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## THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Carry Wealth Holdings Limited, you should at once hand this Composite Document and the accompanying Form of Acceptance to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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

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

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**MARS Worldwide Holdings Limited**  
(Incorporated in the British Virgin Islands with limited liability)



### COMPOSITE OFFER AND RESPONSE DOCUMENT RELATING TO THE MANDATORY UNCONDITIONAL CASH OFFER BY VBG CAPITAL LIMITED FOR AND ON BEHALF OF THE OFFEROR TO ACQUIRE ALL THE ISSUED SHARES OF CARRY WEALTH HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED AND/OR AGREED TO BE ACQUIRED BY THE OFFEROR AND/OR PARTIES ACTING IN CONCERT WITH IT)

**Financial adviser to the Offeror**



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



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

A letter from VBG Capital containing, among other things, principal terms of the Offer is set out on pages 8 to 18 of this Composite Document. A letter from the Board is set out on pages 19 to 28 of this Composite Document.

A letter from the Independent Board Committee containing its recommendation in respect of the Offer to the Independent Shareholders is set out on page 29 to 30 of this Composite Document. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee in respect of the Offer is set out on pages 31 to 59 of this Composite Document.

The procedures for acceptance and other related information in respect of the Offer are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance. Form of Acceptance should be received by the Registrar, namely Tricor Abacus Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event no later than 4:00 p.m. on Friday, 9 December 2022 (or such later time and/or date as the Offeror may determine and the Offeror and the Company may jointly announce, with the consent of the Executive and in accordance with the Takeovers Code).

18 November 2022

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## EXPECTED TIMETABLE

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The timetable set out below is indicative only and is subject to change. Any changes to the timetable will be jointly announced by the Offeror and the Company.

Despatch date of this Composite Document  
and the accompanying Form of Acceptance and  
commencement date of the Offer (*Note 1*) . . . . . Friday, 18 November 2022

Latest time and date for acceptance of  
the Offer (*Notes 2 and 4*) . . . . . by 4:00 p.m. on  
Friday, 9 December 2022

Closing Date (*Notes 2 and 4*) . . . . . Friday, 9 December 2022

Announcement of the results of the Offer,  
to be posted on the website of the Stock Exchange (*Note 2*) . . . . . by 7:00 p.m. on  
Friday, 9 December 2022

Latest date for posting of remittances in respect of  
valid acceptances received under the Offer (*Notes 3 and 4*) . . . . Tuesday, 20 December 2022

*Notes:*

1. The Offer, which is unconditional in all respects, is made on the date of posting of this Composite Document, and is capable of acceptance on and from that date until 4:00 p.m. on the Closing Date. 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 for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures.
2. In accordance with the Takeovers Code, the Offer must remain opened for acceptance for at least 21 days following the date on which this Composite Document is posted. The latest time and date for acceptance of the Offer will be 4:00 p.m. on Friday, 9 December 2022 unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. The Offeror and the Company will jointly issue an announcement through the website of the Stock Exchange by no later than 7:00 p.m. on Friday, 9 December 2022 stating whether the Offer has been revised, extended or expired. In the event that the Offeror decides to revise or extend the Offer, at least 14 days' notice by way of an announcement will be given before the Offer is closed to those Independent Shareholders who have not accepted the Offer.
3. Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty) payable for the Offer Shares tendered under the Offer will be despatched to the Independent Shareholders accepting the Offer by ordinary post at their own risk as soon as possible, but in any event within 7 business days (as defined in the Takeovers Code) after the date of receipt by the Registrar of all relevant documents (receipt of which renders such acceptance complete and valid), in accordance with the Takeovers Code. Acceptance of the Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code. Please refer to paragraph 4 headed "Right of Withdrawal" in Appendix I to this Composite Document for further information on the circumstances where acceptances may be withdrawn.
4. If there is a tropical cyclone warning signal no. 8 or above, or "extreme conditions" caused by super typhoons or a black rainstorm warning:

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## EXPECTED TIMETABLE

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- (a) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the Offer, the latest time for acceptance of the Offer will remain at 4:00 p.m. on the same Business Day and the posting of remittances will be made on the same Business Day; or
- (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offer and the posting of remittances, the latest time for acceptance of the Offer will be rescheduled to 4:00 p.m. on the following Business Day and the posting of remittances will be made 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.

**Save as mentioned above, if the latest time for acceptance of the Offer does 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 dates and times contained in this Composite Document and the accompanying Form of Acceptance refer to Hong Kong dates and times.**

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## DEFINITIONS

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

“acting in concert”	has the meaning as ascribed to it under the Takeovers Code
“associate(s)”	has the meaning as 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 business to deal in securities
“BVI”	the British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Closing Date”	9 December 2022, the closing date of the Offer, or if the Offer is extended, any subsequent closing date as may be determined by the Offeror and jointly announced by the Offeror and the Company, with the consent of the Executive, in accordance with the Takeovers Code
“Company”	Carry Wealth Holdings Limited, a company incorporated in Bermuda with limited liability whose ordinary shares are listed on the main board of the Stock Exchange (stock code: 00643)
“Completion”	completion of the sale and purchase of the Sale Shares pursuant to the Sale and Purchase Agreement which took place on 30 September 2022
“Completion Date”	30 September 2022
“Composite Document”	this composite offer and response document jointly issued by the Offeror and the Company to the Shareholders in connection with the Offer in compliance with the Takeovers Code

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## DEFINITIONS

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“Company Accounts”	the audited consolidated balance sheet of the Group as at 31 December 2021 and the audited consolidated profit and loss statement and cash flow statement of the Group for the 12-month period ended on 31 December 2021, and all notes, reports and other documents annexed to those accounts as set out in the 2021 annual report of the Company published on the website of the Stock Exchange
“connected person(s)”	the meaning ascribed thereto under the Listing Rules
“Consideration”	HK\$98,298,165.63, being the aggregate consideration paid by the Offeror to the Vendors for the acquisition of the Sale Shares under the Sale and Purchase Agreement
“controlling shareholder(s)”	the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“Encumbrances”	any charge, mortgage, lien, option, equitable right, power of sale, pledge, hypothecation, retention of title, right of pre-emption, right of first refusal or other third-party right or security interest of any kind or an agreement, arrangement or obligation to create any of the foregoing
“Executive”	the Executive Director of the Corporate Finance Division of the SFC and any of his delegates
“Form of Acceptance”	the form of acceptance and transfer of the Offer Shares in respect of the Offer accompanying this Composite Document
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

