this Composite Document and the accompanying Form of Acceptance in respect of the terms of the Offer and acceptance and settlement procedures for the Offer.

**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

**RECOMMENDATION**

Taking into account the terms of the Offer and the independent advice from the Independent Financial Adviser, and the principal factors and reasons taken into account in arriving at its recommendation, we consider that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to accept the Offer.

Notwithstanding our recommendation, the Independent Shareholders are strongly advised that the decision to realise or to hold their investment is subject to individual circumstances and investment objectives. If in doubt, the Independent Shareholders should consult their own professional advisers for advice. Furthermore, the Independent Shareholders who wish to accept the Offer are recommended to read carefully the terms and procedures for acceptance of the Offer as detailed in this Composite Document and the accompanying Form of Acceptance.

Yours faithfully,  
The Independent Board Committee  
**1957 & Co. (Hospitality) Limited**

**Mr. How Sze Ming**

**Mr. Ng Wai Hung      Mr. Chan Kam Kwan Jason**  
*Independent non-executive Directors*



## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

*The following is the full text of the letter from Maxa Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders setting out its advice in respect of the terms of the Offer and the transactions contemplated thereunder, which has been prepared for the purpose of inclusion in this Composite Document.*



Unit 1908, Harbour Center  
25 Harbour Road  
Wan Chai  
Hong Kong

13 July 2022

*To the Independent Board Committee and the Independent Shareholders*

Dear Sir or Madam,

**MANDATORY CONDITIONAL CASH OFFER BY SILVERBRICKS  
SECURITIES COMPANY LIMITED FOR AND ON BEHALF OF REAL HERO  
VENTURES LIMITED TO ACQUIRE ALL OF THE ISSUED SHARES IN 1957 & CO.  
(HOSPITALITY) LIMITED (OTHER THAN THOSE ALREADY OWNED  
OR AGREED TO BE ACQUIRED BY THE OFFEROR'S CONCERT GROUP)**

### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offer, details of which are set out in the Composite Document dated 13 July 2022, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Composite Document unless the context otherwise requires.

On 1 June 2022 (after trading hours), the Vendors and the Offeror entered into the Sale and Purchase Agreement, pursuant to which the Vendors conditionally agreed to sell and the Offeror conditionally agreed to purchase 188,084,000 Shares (representing approximately 48.98% of the total issued share capital of the Company as at Latest Practicable Date), for a total consideration of HK\$100,455,664.4 (equivalent to HK\$0.5341 per Sale Share), which was agreed between the Offeror and the Vendors after arm's length negotiations, taking into account the prevailing market price, the audited consolidated net asset value per Share as at 31 December 2021 of approximately HK\$0.190, the financial performance of the Group for the two years ended 31 December 2021 and the business prospect of the Group.

Before Completion, the Offeror's Concert Group does not have any interest in the Shares. Immediately following Completion which took place on 22 June 2022 and as at the Latest Practicable Date, the Offeror's Concert Group owned in aggregate 188,084,000 Shares, representing 48.98% of the total issued share capital of the Company as at the Latest Practicable Date. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory conditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror's Concert Group).

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### THE INDEPENDENT BOARD COMMITTEE

Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee, comprising all the independent non-executive Directors who have no direct or indirect interest in the Offer, namely, Mr. How Sze Ming, Mr. Ng Wai Hung and Mr. Chan Kam Kwan Jason, has been established to advise and give a recommendation to the Offer Shareholders in respect of the Offer as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer. Mr. Leung Chi Tien Steve is a non-executive Director and the sole shareholder of two of the Vendors, i.e., Vendor 1 and Vendor 2, and Ms. Chan Siu Wan is a non-executive Director and the spouse of Mr. Leung Chi Tien Steve. Accordingly, they will not be members of the Independent Board Committee.

We, Maxa Capital Limited, have been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offer and in particular as to whether the Offer is, or is not, fair and reasonable and as to its acceptance. Pursuant to Rule 2.1 of the Takeovers Code, our appointment has been approved by the Independent Board Committee.

### OUR INDEPENDENCE

As at the Latest Practicable Date, we are not associated or connected with the Group or the Offeror, their respective substantial or controlling shareholders or any party acting, or presumed to be acting, in concert with any of them. During the past two years immediately preceding and up to the Latest Practicable Date, save for this appointment as the Independent Financial Adviser, there were no other engagements between Maxa Capital Limited on the one hand and the Group or the Offeror or the parties acting in concert with any of them on the other hand. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangement exists whereby we will receive any fees or benefits from the Group or the Offeror, their respective substantial or controlling shareholders or any party acting, or presumed to be acting, in concert with any of them. Accordingly, we are considered eligible to give independent advice in respect of the Offer pursuant to Rule 17.96 of the GEM Listing Rules and Rule 2 of the Takeovers Code.

### BASIS OF OUR OPINION

In formulating our opinion, we have reviewed, among other things: (i) the Sale and Purchase Agreement; (ii) the Composite Document; (iii) the annual reports of the Company for the years ended 31 December 2020 (the “**2020 AR**”) and 31 December 2021 (the “**2021 AR**”); (iv) the quarterly report of the Company for the three months ended 31 March 2022 (the “**2022 QR**”); and (v) the unaudited consolidated management accounts of the Company for the five months ended 31 May 2022. We have relied on the statements, information, opinions, beliefs and representations contained or referred to in the Composite Document and the information and representations as provided to us by the Offeror, the Group, its advisers, its management team (the “**Management**”) and/or the Directors. We have reviewed, inter alia, the statements, information, opinions and representations contained or referred to in the Composite Document and the information and representations as provided to us by the Directors and the

**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

Management. We have assumed that such information and statements, and any representation made to us, which we have relied upon in formulating our opinion, are true, accurate and complete in all material respects as at the Latest Practicable Date.

We have also assumed that all statements of belief, opinion and expectation made by the Offeror and the Directors in the Composite Document were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Composite Document, or the reasonableness of the opinions expressed by the Offeror, the Company, its advisers, the Management and/or the Directors. We believe that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information provided by the Offeror, the Directors and the Management, nor have we conducted an independent investigation into the business and affairs of the Company, the Vendors, the Offeror and their respective shareholder(s) and subsidiaries or affiliates, and their respective histories, experience and track records, or the prospects of the markets in which they respectively operate. Our opinion is necessarily based on financial, economic, market and other conditions in effect and the information made available to us at the Latest Practicable Date and Independent Shareholders will be notified of any material changes to the information contained or referred to herein as well as changes to our opinion, if any, as soon as possible in accordance with Rule 9.1 of the Takeovers Code. This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely for their consideration of the Offer.

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

**PRINCIPAL TERMS OF THE OFFER**

Immediately upon Completion which took place on 22 June 2022 and as at the Latest Practicable Date, the Offeror’s Concert Group owned in aggregate 188,084,000 Shares, representing 48.98% of the total issued share capital of the Company as at the Latest Practicable Date. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory conditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror’s Concert Group). Silverbricks Securities is making the Offer for and on behalf of the Offeror, to acquire the Offer Shares on the following basis:

For each Offer Share ..... HK\$0.5341 in cash

The price of HK\$0.5341 per Offer Share (the “**Offer Price**”) is the same as the price paid for each Sale Share by the Offeror to the Vendors pursuant to the Sale and Purchase Agreement.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As set out in the “Letter from VBG Capital” to the Composite Document, the Offer Price of HK\$0.5341 per Offer Share represents:

- i. a premium of approximately 4.73% over the closing price of HK\$0.510 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- ii. a premium of approximately 4.73% over the closing price of HK\$0.510 per Share as quoted on the Stock Exchange on 30 June 2022;
- iii. a premium of approximately 14.86% over the closing price of HK\$0.465 per Share as quoted on the Stock Exchange on 31 May 2022;
- iv. a premium of approximately 7.90% over the closing price of HK\$0.495 per Share as quoted on the Stock Exchange on 1 June 2022, being the Last Trading Day;
- v. a premium of approximately 20.29% over the average closing price of approximately HK\$0.444 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- vi. a premium of approximately 24.21% over the average closing price of approximately HK\$0.430 per Share as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day;
- vii. a premium of approximately 29.64% over the average closing price of approximately HK\$0.412 per Share as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;
- viii. a premium of approximately 39.45% over the average closing price of approximately HK\$0.383 per Share as quoted on the Stock Exchange for the last 60 trading days immediately prior to and including the Last Trading Day;
- ix. a premium of approximately 181.11% over the audited consolidated net asset value of the Group of approximately HK\$0.190 per Share as at 31 December 2021 calculated based on the audited consolidated net asset value of the Group as at 31 December 2021 of approximately HK\$72,867,000 and 384,000,000 Shares in issue as at the Latest Practicable Date; and
- x. a premium of approximately 268.34% over the unaudited consolidated net asset value of the Group of approximately HK\$0.145 per Share as at 31 March 2022 calculated based on the unaudited consolidated net asset value of the Group as at 31 March 2022 of approximately HK\$55,740,000 and 384,000,000 Shares in issue as at the Latest Practicable Date.