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## DEFINITIONS

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“Independent Board Committee”	the independent board committee of the Board, comprising Mr. Wang Ke, Mr. Yau Wing Yiu, Mr. Yu Ping Ming and Mr. Wang Shiming, being the non-executive Director and all the independent non-executive Directors respectively, which has been formed for the purpose of advising the Independent Shareholders in respect of the Offer
“Independent Financial Adviser” or “Essence”	Essence Corporate Finance (Hong Kong) Limited, a corporation licensed under the SFO to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities, the independent financial adviser appointed for the purpose of advising the Independent Board Committee in connection with the Offer and in particular as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer
“Independent Shareholder(s)”	holder(s) of the Share(s), other than the Offeror, its ultimate beneficial owner and parties acting in concert with either of them
“Joint Announcement”	the announcement jointly published by the Company and the Offeror dated 30 September 2022 in relation to, among others and the Offer
“Last Trading Day”	29 September 2022, being the last trading day of the Shares immediately prior to the release of the Joint Announcement
“Latest Practicable Date”	15 November 2022, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Offer”	the mandatory unconditional cash offer being made by VBG Capital for and on behalf of the Offeror to acquire all the issued Shares not already owned and/or agreed to be acquired by the Offeror and/or parties acting in concert with it in accordance with the Takeovers Code

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## DEFINITIONS

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“Offer Period”	the period commenced from 30 September 2022, being the date of the Joint Announcement to the Closing Date, or such other date to which the Offeror may decide to extend or revise the Offer in accordance with the Takeovers Code
“Offer Price”	the price at which the Offer is made, being HK\$0.239 per Offer Share
“Offeror”	MARS Worldwide Holdings Limited, a company incorporated in the British Virgin Islands with limited liability which is wholly and beneficially owned by Ms. Ma Xiaoqiu
“Offer Share(s)”	all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it)
“Overseas Independent Shareholders”	the Independent Shareholder(s) whose address(es), as shown on the register of members of the Company, is/are outside Hong Kong
“PRC”	the People’s Republic of China
“Registrar”	Tricor Abacus Limited, the branch share registrar and transfer office of the Company in Hong Kong, which is situated at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
“Relevant Period”	the period commencing from 30 March 2022, being the date falling six months immediately preceding the commencement of the Offer Period, up to and including the Latest Practicable Date
“Sale and Purchase Agreement”	the sale and purchase agreement dated 30 September 2022 entered into by and among the Vendors and the Offeror in relation to the sale and purchase of the Sale Shares
“Sale Shares A”	401,624,690 Shares sold by Vendor A, representing approximately 49.10% of the entire issued share capital of the Company as at the Latest Practicable Date
“Sale Shares B”	9,664,706 Shares sold by Vendor B, representing approximately 1.18% of the entire issued share capital of the Company as at the Latest Practicable Date

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## DEFINITIONS

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“Sale Shares”	collectively, Sale Shares A and Sale Shares B
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary shares in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers published by the SFC
“Vendor A”	Dragon Peace Limited, a company incorporated in the BVI with limited liability and is wholly owned by Mr. Li Haifeng as at the Latest Practicable Date
“Vendor B”	Mr. Li Haifeng
“VBG Capital”	VBG Capital Limited, the financial adviser to the Offeror in respect of the Offer, and a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
“Vendors”	collectively, Vendor A and Vendor B
“%”	per cent.

\* *For identification purpose only*

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## LETTER FROM VBG CAPITAL LIMITED

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**VBG Capital Limited**  
21/F, Grand Millennium Plaza  
181 Queen's Road Central  
Hong Kong

18 November 2022

*To the Independent Shareholders*

Dear Sir/Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY  
VBG CAPITAL LIMITED  
FOR AND ON BEHALF OF THE OFFEROR  
TO ACQUIRE ALL OF THE ISSUED SHARES IN  
CARRY WEALTH HOLDINGS LIMITED  
(OTHER THAN THOSE ALREADY OWNED AND AGREED  
TO BE ACQUIRED BY THE OFFEROR  
AND PARTIES ACTING IN CONCERT WITH IT)**

### INTRODUCTION

Reference is made to the Joint Announcement dated 30 September 2022 (after trading hours of the Stock Exchange), where the Company and the Offeror jointly announced, among other things, that the Vendors (as vendor), the Offeror (as purchaser) entered into the Sale and Purchase Agreement dated 30 September 2022, pursuant to which the Vendors sold to the Offeror an aggregate of 411,289,396 Shares, representing 50.28% of the total issued share capital of the Company as at the date of the Joint announcement, for a total cash consideration of HK\$98,298,165.63 (being HK\$0.239 per Sale Share).

As disclosed in the section headed "THE SALE AND PURCHASE AGREEMENT" in the Joint Announcement, the Sale and Purchase Agreement was unconditional and the Completion took place upon execution of the Sale and Purchase Agreement on 30 September 2022.

Immediately following Completion and as at the Latest Practicable Date, the Offeror, its ultimate beneficial owner and parties acting in concert with any of them own and control a total of 411,289,396 Shares, representing approximately 50.28% of the total issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, Completion having occurred, the Offeror is required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror, its ultimate beneficial owner and parties acting in concert with each of them). VBG Capital is making the Offer for and on behalf of the Offeror.

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## LETTER FROM VBG CAPITAL LIMITED

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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 Company. Further details of the Offer and procedures for acceptance and settlement 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 "LETTER FROM THE BOARD", "LETTER FROM THE INDEPENDENT BOARD COMMITTEE" and "LETTER FROM ESSENCE" as set out in this Composite Document, the appendices as set out in this Composite Document and the Form of Acceptance and to consult their professional advisers if in doubt before reaching a decision as to whether or not to accept the Offer.

### PRINCIPAL TERMS OF THE OFFER

VBG Capital, for and on behalf of the Offeror and in compliance with the Takeovers Code, will make the Offer on the following basis:

#### The Offer

For each Offer Share . . . . . HK\$0.239 in cash

The Offer Price of HK\$0.239 per Offer Share under the Offer is equal to the price per Sale Share paid by the Offeror for the Sale Shares under the Sale and Purchase Agreement.

The Offer will be extended to all Shareholders other than the Offeror and parties acting in concert with it in accordance with the Takeovers Code.

As at the Latest Practicable Date, there are 818,041,413 Shares in issue and the Company does not have any outstanding options, warrants or derivatives or securities convertible into Shares.

As at the Latest Practicable Date and based on the Offer Price of HK\$0.239 per Share, the total issued share capital of the Company is valued at approximately HK\$195,511,897.71. The Offer will be made to the Independent Shareholders. As at the Latest Practicable Date, the Offeror, its ultimate beneficial owner and parties acting in concert with each of them own or control in a total of 411,289,396 Shares, 406,752,017 Shares will be subject to the Offer. Based on the Offer Price of HK\$0.239 per Share, the consideration of the Offer would be approximately HK\$97,213,732.06.

The Offer will be unconditional in all aspects when it is made and will not be conditional upon acceptance being received in respect of a minimum number of the Offer Shares.