The Offer is conditional upon valid acceptances of the Offer Shares being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such other time as the Offeror may, subject to the Takeovers Code, decide) which, together with Shares to be acquired before or during the Offer Period, will result in the Offeror’s Concert Group holding more than 50% of the voting rights of the Company.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at the Latest Practicable Date, there were 384,000,000 Shares in issue. The Offer Price is the same as the purchase price per Sale Share payable by the Offeror under the Sale and Purchase Agreement. Assuming that there is no change in the issued share capital of the Company and based on the Offer Price, the Consideration, together with the value of the Offer, would be valued at HK\$205,094,400. Immediately following Completion and on the basis that there are 195,916,000 Shares subject to the Offer and assuming that there is no change in the issued share capital of the Company from the date of the Joint Announcement up to the Latest Practicable Date, in the event that the Offer is accepted in full, the aggregate value of the Offer is HK\$104,638,735.6.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

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

#### 1. Background information of the Group

The Group is principally engaged in (i) the operation of full-service restaurants under various brands and was dedicated to serving quality Japanese, Thai, Vietnamese, Shanghainese and Italian cuisines to different customers in Hong Kong; and (ii) the provision of catering management and consultancy services in Hong Kong and the PRC. The revenue derived from the operation of full-service restaurants in Hong Kong contributed approximately 99.3%, 99.5%, 99.5% and 99.1% of the total revenue of the Group during the three years ended 31 December 2019, 2020 and 2021 (“**FY2019**”, “**FY2020**” and “**FY2021**”, respectively) and the three months ended 31 March 2022 (“**1Q2022**”), respectively; whereas the revenue derived from the provision of catering management and consultancy services contributed approximately 0.7%, 0.5%, 0.5% and 0.9% of the total revenue of the Group for FY2019, FY2020, FY2021 and 1Q2022. As such, we focused our analysis and discussion on the operation of full-service restaurants segment only. Set out below is the summarized financial information of the Group for FY2019, FY2020, FY2021 and 1Q2022, respectively, as extracted from the 2020 AR, the 2021 AR and the 2022 QR:

	For the year ended 31 December			For the three months ended 31 March	
	2019	2020	2021	2021	2022
	HK\$'000 (audited)	HK\$'000 (audited)	HK\$'000 (audited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
<b>Total revenue</b>	<b>345,736</b>	<b>320,452</b>	<b>394,185</b>	<b>81,254</b>	<b>44,447</b>
Operation of restaurants	343,361	318,950	392,164	80,424	44,032
Catering management and consultancy services	2,375	1,502	2,021	830	415
<b>Operating profit/(loss)</b>	<b>(11,549)</b>	<b>(13,284)</b>	<b>26,575</b>	<b>1,019</b>	<b>(16,323)</b>
<b>Profit/(loss) before tax</b>	<b>(17,339)</b>	<b>(19,280)</b>	<b>22,737</b>	<b>(44)</b>	<b>(17,165)</b>
<b>Profit/(loss) after tax</b>	<b>(17,742)</b>	<b>(17,710)</b>	<b>18,921</b>	<b>(133)</b>	<b>(17,165)</b>

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### *FY2019 VS FY2020*

As disclosed in the 2020 AR, the total revenue of the Group was approximately HK\$320.5 million for FY2020, representing a decrease of approximately HK\$25.2 million or 7.3% as compared to approximately HK\$345.7 million for FY2019. Such decrease was primarily attributable to the decrease in the revenue derived from the operation of restaurants from approximately HK\$343.4 million for FY2019 to approximately HK\$319.0 million for FY2020 resulting from the fact that various social distancing measures were become effective throughout the year due to the outbreak of COVID-19, of which the dine-in operating hours and the mode of the restaurants were adjusted on and off (i) from approximately 12 hours to approximately 6 hours and from approximately 11:00 a.m.–11:00 p.m. to approximately 11:00 a.m.–5:59 p.m.; and (ii) the number of diners per table was capped at two, during the period from July 2020 to February 2021. The loss after tax for FY2020 was broadly in line with the loss after tax for FY2019 of approximately HK\$17.7 million, such was mainly due to the fact that the decrease in total revenue was offset by the increase in other gains and income resulting from (i) the Employment Support Scheme of approximately HK\$9.3 million; and (ii) the Catering Business (Social Distancing) Subsidy Scheme of approximately HK\$15.0 million.

### *FY2020 VS FY2021*

As disclosed in the 2021 AR, the total revenue of the Group was approximately HK\$394.2 million for FY2021, representing an increase of approximately HK\$73.7 million or 23.0% as compared to approximately HK\$320.5 million for FY2020; whereas the profit after tax for FY2021 was approximately HK\$18.9 million as compared to the loss after tax of approximately HK\$17.7 million for FY2020. Such increase in the total revenue and turnaround from loss after tax for FY2020 to profit after tax for FY2021 were primarily attributable to the increase in the revenue derived from the operation of restaurants from approximately HK\$319.0 million for FY2020 to approximately HK\$392.2 million for FY2021, resulting from the facts that (i) the Group was benefited from the partial relaxation of anti-epidemic measures (i.e. to extend the dine-in services at restaurants till 10 p.m. and seat up to four persons per table from 18 February 2021 onwards) given that the infected cases of COVID-19 were maintained at a relatively low level; and (ii) the decrease in net impairment loss on property, plant and equipment by approximately HK\$13.0 million given the Group had recorded a considerable improvement in revenue for FY2021 as a whole.

### *1Q2021 VS 1Q2022*

As disclosed in the 2022 QR, the total revenue of the Group was approximately HK\$44.4 million for 1Q2022, representing a decrease of approximately HK\$36.9 million or 45.4% as compared to approximately HK\$81.3 million for the three months ended 31 March 2021 (“1Q2021”); whereas the loss after tax was approximately HK\$17.2 million for 1Q2022 as compared to the loss after tax of approximately HK\$0.1 million for 1Q2021. Such deterioration in the Group’s

<b>LETTER FROM THE INDEPENDENT FINANCIAL ADVISER</b>
--

financial performance for 1Q2022 were primarily attributable to the dine-in services ban from 6 p.m. to 4:59 a.m. from 7 January 2022 until 4 April 2022 and the number of diners per table was capped at two according to the tightened social distancing measures imposed by the Hong Kong government resulting from the continuous outbreak of the COVID-19 pandemic during 1Q2022.

	<b>As at 31 December</b>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)	(audited)
<b>Non-current assets</b>	<b>217,747</b>	<b>133,858</b>	<b>87,752</b>
<b>Current assets</b>	<b>65,966</b>	<b>87,771</b>	<b>118,228</b>
<b>Total assets</b>	<b>283,713</b>	<b>221,629</b>	<b>205,980</b>
<b>Non-current liabilities</b>	<b>87,610</b>	<b>50,722</b>	<b>18,780</b>
<b>Current liabilities</b>	<b>121,464</b>	<b>114,533</b>	<b>114,333</b>
<b>Total liabilities</b>	<b>209,074</b>	<b>165,255</b>	<b>133,113</b>
<b>Net assets</b>	<b>74,639</b>	<b>56,374</b>	<b>72,867</b>

*As at 31 December 2019 VS as at 31 December 2020*

As disclosed in the 2020 AR, the total number of the Group's restaurants remained as 12 as at 31 December 2020. The Group recorded a decrease of approximately HK\$18.2 million in net assets from approximately HK\$74.6 million as at 31 December 2019 to approximately HK\$56.4 million, such decrease was attributable to the combined effects of (i) the operating loss of the Group for FY2020; (ii) the drop in non-current assets resulting from the increased impairment loss of property, plant and equipment of about HK\$19.4 million in view of the accumulated operating losses of the Group's restaurants during FY2020; and (iii) the decrease in non-current liabilities resulting from (a) no new long-term lease agreement was entered during FY2020; and (b) the reclassification in lease liabilities from long term to current. The Group's current liabilities decreased from approximately HK\$121.5 million as at 31 December 2019 to approximately HK\$114.5 million as at 31 December 2020 due to the repayment of bank borrowings.

The Group's gearing ratio decreased from approximately 37.8% as at 31 December 2019 to approximately 33.8% as at 31 December 2020, such decrease was mainly due to the repayment of bank borrowings.

*As at 31 December 2020 VS as at 31 December 2021*

As disclosed in the 2021 AR, the total number of the Group's restaurants remained as 12 as at 31 December 2021. The Group recorded an increase in net assets of approximately HK\$16.5 million from approximately HK\$56.4 million as at 31 December 2020 to approximately HK\$72.9 million as at 31 December 2021. Such increase was attributable to the combined effects of (i) operating profit recorded for FY2021; (ii) impairment loss of property, plant and equipment due to the

accumulated operating losses incurred by the respective restaurants of approximately HK\$10.5 million, but to a lesser extent compared to prior year; (iii) the increase in current assets resulting from the increase in pledged bank deposits, cash and cash equivalents due to the improvement in revenue of the Group during FY2021; and (iv) the decrease in non-current liabilities resulting from (a) no new long-term lease agreement was entered during FY2021; and (b) the reclassification lease liabilities from long term to current. The Group's current liabilities decreased slightly from approximately HK\$114.5 million as at 31 December 2020 to approximately HK\$114.3 million as at 31 December 2021 due to the repayment of bank borrowings.

The Group's gearing ratio further decreased from approximately 33.8% as at 31 December 2020 to approximately 18.4% as at 31 December 2021, such decrease was mainly due to the repayment of bank borrowings and the increase in cash and cash equivalents by approximately HK\$29.7 million resulting from the net cash flow from its operating activities of approximately HK\$103.0 million during FY2021.