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## LETTER FROM VBG CAPITAL LIMITED

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### Comparison of value

The Offer Price of the Offer of HK\$0.239 per Offer Share represents:

- (a) a discount of approximately 62.06% on the closing price of HK\$0.63 per Share as quoted on the Stock Exchange on 15 November 2022, being the Latest Practicable Date;
- (b) a discount of approximately 0.42% on the closing price of HK\$0.240 per Share as quoted on the Stock Exchange on 29 September 2022, being the Last Trading Day;
- (c) a discount of approximately 3.63% on the average closing price of approximately HK\$0.248 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (d) a discount of approximately 5.53% on the average closing price of approximately HK\$0.253 per Share as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day;
- (e) a discount of approximately 9.81% on the average closing price of approximately HK\$0.265 per Share as quoted on the Stock Exchange for the 30 consecutive trading days prior to and including the Last Trading Day;
- (f) a discount of approximately 11.15% over the average closing price of approximately HK\$0.269 per Share as quoted on the Stock Exchange for the last 60 trading days immediately prior to and including the Last Trading Day;
- (g) a premium of approximately 32.04% over the audited consolidated net asset value of the Group of approximately HK\$0.181 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\$148,345,000 and 818,041,413 Shares in issue as at the date of the Joint Announcement; and
- (h) a premium of approximately 28.49% over the unaudited consolidated net asset value of the Group of approximately HK\$0.186 per Share as at 30 June 2022 calculated based on the unaudited consolidated net asset value of the Group as at 30 June 2022 of approximately HK\$152,158,000 and 818,041,413 Shares in issue as at the date of the Joint Announcement.

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## LETTER FROM VBG CAPITAL LIMITED

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

During the six-month period immediately preceding and including the Last Trading Day: (a) the highest closing price of the Shares quoted on the Stock Exchange was HK\$0.49 per Share on 24 June 2022; and (b) the lowest closing price of the Shares quoted on the Stock Exchange was HK\$0.20 per Share on 29 March 2022, 30 March 2022, 31 March 2022, 01 April 2022 and 04 April 2022.

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

As at the Latest Practicable Date, there are 818,041,413 Shares in issue. On the basis of the Offer Price of HK\$0.239 per Offer Share, the entire issued share capital of the Company would be valued at approximately HK\$195,511,897.71.

Assuming that there is no change in the issued share capital of the Company before the Offer is closed, the aggregate value of the Offer is approximately HK\$97,213,732.06 based on the Offer Price of HK\$0.239 per Offer Share.

### **Confirmation of financial resources**

The maximum amount of cash payable by the Offeror in respect of acceptances of the Offer is approximately HK\$97,213,732.06, assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to the close of the Offer. The Offeror intends to finance and satisfy the maximum consideration payable under the Offer by internal resources made available from the sole beneficial owner of the Offeror.

VBG Capital, being the financial adviser to the Offeror, is satisfied that sufficient financial resources are and will remain available to the Offeror to satisfy the maximum consideration payable on full acceptance of the Offer.

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

Acceptance of the Offer by any 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 or after the date on which the Offer is made, that is, the date of posting of the Composite Document. The Offer will be unconditional in all respects. The Company confirms that as at the Latest Practicable Date, (i) it has not declared any dividend or made any distribution which is not paid, and (ii) it does not have any intention to make, declare or pay any future dividend/make other distributions during the Offer Period.

Acceptances of the Offer will be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

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## LETTER FROM VBG CAPITAL LIMITED

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### **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 of the date of receipt of a duly completed acceptance of the Offer. Relevant documents evidencing title must be received by or on behalf of the Offeror to render such acceptance of the Offer complete and valid.

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.

### **Hong Kong stamp duty**

The vendor's 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 Shareholder on acceptance of the Offer. The Offeror will arrange for payment of the vendor's ad valorem stamp duty on behalf of accepting Independent Shareholders and pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the 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 Independent 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 Independent 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 Independent Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental, exchange control or other consents which may be required, or compliance with other necessary formalities and the payment of any issue, transfer or other taxes due by such Overseas Independent Shareholders in respect of such jurisdictions).

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## LETTER FROM VBG CAPITAL LIMITED

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

Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, parties acting in concert with 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 or other effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

### **Dealing and interests in securities of the Company**

The Offeror confirms that as at the Latest Practicable Date:

- (a) save for the Sale Shares under the Sale and Purchase Agreement, none of the Offeror, its ultimate beneficial owner and its sole director nor any person acting in concert with any of them owns or has control or direction over 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) save for the Sale Shares under the Sale and Purchase Agreement, none of the Offeror, its ultimate beneficial owner nor any person acting in concert with any of them had dealt for value in any Shares, convertible securities, warrants or options of the Company or any derivatives in respect of such securities during the Relevant Period;
- (c) save for the Sale and Purchase Agreement, there are no arrangements (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Shares and which might be material to the Offer existed between the Offeror or any parties acting in concert with it and any other person;
- (d) none of the Offeror, its ultimate beneficial owner nor any person acting in concert with any one of them has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;

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## LETTER FROM VBG CAPITAL LIMITED

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- (e) none of the Offeror, its ultimate beneficial owner nor any person acting in concert with any one of them has received any irrevocable commitment to accept the Offer;
- (f) save for the Consideration paid by the Offeror to the Vendors under the Sale and Purchase Agreement, there is no consideration, compensation or benefit in whatever form paid or to be paid by the Offeror, its ultimate beneficial owner or any parties acting in concert with any one of them to either of the Vendors, their ultimate beneficial owner or any party acting in concert with any of them in connection with the sale and purchase of the Sale Shares;
- (g) there are no agreements or arrangements in relation to outstanding derivative in respect of the securities in the Company which has been entered into by the Offeror, its ultimate beneficial owner or any person acting in concert with either of them;
- (h) save for the Sale and Purchase Agreement, there is no understanding, arrangement or agreement which would constitute a special deal (as defined in Rule 25 of the Takeovers Code) between (1) any Shareholder (including the Vendors and any parties acting in concert with any one of them) and (2)(a) the Offeror, its ultimate beneficial owner and parties acting in concert with any one of them or (2)(b) the Company, its subsidiaries or associated companies;
- (i) no benefits had been or will be given to any Directors as compensation for loss of office or otherwise in connection with the Offer; and
- (j) save for the Sale and Purchase Agreement, there was no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror, its ultimate beneficial owner or any person acting in concert with either of them on one hand and any Directors, recent Directors, Shareholders or recent Shareholders on the other hand, having any connection with or was dependent upon the Offer.

### 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 British Virgin Islands with limited liability as an investment holding company. As at the Latest Practicable Date, the Offeror is wholly and beneficially owned by Ms. Ma Xiaoqiu (“**Ms. Ma**”). Ms. Ma is the sole director of the Offeror.