## **2. Industry overview of the restaurants sector in Hong Kong and outlook of the Group**

To evaluate the industry overview of the restaurant sectors in Hong Kong, we have reviewed the statistics data in relation to the value of total revenue and total purchases costs, being the most relevant figures that can reflect the operational activities, of the restaurant sectors in Hong Kong for the year of 2021<sup>1</sup> and for the 1<sup>st</sup> quarter of 2022<sup>2</sup>, respectively, from The Census and Statistics Department (Hong Kong). We note that (i) the value of total revenue of the restaurants sector was provisionally estimated at HK\$92.7 billion for 2021, representing an increase of approximately 16.8% in value and 14.8% in volume compared to 2020; whereas the provisional estimate of the value of total purchase costs of restaurants amounted to approximately HK\$30.2 billion for 2021, representing an increase of approximately 16.8% as compared to 2020; and (ii) the value of total revenue of the restaurants sector was provisionally estimated at HK\$15.2 billion for the 1<sup>st</sup> quarter of 2022, representing a decrease of approximately 23.1% in value and 25.4% in volume as compared to the 4<sup>th</sup> quarter of 2021; whereas the provisional estimate of the value of total purchase costs of restaurants amounted to approximately HK\$5.2 billion for the 1<sup>st</sup> quarter of 2022, representing a decrease of approximately 36.8% as compared to the 4<sup>th</sup> quarter of 2021.

As disclosed in the 2021 AR, the Group will continue to open new restaurants in Hong Kong going forward, and will invest in minority stake of up to 25% in certain holding companies of restaurants to be opened in the PRC. However, pursuant to our discussion with the Management, taking into account the latest economic development driven by the COVID-19 pandemic, change in consumer spending pattern such as surge in take-away and delivery due to ban of dine-in service, increase in vacancy rate of shopping centers, the existing resources available to the Group and the fact that the Group has been more cautious in evaluating its expansion plans, the Group may consider opening new

<sup>1</sup> [https://gia.info.gov.hk/general/202202/07/P2022020700332\\_387014\\_1\\_1644221599077.pdf](https://gia.info.gov.hk/general/202202/07/P2022020700332_387014_1_1644221599077.pdf)

<sup>2</sup> [https://gia.info.gov.hk/general/202205/06/P2022050600285\\_392242\\_1\\_1651822570167.pdf](https://gia.info.gov.hk/general/202205/06/P2022050600285_392242_1_1651822570167.pdf)



## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

restaurants with different concepts or concepts with proven track records, lower capital expenditures (i.e. lower renovation costs for the Group's restaurants) and/or more favourable rental package (i.e. lower base rent for the Group's restaurants). As illustrated in the 2022 QR, the Group's business of restaurants has been under renewed pressure from the 5<sup>th</sup> wave of the COVID-19 pandemic. Subsequently, the tightened social distancing measures, in particular, (i) the implementation of dine-in services ban from 6 p.m. to 4:59 a.m. of the next day and number of diners per table were capped at two, four and six in Types B, C and D mode of operation respectively during the period from 7 January 2022 to 23 February 2022; and (ii) further reduction of the maximum number of diners per table to two until 20 April 2022, had significant adverse impacts on the operation of the restaurants and their business performance. The Management is of the view that the outlook down the road depends critically on how the situation of the COVID-19 infection will evolve, as such the Group will continue to monitor the developments closely and will be cautious in running and expanding its business.

We are of the view that the outlook of the restaurants sector remains uncertain given COVID-19 may continue to affect the daily life of people in Hong Kong such as implementation of different quarantine and testing procedures, ban of dine-in, etc. will adversely affect the normal operation of restaurant business; Consumption Voucher Scheme implemented by government during 2022 to boost local consumption on the other hand may be beneficial to retail and restaurant sectors. A full-fledged recovery in the retail market and restaurant sector in Hong Kong will be dependent on the re-opening of the borders but the timing is still uncertain. The restaurants sector highly depends on the hours it can operate and number of customers it can serve. In this connection, we are of the view that the outlook of the restaurants sector may still, to a large extent, continue to be affected by the development of the outbreak of COVID-19 (such as affecting the operating hours of the restaurants) and the relevant prevention policy imposed by the local government from time to time. We are of the view that the Offer provides an opportunity for the Independent Shareholders to divest their Shares at a premium to the historical closing price as stated under the paragraph headed "Principal Terms of the Offer" above.

### 3. Information of the Offeror

As stated in the "Letter from VBG Capital" contained in the Composite Document, the Offeror was incorporated in the BVI with limited liability and is an investment holding company. As at the Latest Practicable Date, the Offeror is wholly and beneficially owned by Mr. Cai. Mr. Cai is the sole director of the Offeror.

Mr. Cai is a seasoned investor and operator with over 10 years' experience in the area of PRC Internet, e-commerce, logistics trade, operation of restaurants and catering management related industries. From 2007 to 2017, Mr. Cai had invested in and managed businesses as a business partner (業務合夥人) of (i) a trading company in education products, Shenzhen Sanhefeng Culture Trading Co., Ltd.\* (深圳三禾豐文化貿易有限公司) (now known as Shenzhen Guangtun Jianheng Electromechanical Equipment Co., Ltd.\* (深圳市廣隧建恒機電設備有限責任公司)), (ii) a logistics company, Shenzhen Shi Rijia International Freight Forwarding Co., Ltd.\* (深圳市日佳國際貨運代理有限公司) and (iii)

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

a website design and server rental company, Shenzhen Xuanzhen Advertising Design Co., Ltd.\* (深圳玄真廣告設計有限公司). Mr. Cai was one of the founders and a shareholder of Hong Huan Group Limited (宏寰集團有限公司), a private company with limited liability incorporated in Hong Kong in 2018 which is principally engaged in, among others, financial investment, real estate development, catering business, film entertainment, tourism and construction engineering in Hong Kong indirectly through its subsidiaries in Hong Kong. In 2018, Mr. Cai also was the founder and a shareholder of Loksan Inc Limited (珞信有限公司), a private company with limited liability incorporated in Hong Kong which is principally engaged in the operation of restaurants and catering management. The company is engaged in the provision of Japanese, Cantonese and Shanghainese cuisines to customers in Hong Kong. The company's self-owned brands restaurants include God of Teppanyaki (板神), Yakiniku King (燒肉帝), Henning House (軒寧樓) and King's Delicacy (京滬佳餚).

#### **4. Intentions of the Offeror regarding the Group**

The following information of the intentions of the Offeror in relation to the Group has been extracted from the "Letter from VBG Capital":

##### *4.1 Business of the Group*

The Offeror intends to continue the employment of the existing management and employees of the Group (except for a proposed change to the members of the Board at such time permitted under the GEM Listing Rules and the Takeovers Code). As at the Latest Practicable Date, the Offeror intends to continue the principal business of the Group. The Offeror will, following the completion of the Offer, conduct a detailed review of the business operations and financial position of the Group for the purpose of developing a sustainable business plan or strategy for the Group. Subject to the result of the review and should suitable investment or business opportunities arise, the Offeror may diversify the business of the Group with the objective of broadening its sources of income. Also, the Offeror has no intention to redeploy any fixed assets and downscale or change the scale of the Group's existing principal business. However, as at the Latest Practicable Date, no such investment or business opportunities has been identified nor has the Offeror entered into any agreement, arrangements, understandings, or negotiation in relation to the injection of any assets or business into the Group.

##### *4.2 Proposed change of the board composition of the Company*

As at the Latest Practicable Date, the Board is currently made up of eight Directors, comprising (i) three executive Directors, being Mr. Kwok Chi Po, Mr. Kwan Wing Kuen Tino and Mr. Lau Ming Fai; (ii) two non-executive Directors, being Mr. Leung Chi Tien Steve and Ms. Chan Siu Wan; and (iii) three independent non-executive Directors, being Mr. How Sze Ming, Mr. Ng Wai Hung and Mr. Chan Kam Kwan Jason. It is intended that Mr. Kwan Wing Kuen Tino, Mr. Leung Chi Tien Steve, Ms. Chan Siu Wan, Mr. How Sze Ming, Mr. Ng Wai Hung and Mr. Chan Kam Kwan Jason will resign from the Board at the earliest time permitted under Rule 7 of the Takeovers Code.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Offeror intends to nominate new director(s) to the Board with effect from the earliest time permitted under the Takeovers Code. As at the Latest Practicable Date, the Offeror has not reached any final decision as to who will be nominated as new director(s) of the Company. Any changes to the members of the Board will be made in compliance with the Takeovers Codes and the GEM Listing Rules and further announcement(s) will be made as and when appropriate.

### *4.3 Public float and 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 at all times, 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 to maintain the listing of the Shares on GEM after the close of the Offer. The sole director of the Offeror has undertaken and will procure the proposed new director(s) by the Offeror to jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares after the close of the Offer.

We understand from the Management that it is the intention of the Offeror to continue with the Group's existing principal business following the close of the Offer. The Offeror does not intend to introduce any major changes to the existing business and operation of the Group following the close of the Offer. As at the Latest Practicable Date, no such investment or business opportunities has been identified nor has the Offeror entered into any agreement, arrangements, understandings or negotiation in relation to the injection of any assets or business into the Group. The Offeror will continue to ensure good corporate governance, monitor and review the Group's business and operations from time to time, and may take steps that it deems necessary or appropriate to optimise the value of the Group.

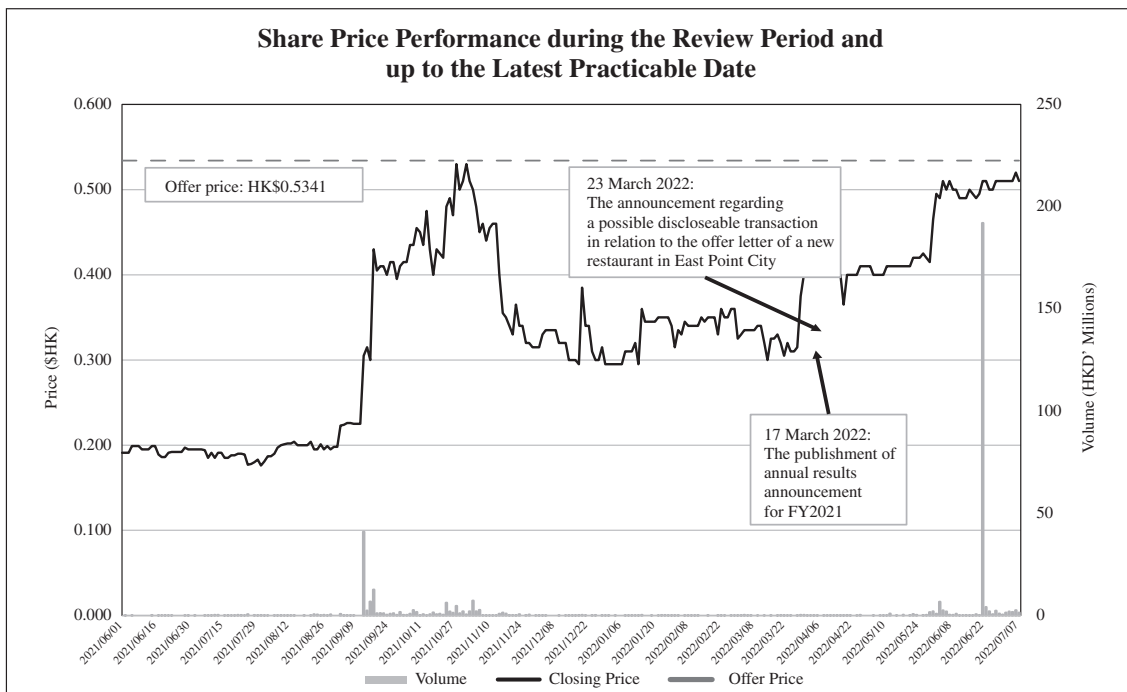
## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### 5. Analysis on the Offer Price

#### 5.1 Historical price performance of the Shares

We have reviewed and analysed the closing prices of the Shares over the twelve months period immediately prior to the Last Trading Day, being 1 June 2021 (the “**Review Period**”) and up to the Latest Practicable Date, which we consider to be reasonably long enough to illustrate the relationship between the historical trend of the closing price of the Shares and the Offer as it covers a sufficiently long period reflecting the financial results announced by the Company from time to time as well as smoothing out the distortions which may have been caused by short term volatility in the overall stock market. Details of our analysis are set out below:

#### Share Price Performance during the Review Period and up to the Latest Practicable Date



**Price performance of the Shares**

*Source: The website of the Stock Exchange*

During the Review Period, the closing prices of the Shares ranged from HK\$0.176 to HK\$0.530 per Share, with an average closing price of approximately HK\$0.322 per Share. During the Review Period, the Offer Price of HK\$0.5341 represented (i) a premium of approximately 203.5% to the lowest closing price per Share of HK\$0.176 on 2 August 2021; (ii) a premium of approximately 0.8% to the highest closing price per Share of HK\$0.530 on 2 November 2021; and (iii) a premium of approximately 65.9% to the average closing price per Share of HK\$0.322.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

It is noted from the graph above that the closing price of the Shares exhibited, in general, an upward trend from the commencement of the Review Period to 2 November 2021. We have discussed with the Management regarding the upward trend of the Share price and were advised that they are not aware of other particular reason that led to such increase on the Share price.

It is noted from the graph above that the closing price of the Shares then exhibited, declined since 3 November 2021 and shown an upward trend up to the Last Trading Day following the publication of annual results for FY2021. We have discussed with the Management regarding the Share price performance during the aforesaid period and were advised that save for (i) the annual results announcement for FY2021 being published on 17 March 2022; and (ii) the announcement regarding a possible discloseable transaction dated 23 March 2022 in relation to the offer letter entered into between Modern Shanghai (YOHO Midtown) Restaurant Limited (a subsidiary of the Company) and Sun Hung Kai Real Estate (Sales and Leasing) Agency Limited in relation to the leasing of the premises for a term of four years commencing from 19 April 2022 to 18 April 2026 for the opening of a new restaurant serving Huaiyang/Shanghainese cuisine under the trade name of “Modern Shanghai” in East Point City of Tseung Kwan O, they are not aware of other particular reason that led to any fluctuation on the Share price.

The price of the Shares has been traded in the region of HK\$0.490 to HK\$0.520, which was lower than the Offer Price after the publication of the Joint Announcement. Subsequent to the release of the Joint Announcement, the Share price was HK\$0.490 per Share as at 2 June 2022, being the first day of trading after the Joint Announcement, representing a discount of approximately 8.3% to the Offer Price. Although the Shares have consistently been trading below the Offer Price throughout the Review Period and subsequent to the publication of the Joint Announcement, the Independent Shareholders should note that there is no assurance the closing price of Shares will sustain and will or will not be higher than the Offer Price during and after the period for the acceptance of the Offer.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### 5.2 Historical liquidity of the Shares

The following table sets out the total trading volume per month and the average daily trading volume per month of the Shares during the Review Period and up to the Latest Practicable Date:

Months	Total trading volume of Shares for the month/ period	Number of trading days	Average daily trading volume <i>(Note 1)</i>	Percentage of average daily trading volume to total issued Shares <i>(Note 2)</i>	Percentage of Average daily trading volume to total issued Shares held by the Independent Shareholders as at the Latest Practicable Date <i>(Note 3)</i>
<b>2021</b>					
June	524,000	21	24,952	0.0065%	0.0127%
July	2,124,000	21	101,143	0.0263%	0.0516%
August	2,872,000	22	130,545	0.0340%	0.0666%
September	70,836,000	21	3,373,143	0.8784%	1.7217%
October	25,104,000	18	1,394,667	0.3632%	0.7119%
November	21,180,000	22	962,727	0.2507%	0.4914%
December	1,148,000	22	52,182	0.0136%	0.0266%
<b>2022</b>					
January	1,324,000	21	63,048	0.0164%	0.0322%
February	676,000	17	39,765	0.0104%	0.0203%
March	1,684,000	23	73,217	0.0191%	0.0374%
April	1,072,000	18	59,556	0.0155%	0.0304%
May	6,604,000	20	330,200	0.0860%	0.1685%
June	216,676,000	21	10,317,905	2.6870%	5.2665%
July (1 <sup>st</sup> to 8 <sup>th</sup> ) <i>(Note 4)</i>	8,830,000	5	1,766,000	0.4599%	0.9014%

*Source: The Stock Exchange*

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

*Notes:*

1. Average daily trading volume is calculated by dividing the total trading volume for the month/period by the number of trading days in the respective month/period.
2. It is calculated by dividing the average daily trading volume for the month/period by the total number of Shares in issue at the end of each month/period.
3. It is calculated by dividing the average daily trading volume for the month/period by the total number of Shares in issue held by the Independent Shareholders as at the end of each month/period.
4. Represent information starting from 1 July 2022 and up to the Latest Practicable Date.

We note from the above table that the trading volume of the Shares is generally thin during the Review Period, where the mean of the average daily trading volume of the Shares to the total issued Shares was approximately 0.1481% and the mean of the average daily trading volume of the Shares to the total issued Shares held by Independent Shareholders was approximately 0.2903%. The average daily trading volume during such period ranged from approximately 24,952 Shares to approximately 3,373,143 Shares, representing approximately 0.0065% to approximately 0.8784% of the total issued Shares.

Subsequent to the release of the Joint Announcement, we note that there were surges in trading volume of the Shares thereafter. In particular, there were approximately 191,984,000 Shares or 50.0% of the total issued Shares were traded on 22 June 2022, being the first trading day after the Joint Announcement was published. We consider such surges were mainly caused by the potential effects of the Offer, and hence it is uncertain whether the trading volume of the Shares will maintain at such level in the future.

Given the historical trading volume of the Shares was generally thin and the Group's performance for 1Q2022 had deteriorated and recorded substantial net loss of approximately HK\$17.2 million during such period, it is uncertain that the overall liquidity of the Shares could be enhanced in the foreseeable future and that there would be sufficient liquidity in the Shares for the Independent Shareholders to dispose their 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 opportunity to realize their investments in the Shares, in particular, for those who hold a large volume of the Shares.

### *5.3 Comparison with comparable companies*

In assessing the fairness and reasonableness of the Offer Price, we attempted to compare the Offer Price against the market valuation of other comparable companies using the price-to-earnings ratio (“**P/E**”) and the price-to-book ratio (“**P/B**”) given that P/E and P/B are the commonly used valuation benchmarks since the data for calculating these ratios can be obtained directly from publicly available information and reflect the value of the company determined by the open market. Given that the Company was profit-making during the latest financial year, we therefore consider

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

that P/E was an appropriate parameter for evaluating the fairness and reasonableness of the Offer Price. In addition, P/B analysis generally requires reasonable level of assets for its business operations. According to the 2021 AR, the total assets of the Company mainly comprise of (i) property, plant and equipment; (ii) inventories; (iii) trade receivables; (iv) prepayments, deposits and other receivables; and (v) pledged bank deposits, cash and cash equivalents, we therefore consider P/B was an appropriate alternative approach to assess the fairness and reasonableness of the Offer Price.