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## LETTER FROM VBG CAPITAL LIMITED

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Ms. Ma, aged 62, is a seasoned investor with over 20 years' experience in the areas of culture and tourism, technology and healthcare. Ms. Ma has invested in majority interest in a chip manufacturer (深圳市豐源芯科技產業控股有限公司), a medical and healthcare services (深圳天成銘道醫學科技股份有限公司) and a movie making company (深圳秋豪影視有限公司). Ms. Ma was responsible for the management, business development, and assessment of the companies' investment projects in the areas of culture and tourism, technology and healthcare. Ms. Ma has since gained extensive experience in corporate management, development and investment evaluation. Ms. Ma is also the legal representative or an executive director of the abovementioned companies. Ms. Ma is a non-executive chairman of China Investment Fund Company Limited (formerly known as China Ding Yi Feng Company Limited), a company listed on the Main Board of the Stock Exchange, principally engaged in the investments of listed and unlisted securities (stock code: 0612) and Fullwealth International Group Holdings Limited, a company listed on the Main Board of the Stock Exchange principally engaged in the civil engineering and building works in Hong Kong and education and training business in the PRC (stock code: 1034). Ms. Ma is also the chairman of TOMO Holdings Limited, a company listed on the Main Board of the Stock Exchange, principally engaged in the (i) sales and installation of passenger vehicle leather upholstery and electronic accessories; and (ii) sales of electronic accessories, automotive parts and motor vehicle (stock code: 6928). Ms. Ma currently spends approximately 10% of her time as non-executive chairman for China Investment Fund Company Limited and Fullwealth International Group Holdings Limited and 30% of her time as chairman for TOMO Holdings Limited respectively. Her responsibilities include formulating corporate strategies, planning and business development and overseeing the governance of the three companies.

The Offeror, its ultimate beneficial owner and parties acting in concert with any of them are third parties independent of, and not connected with, either the Company or any of its connected persons.

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

Upon Completion on 30 September 2022, the Offeror became the controlling shareholder of the Company and is interested in 50.28% of the total issued share capital of the Company.

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## LETTER FROM VBG CAPITAL LIMITED

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As at the Latest Practicable Day, 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 permitted under the Listing Rules and the Takeovers Code). The Offeror also intends to continue the existing principal business of the Group immediately following Completion. However, the Offeror also intends to review the operation and business activities of the Group to formulate a long-term business strategy for the Group. Subject to the results of such review, the Offeror may explore other business and/or seek to expand the geographical coverage of the principal business of the Group, including business opportunities in the Belt and Road Initiative Countries, in addition to the market of Hong Kong. However, as of the Latest Practicable Date, the Offeror has no intention to alter the geographical coverage of the construction business within the Group and no opportunities have been identified. Save for the Offeror's intention regarding the Group as set out above, (i) the Offeror has no intention to dispose of or re-deploy the assets of the Group other than those in its ordinary course of business; and (ii) as at the Latest Practicable Date, no investment or business opportunity has been identified nor has the Offeror entered into any agreement, arrangement, understandings or negotiation in relation to the injection of any assets or business into the Group.

### **PROPOSED CHANGE OF BOARD COMPOSITION**

The Board is currently made up of five Directors, comprising two executive Directors, being Mr. Li Haifeng and Mr. Tsang Hing Bun, a non-executive Director, being Mr. Wang Ke and three independent non-executive Directors, being Mr. Yau Wing Yiu, Mr. Yu Ping Ming, and Mr. Wang Shiming.

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 Listing Rules and further announcement(s) will be made as and when appropriate.

### **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 the Main Board after the close of the Offer. The Directors and the sole director of the Offeror have jointly and severally undertaken and the proposed new director(s) by the Offeror will 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.

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## LETTER FROM VBG CAPITAL LIMITED

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### 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 after the close of 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 Main Board Listing Rules and the information disclosed may not be the same as which would have been disclosed if this Composite Document had been prepared in accordance with the laws of jurisdictions outside Hong Kong.

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

The attention of the Overseas Independent Shareholders is drawn to the section headed “OVERSEAS INDEPENDENT SHAREHOLDERS” contained in this Composite Document and the paragraph headed “7. Overseas Independent Shareholders” and “8. General” 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 Offeror, its ultimate beneficial owner and parties acting in concert with any one of them, 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 of the Company. 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.

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## LETTER FROM VBG CAPITAL LIMITED

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### ADDITIONAL INFORMATION

Your attention is drawn to the “LETTER FROM THE BOARD”, the “LETTER FROM THE INDEPENDENT BOARD COMMITTEE” and the “LETTER FROM ESSENCE” as set out in this Composite Document, the accompanying Forms 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*

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## LETTER FROM THE BOARD

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*Executive Directors:*

Mr. Li Haifeng (*Chairman and Chief Executive Officer*)  
Mr. Tsang Hing Bun

*Registered Office:*

Clarendon House, 2 Church Street  
Hamilton HM 11, Bermuda

*Non-executive Director:*

Mr. Wang Ke

*Head Office and Principal Place of  
Business in Hong Kong*

Unit D, 10th Floor, West Gate Tower,  
7 Wing Hong Street,  
Cheung Sha Wan, Kowloon,  
Hong Kong

*Independent Non-executive Directors:*

Mr. Yau Wing Yiu  
Mr. Yu Ping Ming  
Mr. Wang Shiming

*To the Independent Shareholders*

18 November 2022

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER  
BY VBG CAPITAL LIMITED  
FOR AND ON BEHALF OF THE OFFEROR  
TO ACQUIRE ALL THE ISSUED SHARES OF  
CARRY WEALTH HOLDINGS LIMITED  
(OTHER THAN THOSE ALREADY OWNED AND/OR  
AGREED TO BE ACQUIRED BY THE OFFEROR  
AND/OR PARTIES ACTING IN CONCERT WITH IT)**

### INTRODUCTION

#### 1. Introduction

On 30 September 2022, the Offeror and the Company published the Joint Announcement to announce that on 30 September 2022 (after trading hours), the Vendors (as vendors) and the

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## LETTER FROM THE BOARD

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Offeror (as purchaser) entered into the Sale and Purchase Agreement, pursuant to which the Vendors sold to the Offeror an aggregate of 411,289,396 Shares, representing approximately 50.28% of the total issued share capital of the Company as at the Latest Practicable Date, for a total cash consideration of HK\$98,298,165.63 (being HK\$0.239 per Sale Share).

Immediately prior to Completion, none of the Offeror, its ultimate beneficial owner and their respective parties acting in concert owned any Shares or any other convertible securities, options, warrants or derivatives in the Company. Immediately following Completion which took place on 30 September 2022, the Offeror, its ultimate beneficial owner and their respective parties acting in concert own 411,289,396 Shares (representing approximately 50.28% of the entire issued share capital of the Company as at the Latest Practicable Date). Accordingly, the Offeror is required under Rule 26.1 of the Takeovers Code to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned and/or agreed to be acquired by the Offeror and/or parties acting in concert with it).