Having considered over 99.0% of the Group's revenue was derived from the operation of full-service restaurants segment, we have conducted a search of companies listed on GEM of the Stock Exchange and included all companies which are principally engaged in the operation of restaurants that contributing revenue of more than 80.0% for their latest financial year in Hong Kong (excluding companies recorded both loss and net deficits in their latest published annual reports and annual result announcements) when assessing the fairness and reasonableness of the Offer Price. Based on such selection criteria, we have identified, an exhaustive list of nine comparable companies (the "**Comparable Companies**").

Stock code	Company name	Principal business(es)	Revenue contributed from operation of restaurants (%)	Market capitalisation (Note 1) (HK\$ million)	P/E (Note 2) times	P/B (Note 3) times
8096	Tasty Concepts Holding Limited	The group is principally engaged in operation of Japanese ramen restaurants in Hong Kong	89.1	28.5	N/A	5.17
8232	Classified Group (Holdings) Limited	The group is principally engaged in operation of restaurants in Hong Kong	100.0	22.3	N/A	0.55
8300	Royal Catering Group Holdings Company Limited	The group is principally engaged in provision of catering services through a chain of casual dining food catering services restaurants	100.0	74.0	N/A	1.72
8367	SIMPLICITY HOLDING LIMITED	The group is principally engaged in operation of restaurants in Hong Kong	98.1	114.2	N/A	3.23
8371	Taste Gourmet Group Limited	The group is principally engaged in operation of full-service restaurants and kiosks in Hong Kong	100.0	394.7	17.87	2.55



**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

Stock code	Company name	Principal business(es)	Revenue contributed from operation of restaurants (%)	Market capitalisation (Note 1) (HK\$ million)	P/E (Note 2) times	P/B (Note 3) times
8428	CBK Holdings Limited	The group is principally engaged in provision of food catering services through restaurants operations in Hong Kong	92.5	16.7	N/A	0.85
8447	MS Concept Limited	The group is principally engaged in the provision of catering services through in a chain of restaurant in Hong Kong	100.0	65.0	N/A	1.52
8510	Top Standard Corporation	The group is principally engaged in provision of food catering services through restaurants and online sales of wines	99.7	56.7	8.53	N/A
8519	Jia Group Holdings Limited	The Group is principally engaged in operation and management of restaurants in Hong Kong	100.0	83.5	N/A	4.23
				<b>Minimum</b>	<b>8.53</b>	<b>0.55</b>
				<b>Maximum</b>	<b>17.87</b>	<b>5.17</b>
				<b>Average</b>	<b>13.20</b>	<b>2.48</b>
<b>The Company (8495)</b>				<b>205.1<sup>(Note 4)</sup></b>	<b>10.84</b>	<b>2.81</b>

*Source: The website of the Stock Exchange and the respective interim reports/ annual reports/ annual result announcements of the subject listed company (where applicable)*

*Notes:*

- (1) The closing share price and market capitalisation of the Comparable Companies as at the Last Trading Day (i.e. 1 June 2022) are based on the information extracted from the website of Stock Exchange. The market capitalisation of the Comparable Companies is calculated based on their respective closing share prices and number of issued shares as per the website of the Stock Exchange.
- (2) The P/E of the Comparable Companies is calculated based on their market capitalisation as at the Last Trading Day and their latest published profit for its completed financial year.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (3) The P/B of the Comparable Companies are calculated based on their market capitalisation as at the Last Trading Day and their latest published consolidated net assets.
- (4) For the purpose of determining the implied market capitalisation of the Group, the Offer Price of HK\$0.5341 and the issued share capital of the Group of 384,000,000 Shares as at the Latest Practicable Date were applied.

As shown in the above table, the historical P/E of the Comparable Companies ranged from approximately 8.53 times to 17.87 times, with an average of approximately 13.20 times. The implied P/E under the Offer amounts to approximately 10.84 times, which is within the range and is slightly lower than the average of the Comparable Companies. We consider it is fair and reasonable to adopt the implied P/E in assessing the Offer Price given P/E is a valuation benchmark commonly used in evaluating companies in operation of restaurants with earnings.

As shown in the above table, the historical P/B of the Comparable Companies ranged from approximately 0.55 time to 5.17 times, with an average of approximately 2.48 times. The implied P/B under the Offer of approximately 2.81 times which is within the range and is slightly higher than the average of the Comparable Companies.

Having considered the above, the implied P/E under the Offer is within the range of the P/E of the Comparable Companies and that the implied P/B under the Offer is within the range of the Comparable Companies, we are of the view that the Offer is fair and reasonable.

### RECOMMENDATION

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

- (i) the outlook of the restaurants sector remains uncertain given COVID-19 may continue to affect the normal operation hours of the Group's restaurants, for further details please refer to the section headed "2. Industry overview of the restaurants sector in Hong Kong and outlook of the Group";
- (ii) the Offer Price represents a notable premium over the average closing price per Share during the Review Period;
- (iii) in general, the trading volume of the Shares has been thin historically as evidenced by the average daily trading volume of the Shares prior to the Joint Announcement and the Group's performance for 1Q2022 had deteriorated and recorded substantial net loss of approximately HK\$17.2 million during such period, therefore the Offer allows the Independent Shareholders to divest their Shares without exerting a downward pressure on the Share price as analysed under paragraph headed "5.2 Historical liquidity of the Shares" above; and

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (iv) the Offer Price represents an implied P/E of approximately 10.84 times and an implied P/B of approximately 2.81 times. Based on the analysis as set out under paragraph headed “5.3 Comparison with comparable companies” above, the implied P/E under the Offer is slightly lower than the average and is within the range of the Comparable Companies, whereas the implied P/B under the Offer is slightly higher than the average and is within the range of the Comparable Companies,

we consider the terms of the Offer to be fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to accept the Offer.

**Independent Shareholders, in particular those who intend to accept the Offer, are reminded that there is no guarantee that the Share price will or will not sustain and will or will not be higher than the Offer Price during and after the period for the acceptance of the Offer. The Independent Shareholders who intend to accept the Offer are also reminded to closely monitor the market price and the liquidity of the Shares during the period for the acceptance of the Offer and shall, having regard to their own circumstances, investment objectives and risk preference, consider selling their Shares in the open market, instead of accepting the Offer, if the net proceeds from the sale of such Shares would be higher than that receivable under the Offer.**

The Independent Shareholders should read carefully the procedures for accepting the Offer as detailed in the Composite Document, the appendices to the Composite Document and the Form of Acceptance and Transfer, if they wish to accept the Offer.

For and on behalf of  
**Maxa Capital Limited**  
**Michael Fok**  
*Managing Director*

*Mr. Michael Fok is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Maxa Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over 20 years of experience in the corporate finance industry.*

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

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

- (a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Offer, you must send the Form of Acceptance duly completed and signed together with 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) to the Registrar, Tricor Investor Services Limited at Level 54 Hopewell Centre 183 Queen's Road East Hong Kong (to be changed to 17/F. Far East Finance Centre, 16 Harcourt Road, Hong Kong with effect from 15 August 2022), by post or by hand, marked "1957 & Co. (Hospitality) Limited — Offer" on the envelope, in any event not later than 4: 00 p.m., on the Closing Date or such later time and/or date as the Offeror may determine and announce 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 whether in full or in part of your Shares, 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) with the nominee company, or other nominee, with instructions authorising it to accept the Offer on your behalf and requesting it to deliver in an envelope marked "1957 & Co. (Hospitality) Limited — Offer" 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) to the Registrar; or
  - (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver in an envelope marked "1957 & Co. (Hospitality) Limited — Offer" 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) to the Registrar; or
  - (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities

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

- (iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.
- (c) If the share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost and you wish to accept the Offer in respect of your Shares, the Form of Acceptance should nevertheless be duly completed and signed and delivered in an envelope marked "1957 & Co. (Hospitality) Limited — Offer" to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s), you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.
- (d) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete and sign the Form of Acceptance and deliver it in an envelope marked "1957 & Co. (Hospitality) Limited — Offer" to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable instruction and authority to VBG Capital and/or the Offeror and/or any of 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 certificate(s) to the Registrar 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.

- (e) Acceptance of the Offer will be treated as valid only if the duly completed and signed Form of Acceptance is received by the Registrar by no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code and the Registrar has recorded that the Form of Acceptance and any relevant documents required have been so received, and is:
- (i) accompanied by the relevant share certificate(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if those Share certificate(s) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in your favour 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/its 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 the other sub-paragraph of this paragraph (e)); or
  - (iii) certified by the Registrar or the Stock Exchange.

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

- (f) In Hong Kong, seller's ad valorem stamp duty arising in connection with acceptances of the Offer will be payable by relevant Independent Shareholders at a rate of 0.13% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the cash amount payable by the Offeror to the relevant Independent Shareholder on accepting the Offer (where the amount of stamp duty is a fraction of a dollar, the stamp duty will be rounded up to the nearest dollar). The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of relevant 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 Shares.
- (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.
- (h) The address of the Registrar is Level 54 Hopewell Centre 183 Queen's Road East Hong Kong (to be changed to 17/F. Far East Finance Centre, 16 Harcourt Road, Hong Kong with effect from 15 August 2022).

**2. SETTLEMENT**

- (a) Provided that valid Form of Acceptance and the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title and/or transfer receipt(s) (and/or any satisfactory indemnity or indemnities required in respect thereof) have been received by the Registrar no later than the latest time for acceptance, a cheque for the amount due to each accepting Shareholder, less the seller's ad valorem stamp duty payable by him/her/it, will be despatched to such Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event within seven (7) Business Days following the date on which all the relevant documents are received by the Registrar to render such acceptance complete and valid.
- (b) Settlement of the consideration to which any Shareholders are entitled under the Offer will be implemented in full in accordance with the terms of the Offer (save with respect of the payment of seller's ad valorem stamp duty), without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Shareholders.

**3. ACCEPTANCE PERIOD AND REVISIONS**

- (a) In order to be valid for the Offer, 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 or such later time(s) and/or date(s) as the Offeror may determine and announce in compliance with the Takeovers Code, or unless the Offer is extended or revised with the consent of the Executive.
- (b) The Offeror reserves the right to revise the terms of the Offer after the despatch of this Composite Document until such day as it may determine and in accordance with the Takeovers Code. If the Offeror revises the terms of the Offer, all the Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms. The Offer is conditional upon the Offeror having received valid acceptances in respect of the Offer Shares which, together with the Shares already owned by the Offeror and persons acting in concert with it before or during the Offer, will result in the Offeror and persons acting in concert with it holding more than 50% of the voting rights in the Company. Pursuant to the Takeovers Code, where the Offer becomes or is declared unconditional, the Offer will remain open for acceptance for not less than fourteen (14) days thereafter. The Offeror will make an announcement as and when the Offer becomes or is declared unconditional.
- (c) 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 so extended.

#### 4. NOMINEE REGISTRATION

To ensure equality of treatment of all Independent Shareholders, those registered Independent Shareholders who hold the Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each 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) By 6:00 p.m. on 3 August 2022 (or such later time and/or date as the Executive may in exceptional circumstances permit) which is the Closing Date, 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 post an announcement 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 or extended.

The announcement must state the total number of Shares and rights over Shares:

- (i) for which acceptances of the Offer have been received;
- (ii) held, controlled or directed by the Offeror's Concert Group before the Offer Period; and
- (iii) acquired or agreed to be acquired during the Offer Period by the Offeror's Concert Group.

The announcement must also include details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror's Concert Group has borrowed or lent (save for any borrowed Shares which have been either on-lent or sold) and specify 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, only valid acceptances that are complete, in good order and fulfill the acceptance conditions set out in paragraph 1(e) of this Appendix, and which have been received by the Registrar by 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 respect of the Offer must be made in accordance with the requirements of the Takeovers Code and the Listing Rules.



**6. RIGHT OF WITHDRAWAL**

- (a) Acceptance of the Offer tendered by any Independent Shareholder shall be irrevocable and cannot be withdrawn, except in the circumstances set out below.
- (b) If the Offeror is unable to comply with the requirements set out in the paragraph headed “Announcements” above, as set out in Rule 19.2 of the Takeovers Code, the Executive may require that the Independent Shareholders who have tendered acceptances to the Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that rule are met.
- (c) In such case, if the Independent Shareholders withdraw their acceptances, the Offeror and Registrar 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 of Acceptance to the relevant Independent Shareholders.

**7. OVERSEAS SHAREHOLDERS**

The making of the Offer to the Overseas Shareholders may be prohibited or affected by the laws of the relevant jurisdictions in which they are resident. Overseas Shareholders should obtain appropriate legal advice regarding the implications of the Offer in the relevant jurisdictions or keep themselves informed about and observe any applicable legal or regulatory requirements. It is the responsibility of Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of all relevant jurisdictions in connection with the acceptance of the Offer (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, regulatory and/or legal requirements and the payment of any transfer or other taxes due by the accepting Overseas Shareholders).

Acceptance of the Offer by any Overseas Shareholder will be deemed to constitute a warranty by such person that such person is permitted under 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. Any such person is recommended to seek professional advice on deciding whether or not to accept the Offer.

**8. GENERAL**

- (a) All communications, notices, Form 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 post at their own risk, and the Offeror’s Concert Group, the Company, Silverbricks Securities, VBG Capital, the Independent Financial Adviser, the Registrar, the company secretary of

the Company, any of their respective ultimate beneficial owners, directors, officers, agents, professional advisers and other parties involved in the Offer do not accept any liability for any loss or delay in postage or any other liabilities that may arise as a result thereof.

- (b) The provisions set out in the Form of Acceptance form part of the terms of the Offer.
- (c) The accidental omission to despatch this Composite Document and/or Form of Acceptance or any of them to any person to whom the Offer is made will not invalidate the Offer in any way.
- (d) The Offer is, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.
- (e) Due execution of the Form of Acceptance will constitute an irrevocable authority to the Offeror, Silverbricks Securities or such person or persons as the Offeror may direct to complete, amend and execute any document on behalf of the person or persons accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as it may direct, the Shares in respect of which such person or persons has/have accepted the Offer.
- (f) Acceptance of the Offer by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror and the Company that the Shares under the Offer are free from all third party rights and Encumbrances whatsoever and together with all rights accruing or attaching thereto including the rights to receive in full all dividends and distributions recommended, declared, made or paid on or after the date on which the Offer is made.
- (g) References to the Offer in this Composite Document and the Form of Acceptance shall include any revision and/or extension thereof.
- (h) The making of the Offer to the Overseas Shareholders may be prohibited or affected by the laws of the relevant jurisdictions. The Overseas Shareholders should inform themselves about and observe any applicable legal or regulatory requirements. It is the responsibility of each Overseas Shareholder who wishes to accept the Offer to satisfy himself/herself/itself as to the full observance of the laws and regulations of all 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 necessary formalities, regulatory and/or legal requirements. Such Overseas Shareholders shall be fully responsible for the payment of any transfer or other taxes and duties due by such Overseas Shareholders in respect of the relevant jurisdictions. The Overseas Shareholders are recommended to seek professional advice on deciding whether or not to accept the Offer.

- (i) Acceptances of the Offer by any persons will be deemed to constitute a warranty by such persons that such persons are permitted under all applicable laws and regulations to receive and accept the Offer, and any revision thereof, and such acceptances shall be valid and binding in accordance with all applicable laws and regulations. Any such persons will be responsible for any such issue, transfer and other applicable taxes or other governmental payments payable by such persons.
- (j) Subject to the Takeovers Code, the Offeror reserves the right to notify any matter (including the making of the Offer) to all or any Independent Shareholders and with registered address(es) outside Hong Kong or whom the Offeror or Silverbricks Securities, knows to be nominees, trustees or custodians for such persons by announcement in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any such Independent Shareholders to receive or see such notice, and all references in this Composite Document to notice in writing shall be construed accordingly.
- (k) 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 Offeror's Concert Group, the Company or its ultimate beneficial owners, directors, officers, agents, professional advisers or any other persons involved in the Offer. The Independent Shareholders should consult their own professional advisers for professional advices.
- (l) 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. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The following is a summary of financial information for each of the three years ended 31 December 2019, 2020 and 2021 (as extracted from the annual reports of the Company) and for the three months ended 31 March 2022 (as extracted from the 2022 first quarterly report of the Company).

	For the year ended 31 December			For the three months ended 31 March	
	2019 HK\$'000 (audited)	2020 HK\$'000 (audited)	2021 HK\$'000 (audited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Revenue	345,736	320,452	394,185	81,254	44,447
Operating (loss)/profit	(11,549)	(13,284)	26,575	1,019	(16,323)
(Loss)/profit before income tax	(17,339)	(19,280)	22,737	(44)	(17,165)
Income tax (expense)/credit	(403)	1,570	(3,816)	(89)	—
(Loss)/profit for the year/ period attributable to:					
— Owners of the company	(14,189)	(12,909)	13,165	(256)	(14,932)
— Non-controlling interests	<u>(3,553)</u>	<u>(4,801)</u>	<u>5,756</u>	<u>123</u>	<u>(2,233)</u>
	(17,742)	(17,710)	18,921	(133)	(17,165)
Total comprehensive (loss)/ income for the year/period attributable to:					
— Owners of the company	(14,375)	(12,482)	13,326	(239)	(14,894)
— Non-controlling interests	<u>(3,556)</u>	<u>(4,803)</u>	<u>5,757</u>	<u>133</u>	<u>(2,233)</u>
	(17,931)	(17,285)	19,083	(106)	(17,127)
(Losses)/earnings per share attributable to owners of the company for the year/period (HK cents)					
— Basic and diluted	(3.97)	(3.36)	3.43	(0.07)	(3.89)
Dividend per Share	Nil	Nil	Nil	Nil	Nil

No dividend was paid or proposed by the Company during each of the three years ended 31 December 2019, 2020 and 2021 and the three months ended 31 March 2022.

Save as disclosed above, the Group did not have any item of income or expense which was material for each of the three years ended 31 December 2019, 2020 and 2021 and the three months ended 31 March 2022.

The consolidated financial statements of the Group for each of the three financial years ended 31 December 2019, 2020 and 2021 were audited by Pricewaterhouse Coopers and did not contain any qualified or modified opinion, nor any emphasis of matter or material uncertainty related to going concern.

## 2. FINANCIAL STATEMENTS OF THE GROUP

The Company is required to set out or refer to in this Composite Document the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in the last published audited accounts, together with the notes to the relevant published financial statements which are of major relevance to the appreciation of the above financial information.