### **2. The Offer**

VBG Capital, for and on behalf of the Offeror and in compliance with the Takeovers Code, will make the Offer on the following basis:

**For each Offer Share . . . . . HK\$0.239 in cash**

The Offer Price of HK\$0.239 per Offer Share under the Offer is equal to the price per Sale Share paid by the Offeror for the Sale Shares under the Sale and Purchase Agreement.

Further details of the terms of the Offer and the procedures for acceptances are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

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

Acceptance of the Offer by any Independent Shareholders will be deemed to constitute a warranty by such person that all Shares sold by such person under the Offer are free from all encumbrances and with all rights and benefits at any time accruing and attaching to them, including without limitation the rights to receive all dividends and distributions declared, made or paid on or after the date on which the Offer is made, that is, the date of despatch of this Composite Document.

**Independent Shareholders are reminded to read the recommendations of the Independent Board Committee and the advice of the Independent Financial Adviser in respect of the Offer which are included in the “Letter from the Independent Board Committee” and the “Letter from Essence” as contained in this Composite Document.**

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## LETTER FROM THE BOARD

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### 3. Comparison of Value

#### *Offer Price*

The Offer Price of the Offer of HK\$0.239 per Offer Share represents:

- a discount of approximately 62.06% on the closing price of HK\$0.63 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- a discount of approximately 0.42% on the closing price of HK\$0.240 per Share as quoted on the Stock Exchange on 29 September 2022, being the Last Trading Day;
- a discount of approximately 3.63% on the average closing price of approximately HK\$0.248 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- a discount of approximately 5.53% on the average closing price of approximately HK\$0.253 per Share as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day;
- a discount of approximately 9.81% on the average closing price of approximately HK\$0.265 per Share as quoted on the Stock Exchange for the 30 consecutive trading days prior to and including the Last Trading Day;
- a discount of approximately 11.15% over the average closing price of approximately HK\$0.269 per Share as quoted on the Stock Exchange for the last 60 trading days immediately prior to and including the Last Trading Day; and
- a premium of approximately 32.04% over the audited consolidated net asset value of the Group of approximately HK\$0.181 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\$148,345,000 and 818,041,413 Shares in issue as at the date of the Joint Announcement.
- a premium of approximately 28.49% over the unaudited consolidated net asset value of the Group of approximately HK\$0.186 per Share as at 30 June 2022 calculated based on the unaudited consolidated net asset value of the Group as at 30 June 2022 of approximately HK\$152,158,000 and 818,041,413 Shares in issue as at the date of the Joint Announcement.

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## LETTER FROM THE BOARD

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### ***Highest and lowest trading prices***

During the six-month period immediately preceding and including the Last Trading Day: (a) the highest closing price of the Shares quoted on the Stock Exchange was HK\$0.49 per Share on 24 June 2022; and (b) the lowest closing price of the Shares quoted on the Stock Exchange was HK\$0.20 per Share on 29 March 2022, 30 March 2022, 31 March 2022, 01 April 2022 and 04 April 2022.

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

As at the Latest Practicable Date, 818,041,413 Shares were in issue and the Company did not have any outstanding options, warrants or derivatives or other securities which are convertible or exchangeable into the Shares and has not entered into any agreement for the issue of such kinds of securities. On the basis of the Offer Price of HK\$0.239 per Offer Share, the entire issued share capital of the Company would be valued at approximately HK\$195,511,897.71.

Assuming that there is no change in the issued share capital of the Company before the Offer is closed, the aggregate value of the Offer is approximately HK\$97,213,732.06 based on the Offer Price of HK\$0.239 per Offer Share.

### ***Financial resources available for the Offer***

The maximum amount of cash payable by the Offeror in respect of acceptances of the Offer is approximately HK\$97,213,732.06, assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to the close of the Offer. The Offeror will finance and satisfy the maximum consideration payable under the Offer by internal resources made available from the sole beneficial owner of the Offeror.

Completion took place on 30 September 2022 and the Offeror paid the Consideration in cash to the Vendors at Completion.

VBG Capital, as the financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are, and will remain to be, available to the Offeror to satisfy the consideration for full acceptance of the Offer.

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## LETTER FROM THE BOARD

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### 4. Information on the Offeror and the Group

#### (1) Information on the Offeror

Your attention is drawn to the paragraph headed “Letter from VBG Capital Limited – Information on the Offeror” and Appendix III “General Information relating to the Offeror” to this Composite Document.

#### (2) Information on the Group

The Company is incorporated in Bermuda with limited liability and its issued shares have been listed on main board of the Stock Exchange since 13 March 2000. The Group’s principal activity is manufacturing and trading garment products for internationally renowned brand names

Set out below is a summary of (i) the audited financial information of the Group for each of the two financial years ended 31 December 2020 and 2021 as extracted from the annual reports of the Company for the years ended 31 December 2020 and 2021; and (ii) the unaudited financial information of the Group for the six months ended 30 June 2021 and 2022 as extracted from the interim reports of the Company for the six months ended 30 June 2021 and 2022:

	As at/for the financial year ended		As at/for the six months ended	
	31 December 2020 (audited) (HK\$’000)	31 December 2021 (audited) (HK\$’000)	30 June 2021 (unaudited) (HK\$’000)	30 June 2022 (unaudited) (HK\$’000)
Revenue	290,515	441,171	166,529	246,094
Profit/(loss) before tax	(15,274)	(19)	(2,772)	3,883
Profit/(loss) for the year/ period	(15,274)	(19)	(2,772)	3,883
Net assets	139,252	148,345	136,956	152,158

Further details of the Group are set out in Appendix II “Financial Information of the Group” and Appendix IV “General Information relating to the Company” to this Composite Document.

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## LETTER FROM THE BOARD

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### (3) *Shareholding in the Company*

The shareholding structure of the Company immediately before was, and after Completion and as at the Latest Practicable Date is:

	<b>Immediately before</b>		<b>Immediately after</b>	
	<b>Completion</b>		<b>Completion and as at the</b>	
	<i>Number of</i>	<i>Approximate</i>	<i>Number of</i>	<i>Approximate</i>
	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>
Offeror and its concert parties	–	–	411,289,396	50.28
Vendors and its concert parties	411,289,396	50.28	–	–
– Vendor A ( <i>Note 1</i> )	401,624,690	49.10	–	–
– Vendor B ( <i>Note 2</i> )	9,664,706	1.18	–	–
Yau Wing Yiu ( <i>Note 3</i> )	698,235	0.09	698,235	0.09
Independent Shareholders	<u>406,053,782</u>	<u>49.64</u>	<u>406,053,782</u>	<u>49.64</u>
Total	<u><u>818,041,413</u></u>	<u><u>100.00</u></u>	<u><u>818,041,413</u></u>	<u><u>100.00</u></u>

*Notes:*

1. The shares were held by Vendor A, a company incorporated in the British Virgins Island, which was wholly-owned by Vendor B.
2. Vendor B is an executive Director, chairman and chief executive officer of the Company and he is interested in 100% of the entire issued share capital of Vendor A and a director of Vendor A. As at the date of the Joint Announcement, Vendor B, through Vendor A holds 401,624,690 Shares and he is the beneficial owner of 9,664,706 Shares.
3. Mr. Yau Wing Yiu is an independent non-executive Director as at the Latest Practicable Date.
4. Other than as disclosed above, no other Directors hold any Shares or securities of the Company.