The unaudited condensed consolidated financial information of the Group for the three months ended 31 March 2022 (the “**2022 First Quarterly Financial Information**”) has been set out on pages 2 to 7 of the 2022 first quarterly report of the Company for the three months ended 31 March 2022 which was posted on 13 May 2022 on the Stock Exchange’s website. Please also see below a direct link:

<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0513/2022051300017.pdf>

The audited consolidated financial statements of the Group for the year ended 31 December 2021 (the “**2021 Financial Statements**”) has been set out on pages 57 to 120 of the annual report of the Company for the year ended 31 December 2021 which was posted on 25 March 2022 on the Stock Exchange’s website. Please also see below a direct link:

<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0325/2022032500027.pdf>

The audited consolidated financial statements of the Group for the year ended 31 December 2020 (the “**2020 Financial Statements**”) has been set out on pages 61 to 126 of the annual report of the Company for the year ended 31 December 2020 which was posted on 26 March 2021 on the Stock Exchange’s website. Please also see below a direct link:

<https://www1.hkexnews.hk/listedco/listconews/gem/2021/0326/2021032600067.pdf>

The audited consolidated financial statements of the Group for the year ended 31 December 2019 (the “**2019 Financial Statements**”) has been set out on pages 61 to 124 of the annual report of the Company for the year ended 31 December 2019 which was posted on 31 March 2020 on the Stock Exchange’s website. Please also see below a direct link:

<https://www1.hkexnews.hk/listedco/listconews/gem/2020/0331/2020033100001.pdf>

The 2022 First Quarterly Financial Information, the 2021 Financial Statements, the 2020 Financial Statements and the 2019 Financial Statements (but not any other part of the first quarterly report of the Company for the three months ended 31 March 2022 and the annual reports of the Company for three years ended 31 December 2019, 2020 and 2021 in which they respectively appear) are incorporated by reference into this Composite Document and form part of this Composite Document.

### 3. MATERIAL CHANGE

The Directors confirm that, save as disclosed below, there had been no material change in the financial or trading position or outlook of the Group since 31 December 2021, being the date to which the latest published audited financial statements of the Company were made up, up to the Latest Practicable Date:

Pursuant to the quarterly report of the Company dated 5 May 2022 for the three months ended 31 March 2022 (“**1Q2022**”), (i) the total revenue of the Group decreased by approximately HK\$36.9 million from approximately HK\$81.3 million for the three months ended 31 March 2021 (“**1Q2021**”) to approximately HK\$44.4 million for 1Q2022; and (ii) the loss for the period further increased from approximately HK\$0.1 million for 1Q2021 to approximately HK\$17.2 million for 1Q2022. Such deterioration in the Group’s financial performance were primarily attributable to the dine-in services ban from 6 p.m. to 4:59 a.m. from 7 January 2022 until 20 April 2022 and the number of diners per table was capped to 2 according to the tightened social distancing measures imposed by the Hong Kong government resulting from the continuous outbreak of the COVID-19 pandemic. Such restriction of dine-in has material impact to the operation of Group’s restaurant during 1Q2022. The management of the Company (the “**Management**”) is of the view that the operation of restaurants has partially resumed to normal after the relaxation of the abovementioned anti-epidemic measures, in particular, the extension of the dine-in services at restaurants till 9:59 p.m. and the number of guests per table were increased to 4 since 21 April 2022. Since 19 May 2022, the latest dine in policy has allowed the Group’s restaurant to operate till 11:59 p.m. and number of customers per table has increased to 8. However, the operation of the Group’s restaurant is still subject to the uncertainty of any new development on anti-epidemic measurements imposed by the local government from time to time.

### 4. INDEBTEDNESS

As at the close of business on 31 May 2022, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Composite Document, the Group had outstanding indebtedness comprising bank borrowings of approximately HK\$3.4million and lease liabilities of approximately HK\$44.5 million.

The outstanding bank borrowings were secured by the bank deposits of not less than HK\$5.0 million and the corporate guarantee provided by the Company. The interest rates of the outstanding bank borrowings were ranged from approximately 2.7% to 3.5%. The lease liabilities were unsecured and unguaranteed. As at 31 May 2022, the Group had no material commitments and contingent liabilities.

Save as disclosed above and apart from intra-group liabilities, as at 31 May 2022, the Group did not have any other borrowings, mortgages, charges, debentures or debt securities, issued or outstanding, or authorised or otherwise created but unissued, or other similar indebtedness, finance lease commitment, liabilities under acceptances, acceptance credits, hire purchase commitments, material contingent liabilities or guarantees.

## 1. RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Offeror and the Offeror's Concert Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the sole director 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

As at the Latest Practicable Date:

	Shares	Amount HK\$
Authorised share capital:		
Ordinary shares of HK\$0.0001 each	<u>3,800,000,000</u>	<u>380,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.0001 each	<u>384,000,000</u>	<u>38,400</u>

All of the Shares currently in issue are fully paid up or credited as fully paid and rank *pari passu* in all respects with each other, including all rights in respect of dividends, voting rights and capital. The Shares are listed on GEM and none of the securities of the Company is listed or dealt in on any other stock exchange and no such listing or permission to deal is being or is proposed to be sought.

No Shares have been issued by the Company since 31 December 2021 (being the date on which its latest published audited accounts were prepared) and up to and including the Latest Practicable Date.

As at the Latest Practicable Date, the Company had no outstanding warrants, derivatives, options or other securities which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares and the Company had not entered into any agreement to issue any Shares or warrants, derivatives, options or other securities which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares.

### 3. DISCLOSURE OF INTERESTS

#### (a) Directors and chief executives' interests in securities

As at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests in the Shares, underlying shares, debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange (i) pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests which the Director or chief executive of the Company was taken or deemed to have under such provisions of the SFO); (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Takeovers Code, to be disclosed; or (iv) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

#### (b) Substantial shareholders

As at the Latest Practicable Date, the interests and short positions of Shareholders (not being Directors or the chief executives of the Company) in the Shares and underlying Shares which were notified to the Company and the Stock Exchange pursuant to Division 2 and 3 of Part XV of the SFO or required to be entered in the register maintained by the Company pursuant to section 336 of the SFO or required to be disclosed under the Takeovers Code were as follows:

Name of shareholder	Capacity	Shares (long position)	Shareholding percentage (%)
The Offeror	Beneficial owner	188,084,000 <sup>(1)</sup>	48.98
Mr. Cai	Interest of controlled corporation	188,084,000 <sup>(1)</sup>	48.98
Ms. Zhang Meiyun	Interest of spouse	188,084,000 <sup>(2)</sup>	48.98

*Notes:*

- (1) The Offeror is an investment holding company incorporated in the British Virgin Islands, which is wholly and beneficially owned by Mr. Cai. Accordingly, Mr. Cai is deemed to be interested in all the Shares held by the Offeror by virtue of the SFO.
- (2) Ms. Zhang Meiyun is the spouse of Mr. Cai and is deemed to be interested in all the Shares Mr. Cai is interested in by virtue of the SFO.



Saved as disclosed above, the Directors and the chief executive of the Company are not aware of any person who, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying Shares which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or required to be entered in the register maintained by the Company pursuant to section 336 of the SFO or required to be disclosed under the Takeovers Code.

**(c) Interests in the Offeror**

As at the Latest Practicable Date, none of the Company nor any of its Directors had any interest in the shares of the Offeror or convertible securities, warrants, options or derivatives in respect of the shares of the Offeror.

**(d) Additional disclosure of interests in the Company and arrangements in connection with the Offer**

As at the Latest Practicable Date, save as disclosed in paragraph 3(b) above:

- (1) save for the Sale and Purchase Agreement entered into among the Vendors and the Offeror, none of the Directors have dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares during the Relevant Period;
- (2) none of the Directors and the Company have dealt for value in any shares of the Offeror or any convertible securities, warrants, options or derivatives in respect of the shares of the Offeror during the Relevant Period;
- (3) the Directors did not have any interest in the Shares, derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into the Shares;
- (4) the Directors did not have any beneficial shareholdings in the Company which would entitle them to accept or reject the Offer;
- (5) none of the subsidiary of the Company, pension fund of the Company or any of its subsidiaries or the 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 but excluding exempt principal traders and exempt fund managers, owned or controlled any Shares or any other convertible securities, warrants, options or derivatives in respect of the Shares and none of them had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company during the Relevant Period;

- (6) there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code between any person and the Company or 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 any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company during the Relevant Period;
- (7) no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company were managed on a discretionary basis by fund managers connected with the Company and no such person had dealt for value in any relevant securities in the Company during the Relevant Period;
- (8) none of the Company or any Directors had borrowed or lent any Shares or any other convertible securities, warrants, options or derivatives in respect of the Shares; and
- (9) there was no understanding, arrangement, agreement or special deal between any Shareholder on one hand and (a) the Offeror's Concert Group; and (b) the Company, its subsidiaries or associated companies on the other hand.

#### **4. MATERIAL LITIGATION**

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was pending or threatened against any members of the Group.

#### **5. MATERIAL CONTRACTS**

There was no material contract (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by any member of the Group) entered into by any member of the Group after the date two years before the commencement of the Offer Period and ending on the Latest Practicable Date.

## 6. QUALIFICATION OF EXPERTS

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

Name	Qualification
Opus Capital Limited	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, and the financial adviser to the Company in respect of the Offer
Maxa Capital Limited	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, and the Independent Financial Adviser to the Independent Board Committee in respect of the Offer

## 7. DIRECTORS' SERVICE CONTRACTS

Each of the independent non-executive Directors, namely Mr. How Sze Ming, Mr. Ng Wai Hung and Mr. Chan Kam Kwan Jason, has signed a letter of appointment with the Company for a term of three years commencing from the 31 March 2020, which may be renewable subject to both parties' agreement. The remuneration payable to each of the Independent non-executive Directors (excluding arrangements for pension payment) is HK\$180,000 per annum and no variable remuneration is payable to any of them. One non-executive Director, namely Ms. Chan Siu Wan, was appointed on 30 November 2020 and has signed a letter of appointment with the Company for a term of three years commencing from the appointment date, which may be renewable subject to both parties' agreement. None of the Directors has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

Set out below are the details of the letter of appointment of Ms. Chan Siu Wan, one of our Non-executive Director, which is a fixed term contract with more than 12 months to run:

Name	Capacity	Expiry date of the letter of appointment	Remuneration payable (excluding arrangements for pension payment)	Variable remuneration payable
Chan Siu Wan	Non-executive Director	29 November 2023	HK\$120,000 per annum <sup>(Note)</sup>	Nil

*Note:* The remuneration payable to Ms. Chan Siu Wan (excluding arrangements for pension payment) was increased from HK\$84,000 to HK\$120,000 per annum with effect from 1 January 2022.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had any service contracts with the Company or any of its subsidiaries or associated companies in force which were fixed term contracts with more than 12 months to run irrespective of the notice period.

As at the Latest Practicable Date, (i) none of the Directors had any service contracts with the Company or any of its subsidiaries or associated companies in force which (a) (including both continuous and fixed term contracts) have been entered into or amended with during the Relevant Period; or (b) were continuous contracts with a notice period of 12 months or more; and (ii) none of the Directors had any existing or proposed service contract with any member of the Group or any associated companies of the Company which does not expire or is not determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

## **8. CONSENT**

The experts named in the paragraph headed “6. Qualification of Experts” above have given and have not withdrawn their written consent to the issue of the Composite Document with the inclusion therein of the opinions, reports, advice, recommendations and/or letters and/or the references to their names and/or opinions, reports, advice, recommendations, and/or letters in the form and context in which they respectively appear.

## **9. DOCUMENTS ON DISPLAY**

Copies of the following documents will be available for inspection on the website of the Company at <http://www.1957.com.hk>, the website of the Stock Exchange at <http://www.hkexnews.hk>, and the website of the SFC at [www.sfc.hk](http://www.sfc.hk) from the date of this Composite Document up to and including the Closing Date:

- (1) the amended and restated memorandum of association and the second amended and restated articles of association of the Company;
- (2) the annual reports of the Company for the three years ended 31 December 2019, 2020 and 2021;
- (3) the first quarterly report of the Company for the three months ended 31 March 2022;
- (4) the letters of appointment of Ms. Chan Siu Wan, Mr. How Sze Ming, Mr. Ng Wai Hung and Mr. Chan Kam Kwan Jason as referred to in the section headed “7. Directors’ Service Contracts” in this appendix;
- (5) the “Letter from the Board”, the text of which is set out on pages 20 to 27 of this Composite Document;
- (6) the “Letter from the Independent Board Committee”, the text of which is set out on pages 28 to 29 of this Composite Document;

- (7) the “Letter from the Independent Financial Adviser”, the text of which is set out on pages 30 to 48 of this Composite Document;
- (8) the written consent from Opus Capital Limited and Maxa Capital Limited referred to in the section headed “8. Consent” in this Appendix; and
- (9) this Composite Document.

#### **10. MISCELLANEOUS**

- (1) As at the Latest Practicable Date, none of the Directors had been or would be given any benefit as compensation for loss of office or otherwise in connection with the Offer;
- (2) As at the Latest Practicable Date, 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
- (3) As at the Latest Practicable Date, there was no material contracts entered into by the Offeror in which any Director has a material personal interest.
- (4) Please see the section headed “2. Market Prices” in the “General Information of the Offeror” set out in Appendix IV to this Composite Document for 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 Trading Day; and (iii) the Latest Practicable Date.

## 1. RESPONSIBILITY STATEMENT

The sole director and sole shareholder of the Offeror, being Mr. Cai, accepts full responsibility for the accuracy of the information contained in this Composite Document (other than information relating to the Group, Vendors or the Directors), and confirms, having made all reasonable enquires, that to the best of his knowledge, opinions expressed in this Composite Document (other than opinions 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 in this Composite Document misleading.

## 2. MARKET PRICES

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

Date	Closing price per Share (HK\$)
31 December 2021	0.295
31 January 2022	0.315
28 February 2022	0.360
31 March 2022	0.400
29 April 2022	0.410
31 May 2022	0.465
1 June 2022 ( <i>being the Last Trading Day</i> )	0.495
30 June 2022	0.510
8 July 2022 ( <i>being the Latest Practicable Date</i> )	0.510

Source: [https://www.hkex.com.hk/Market-Data/Securities-Prices/Equities/Equities-Quote?sym=8495&sc\\_lang=en](https://www.hkex.com.hk/Market-Data/Securities-Prices/Equities/Equities-Quote?sym=8495&sc_lang=en)

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.520 per Share on 7 July 2022 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.295 per Share on 20 and 31 December 2021 and 3, 4, 5, 6, 7 and 14 January 2022.

## 3. DISCLOSURE OF INTERESTS IN THE COMPANY OF THE OFFEROR AND ARRANGEMENTS IN CONNECTION WITH THE OFFER

As at the Latest Practicable Date:

- (a) save for the Sale Shares held by the Offeror, none of the members of the Offeror's Concert Group owned or had control or direction over or have any interest in any voting rights or rights over the Shares or convertible securities, warrants, options of the Company or any derivatives in respect of such securities;

- (b) there was no arrangement of the kind referred to in the Note 8 to Rule 22 of the Takeovers Code which existed between the Offeror, the Offeror's associates (as defined under the Takeovers Code) or any person acting in concert with the Offeror and any other person;
- (c) there were no agreements or arrangements to which any of the members of the Offeror's Concert Group is a party which relates to circumstances in which the Offeror may or may not seek to invoke a condition to the Offer;
- (d) none of the members of the Offeror's Concert Group had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code including shares, warrants, options, derivatives or convertible securities) in the Company;
- (e) none of the members of the Offeror's Concert Group had received any irrevocable commitment to accept or reject the Offer;
- (f) save for the consideration for the Sale Shares paid by the Offeror to the Vendors under the Sale and Purchase Agreement, there was no other consideration, compensation or benefit in whatever form paid or to be paid by the Offeror's Concert Group to the Vendors, their respective ultimate beneficial owners or any party acting in concert with any one of them in connection with the Acquisition;
- (g) there was no agreement, arrangement or understanding (including any compensation arrangement) existing between the Offeror's Concert Group and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependent upon the Offer;
- (h) there was no understanding, arrangement or agreement which would constitute a special deal (as defined in Rule 25 of the Takeovers Code) between the Offeror's Concert Group, and the Vendors, their respective ultimate beneficial owners and parties acting in concert with them, on the other hand;
- (i) no benefit (other than statutory compensation) will be given to any Director as compensation for loss of office or otherwise in connection with the Offer; and
- (j) there was no agreement, arrangement or understanding that any securities of the Company, acquired in pursuance of the Offer would be transferred, charged or pledged to any other persons. Silverbricks Securities did not have any interest in the Shares, options, derivatives, warrants or other securities convertible into Shares.

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

During the Relevant Period:

- (a) save for the Sale and Purchase Agreement, none of the members of the Offeror's Concert Group has dealt in or owned any Shares, warrants, options, derivatives or other securities convertible into Shares;
- (b) no person owning or controlling any shareholding in the Company with whom the Offeror's Concert Group had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code had dealt in any Shares, convertible securities, warrants, options or derivatives of the Company;
- (c) save for the Sale and Purchase Agreement, none of the director(s) of the Offeror had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares; and
- (d) there were no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror's Concert Group had borrowed or lent.

**5. CONSENT AND QUALIFICATION OF PROFESSIONAL ADVISER**

The following are the name and the qualification of the professional adviser whose letter, opinion or advice is contained or referred to in this Composite Document:

<b>Name</b>	<b>Qualifications</b>
VBG Capital Limited	a licensed corporation to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, the financial adviser to the Offeror in respect of the Offer

VBG Capital has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion herein of its letter, opinion or advice and reference to its name in the form and context in which it appear.

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



**6. GENERAL**

As at the Latest Practicable Date:

- (a) The registered office of the Offeror was situated at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands and the correspondence address of Mr. Cai, the sole director and sole shareholder of the Offeror, was Room 1601, 16th Floor, 426 Shanghai Street, Mongkok, Kowloon, Hong Kong.
- (b) The registered office of VBG Capital was situated at 18/F, Prosperity Tower, 39 Queen's Road Central, Central, Hong Kong.
- (c) The Offeror was wholly owned by Mr. Cai. The principal members of the Offeror's Concert Group were the Offeror and Mr. Cai.
- (d) In the event of inconsistency, the English texts of this Composite Document and the Form of Acceptance shall prevail over their respective Chinese texts.

**7. DOCUMENTS ON DISPLAY**

Copies of the following documents are available for inspection on the website of the SFC (<http://www.sfc.hk>) from the date of this Composite Document up to and including the Closing Date:

- (a) the memorandum of association and articles of association of the Offeror;
- (b) the "Letter from VBG Capital", the text of which is set out on pages 11 to 19 of this Composite Document;
- (c) the written consent as referred to in the section headed "Consent and Qualification of Professional Adviser" in this Appendix IV;
- (d) the Loan Facility Agreement;
- (e) the Sale and Purchase Agreement; and
- (f) this Composite Document and the accompanying Form of Acceptance.