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## LETTER FROM THE BOARD

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### 5. Intentions of the Offeror in relation to the Group

Upon Completion on 30 September 2022, the Offeror became the controlling shareholder of the Company and is interested in 50.28% of the total issued share capital of the Company.

The Board is pleased to learn that, as at Latest Practicable Date, 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 permitted under the Listing Rules and the Takeovers Code). The Offeror also intends to continue the existing principal business of the Group immediately following Completion. However, the Offeror also intends to review the operation and business activities of the Group to formulate a long-term business strategy for the Group. Subject to the results of such review, the Offeror may explore other business and/or seek to expand the geographical coverage of the principal business of the Group, including business opportunities in the Belt and Road Initiative Countries, in addition to the market of Hong Kong. However, as of the Latest Practicable Date, the Offeror has no intention to alter the geographical coverage of the construction business within the Group and no opportunities have been identified. Save for the Offeror's intention regarding the Group as set out above, (i) the Offeror has no intention to dispose of or re-deploy the assets of the Group other than those in its ordinary course of business; and (ii) as at the Latest Practicable Date, no investment or business opportunity has been identified nor has the Offeror entered into any agreement, arrangement, understandings or negotiation in relation to the injection of any assets or business into the Group.

#### ***Proposed change of Board composition of the Company***

As at the Latest Practicable Date, the Board comprises Mr. Li Haifeng, Mr. Tsang Hing Bun as executive Directors, Mr. Wang Ke as non-executive Director and Mr. Yau Wing Yiu, Mr. Yu Ping Ming, Mr. Wang Shiming as independent non-executive Directors.

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 Listing Rules and further announcement(s) will be made as and when appropriate.

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## LETTER FROM THE BOARD

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### *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:

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

it will consider exercising its discretion to suspend dealings in the Shares. 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 Directors and any new Director(s) proposed by the Offeror will 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 the main board of the Stock Exchange 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.

### **6. Independent Board Committee and Independent Financial Adviser**

An Independent Board Committee, comprising the non-executive Director and all the independent non-executive Directors (namely, Mr. Wang Ke, Mr. Yau Wing Yiu, Mr. Yu Ping Ming and Mr. Wang Shiming respectively), has been established in accordance with Rule 2.1 of the Takeovers Code to advise and give a recommendation to the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

Essence has been appointed as the Independent Financial Adviser with the approval of the Independent Board Committee to advise the Independent Board Committee in respect of the Offer and, in particular, as to whether the Offer is fair and reasonable and as to the acceptance of the Offer pursuant to Rule 2.1 of the Takeovers Code.

For the opinions and advice of the Independent Financial Adviser, please refer to the “Letter from Essence” as contained in this Composite Document.

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## LETTER FROM THE BOARD

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### 7. Taxation

#### *Hong Kong stamp duty*

Seller's 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 amount payable to the relevant Shareholders on acceptance of the Offer. The Offeror will arrange for payment of the sellers' ad valorem stamp duty on behalf of the accepting Shareholders and pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

#### *Taxation advice*

The Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, the Company, the Vendors, the Independent Financial Adviser, the Registrar or parties acting in concert with any of them or any of 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.

### 8. Recommendation

Your attention is drawn to (i) the "Letter from the Independent Board Committee" as set out on page 29 to 30 of this Composite Document which contains the recommendation of the Independent Board Committee to the Independent Shareholders as to whether the Offer is, or is not, fair and reasonable and as to their acceptance of the Offer; and (ii) the "Letter from Essence" as set out on pages 31 to 59 of this Composite Document which contains the advice of the Independent Financial Adviser to the Independent Board Committee in connection with the Offer and the principal factors considered by it in arriving at its advice.

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## LETTER FROM THE BOARD

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### 9. Additional Information

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

By order of the Board of  
**Carry Wealth Holdings Limited**  
**Li Haifeng**  
*Chairman and Chief Executive Officer*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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18 November 2022

*To the Independent Shareholders*

Dear Sirs,

**MANDATORY UNCONDITIONAL CASH OFFER BY  
VBG CAPITAL LIMITED  
FOR AND ON BEHALF OF THE OFFEROR TO ACQUIRE  
ALL THE ISSUED SHARES OF  
CARRY WEALTH HOLDINGS LIMITED  
(OTHER THAN THOSE ALREADY OWNED AND/OR  
AGREED TO BE ACQUIRED BY THE OFFEROR  
AND/OR PARTIES ACTING IN CONCERT WITH IT)**

### INTRODUCTION

We have been appointed to form the Independent Board Committee to consider the terms of the Offer and to advise you (i.e. the Independent Shareholders) as to, in our opinion, whether or not the terms of the Offer are fair and reasonable and to make recommendation in respect of acceptance of the Offer or not.

Essence has been appointed as the Independent Financial Adviser with our approval to make recommendation to us in respect of the terms of Offer and, in particular, whether the Offer is fair and reasonable and to make recommendation in respect of the acceptance of the Offer or not. Details of its advice and recommendation, together with the principal factors and reasons which it has considered before arriving at such recommendation, are set out in the “Letter from Essence” as contained in this Composite Document.

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

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Taking into account the terms of the Offer and the independent advice and recommendations from the Independent Financial Adviser, we consider that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to accept the Offer.

Independent Shareholders, in particular those who intend NOT 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 Offer Period.

The Independent Shareholders who wish to dispose of the Shares in the open market, instead of accepting the Offer, if the net proceeds from the sale of such Shares, net of all transaction costs, would be higher than that to be received under the Offer, are reminded to closely monitor the market price and the liquidity of the Shares in the open market during the Offer Period and also be mindful of the last day of the Offer Period and make the divestment decision according to the market circumstances and their individual circumstances.

Furthermore, the Independent Shareholders are also reminded that their decisions to dispose of or hold their Shares of the Company, are subject to their own circumstances and investment objectives.

The Independent Shareholders are recommended to read the full text of the “Letter from Essence” as contained in this Composite Document.

Yours faithfully,

For and on behalf of the Independent Board Committee of  
**Carry Wealth Holdings Limited**

<b>Mr. Wang Ke</b>	<b>Mr. Yau Wing Yiu</b>	<b>Mr. Yu Ping Ming</b>	<b>Mr. Wang Shiming</b>
<i>Non-executive Director</i>	<i>Independent non-executive Director</i>	<i>Independent non-executive Director</i>	<i>Independent non-executive Director</i>

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## LETTER FROM ESSENCE

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*The following is the letter of advice from the Independent Financial Adviser, Essence Corporate Finance (Hong Kong) Limited, to the Independent Board Committee in respect of the Offer, which has been prepared for the purpose of inclusion in this Composite Document.*



**Essence Corporate Finance (Hong Kong) Limited**  
39/F., One Exchange Square  
Central  
Hong Kong

18 November 2022

*To: the Independent Board Committee*

Dear Sirs,

**MANDATORY UNCONDITIONAL CASH OFFER  
BY VBG CAPITAL LIMITED  
FOR AND ON BEHALF OF THE OFFEROR  
TO ACQUIRE ALL THE ISSUED SHARES IN  
CARRY WEALTH HOLDINGS LIMITED  
(OTHER THAN THOSE ALREADY OWNED AND AGREED TO BE  
ACQUIRED BY THE OFFEROR AND PARTIES ACTING IN  
CONCERT WITH IT)**

### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Offer, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the Composite Document dated 18 November 2022, of which this letter forms part. Unless otherwise stated, capitalised terms used in this letter shall have the same meanings as those defined in the Composite Document.

### **The Offer**

Reference is made to the Joint Announcement in relation to, among other things, the Sale and Purchase Agreement and the Offer. The Board was informed by the Vendors that on 30 September 2022 (after trading hours), the Vendors and the Offeror entered into the Sale and Purchase Agreement, pursuant to which the Vendors sold to the Offeror an aggregate of 411,289,396 Shares, representing approximately 50.28% of the total issued share capital of the Company as at the date of the Joint Announcement, for a total cash consideration of HK\$98,298,165.63 (equivalent to HK\$0.239 per Sale Share). Completion took place on 30 September 2022.

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## LETTER FROM ESSENCE

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Immediately prior to Completion, the Offeror and the parties acting in concert with it did not own or control any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

Upon Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it own and control a total of 411,289,396 Shares, representing approximately 50.28% of the total issued share capital of the Company.

Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is therefore required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it).

### **THE INDEPENDENT BOARD COMMITTEE**

The Independent Board Committee, comprising Mr. WANG Ke, a non-executive Director, and Mr. YAU Wing Yiu, Mr. YU Ping Ming and Mr. WANG Shiming, each an independent non-executive Director, who have no direct or indirect interest in the Offer, has been established by the Board in accordance with Rule 2.1 and Rule 2.8 of the Takeovers Code to advise the Independent Shareholders in respect of the Offer as to whether the terms of the Offer are fair and reasonable and give a recommendation as to the acceptance of the Offer.

### **THE INDEPENDENT FINANCIAL ADVISER**

We, Essence Corporate Finance (Hong Kong) Limited, have been appointed as the Independent Financial Adviser, to advise the Independent Board Committee in respect of the Offer. Our appointment as the Independent Financial Adviser has been approved by the Independent Board Committee in accordance with Rule 2.1 of the Takeovers Code.

### **OUR INDEPENDENCE**

As at the Latest Practicable Date, we, Essence, are not associated with the Offeror, the Company or their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them. Apart from normal professional fees paid or payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, the Offeror or their respective substantial 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 Essence and the Company, the Offeror or their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them. Accordingly, we consider that we are independent pursuant to Rule 2 of the Takeovers Code and Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser to give independent advices in respect of the Offer.

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## LETTER FROM ESSENCE

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### BASIS OF OUR OPINION

In formulating our advice and recommendation, we have relied on 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 management of the Group (the “**Management**”) for which they are solely responsible, are true, accurate and complete at the time when they were provided and continue to be so as at the Latest Practicable Date. We have further assumed that all representations contained or referred to in the Composite Document were true at the time they were made and as at the Latest Practicable Date. Shareholders will be informed as soon as possible if we become aware of any material change to such representations/our opinion throughout the Offer Period.

We have reviewed, among other things, (i) the information contained in the Composite Document; (ii) the annual report of the Company for the year ended 31 December 2020 (the “**2020 Annual Report**”); (iii) the annual report of the Company for the year ended 31 December 2021 (the “**2021 Annual Report**”); and (iv) the interim report of the Company for the six months ended 30 June 2022 (the “**2022 Interim Report**”).

We have sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed by them. We consider that the information which we have received is sufficient for us to reach our opinion and give the advice and recommendation as set out in this letter and to justify our reliance on such information. We have no reason to doubt the truth and accuracy of the information provided to us or to believe that any material fact has been omitted or withheld. We have, however, not conducted any independent investigation into the business and affairs of the Group, the Offeror or any of their respective associates or any party acting, or presumed to be acting, in concert with any of them, nor have we carried out any independent verification of the information supplied.

We have not considered the tax and regulatory implications on the Independent Shareholders arising from acceptance or non-acceptance of the Offer, if any, and therefore we will not accept responsibility for any tax effect or liability that may potentially be incurred by the Independent Shareholders as a result of the Offer. In particular, Independent Shareholders who are subject to Hong Kong or overseas taxation on dealings in securities are urged to seek their own professional adviser on tax matters.

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## LETTER FROM ESSENCE

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### PRINCIPAL TERMS OF THE OFFER

VBG Capital is making the Offer on behalf of the Offeror in compliance with the Takeovers Code on the basis set out below:

**For each Offer Share . . . . . HK\$0.239 in cash**

The Offer Price of HK\$0.239 per Offer Share is equal to the per Sale Share consideration under the Sale and Purchase Agreement.

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

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

With reference made to the “*Letter from the Board*”, as at the Latest Practicable Date, the Company has 818,041,413 Shares in issue. As at the Latest Practicable Date, the Company does not have any outstanding options, derivatives, warrants 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.

Taking into account the 411,289,396 Shares that are already owned or agreed to be acquired by the Offeror and parties acting in concert with it, a total of 406,752,017 Shares (assuming there is no change in the total number of issued Shares from the Latest Practicable Date up to the close of the Offer) will be subject to the Offer.

### PRINCIPAL FACTORS AND REASONS CONSIDERED FOR THE OFFER

In formulating our opinions and recommendations with regard to the Offer, we have taken into account the following principal factors and reasons:

#### **1. Information and prospects of the Group**

##### ***(i) Background and principal business***

The Company is incorporated in the Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange since 13 March 2000.

The Group’s principal activity is manufacturing and trading garment products for internationally renowned brand names. The production of the Group’s garment products is carried out in the Group’s own production facilities located in Heshan, the PRC, and also through overseas subcontractors in Southeast Asia. Further, the Group has a securities investment business segment that trades securities listed on the Stock Exchange.

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## LETTER FROM ESSENCE

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### (ii) *Financial information*

#### (a) *Financial performance*

The table below sets out the summarised consolidated statements of profit or loss of the Group for each of the three years ended 31 December 2020 and the six months ended 30 June 2021 and 30 June 2022, as extracted from the 2020 Annual Report, the 2021 Annual Report and the 2022 Interim Report:

	For the year ended			For the six months ended	
	31 December			30 June	
	2019	2020	2021	2021	2022
	(Audited)	(Audited)	(Audited)	(Unaudited)	(Unaudited)
	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
Revenue	331,722	290,515	441,171	166,529	246,094
Gross profit	44,872	47,024	61,088	23,828	34,372
(Loss) Profit before taxation	(14,825)	(15,274)	(19)	(2,772)	3,883
<b>(Loss) Profit for the year/ period attributable to equity holders of the Company</b>	<b>(14,825)</b>	<b>(15,274)</b>	<b>(19)</b>	<b>(2,772)</b>	<b>3,883</b>
(Loss) Earnings per Share – (HK\$ Cent)	(1.81)	(1.87)	–	(0.34)	0.47
Dividend per Share – (HK\$ Cent)	N/A	N/A	N/A	N/A	0.20

#### Revenue

The Group has two reportable segments: (i) garment manufacturing and trading; and (ii) securities investment. The Group's revenue principally was generated from garment manufacturing and trading, which accounted for approximately 99% of the Group's total revenue.

The revenue of the Group decreased by approximately 12.42% from approximately HK\$331.72 million for the year ended 31 December 2019 (“FY19”) to approximately HK\$290.52 million for the year ended 31 December 2020 (“FY20”), mainly due to the lockdown policies to cope with the novel coronavirus (COVID-19) (the “COVID-19 Pandemic”), where the Group experienced a drop in production orders during the period between March and August of 2020.

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## LETTER FROM ESSENCE

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The revenue of the Group increased by approximately 51.86% from approximately HK\$290.52 million in FY20 to approximately HK\$441.17 million for the year ended 31 December 2021 (“FY21”), mainly due to the increase in production orders placed after the lockdown measures and port restrictions in 2020, resulting to an increase in the sale of garment products.

The revenue of the Group increased by approximately 47.78% from approximately HK\$166.53 million for the six months ended 30 June 2021 to approximately HK\$246.09 million for the six months ended 30 June 2022, which was attributable to the rise in customer orders and sales volume. As advised by the Management, the customers were satisfied with the quality of the Group’s products and the on-time delivery, resulting in more orders being placed. As such, the revenue of the Group during the six months ended 30 June 2022 had grown higher than pre COVID-19 Pandemic level.

The table below sets out the Group’s reportable segments of the revenue generated for FY19, FY20, FY21 and the six months ended 30 June 2021 and 30 June 2022:

	For the year ended						For the six months ended					
	2019		31 December		2021		2021		30 June		2022	
	(Audited)		(Audited)		(Audited)		(Unaudited)		(Unaudited)			
	HKD’000	%	HKD’000	%	HKD’000	%	HKD’000	%	HKD’000	%	HKD’000	%
Sale of garment products	331,167	99.83	290,410	99.96	440,402	99.83	166,517	99.99	246,328	100.10		
Sale of scrap materials	595	0.18	350	0.12	692	0.16	-	-	-	-		
Garment manufacturing and trading	331,762	100.01	290,760	100.08	441,094	99.98	166,517	99.99	246,328	100.10		
Securities investment	(40)	(0.01)	(245)	(0.08)	77	0.02	12	0.01	(234)	(0.10)		
	<b>331,722</b>	<b>100.00</b>	<b>290,515</b>	<b>100.00</b>	<b>441,171</b>	<b>100.00</b>	<b>166,529</b>	<b>100.00</b>	<b>246,094</b>	<b>100.00</b>		

As demonstrated in the above table, the revenue of the Group in FY19, FY20 and FY21, and for the six months ended 30 June 2021 and 30 June 2022 was principally generated from the garment manufacturing and trading segment, which accounted for over 99% of the total revenue. The negative revenue from securities investment segment in FY19, FY20 and for the six months ended 30 June 2022 arose solely from the fair value change of a Hong Kong-listed stock that had been held since 2017.

## LETTER FROM ESSENCE

The table below sets out the Group's geographical distribution of the garment manufacturing and trading business revenue generated for FY19, FY20, FY21 and the six months ended 30 June 2021 and 30 June 2022:

	For the year ended 31 December						For the six months ended 30 June			
	2019		2020		2021		2021		2022	
	(Audited) HKD'000	%	(Audited) HKD'000	%	(Audited) HKD'000	(Unaudited) %	(Unaudited) HKD'000	(Unaudited) %	(Unaudited) HKD'000	%
the United States of America (the "US")	190,600	57.46	169,304	58.28	253,494	57.46	96,757	58.10	164,411	66.81
Mainland China	-	-	258	0.09	1,534	0.35	506	0.30	103	0.04
Europe	95,812	28.88	85,440	29.41	118,350	26.83	45,164	27.12	47,040	19.11
Hong Kong	14,215	4.29	13,570	4.67	21,576	4.89	6,631	3.98	10,962	4.46
Other regions	31,095	9.37	21,943	7.55	46,217	10.47	17,471	10.50	23,578	9.58
	<b>331,722</b>	<b>100.00</b>	<b>290,515</b>	<b>100.00</b>	<b>441,171</b>	<b>100.00</b>	<b>166,529</b>	<b>100.00</b>	<b>246,094</b>	<b>100.00</b>

As referred to the above table, the US and Europe regions were the main geographical regions of the Group's principal segment revenue, together contributed approximately 86.34%, 87.69% and 84.29% of the segment revenue in FY19, FY20 and FY21, respectively. Accordingly, the US and Europe regions remained as the primary source of revenue for the Group.

The revenue generated from Europe region for the six months ended 30 June 2021 increased by approximately 4.16% to approximately HK\$45.16 million as compared to approximately HK\$47.04 million for the six months ended 30 June 2022. The percentage of revenue generated from Europe region decreased from approximately 27.12% to 19.11% for the six months ended 30 June 2021 and 30 June 2022. As advised by the Management, such decrease in percentage of revenue generated from Europe region was due to the competitiveness of the vendors with facilities located in Europe as the Group's production facilities in the PRC and its subcontracted factories would impose higher tariff and longer transportation time for exporting of the Group's products to Europe.

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## LETTER FROM ESSENCE

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The Management have advised that since 2018, in order to reduce the negative impact of the Sino-US trade tensions, the Group had devised the plan to relocate customers' orders from its production facility in the PRC to overseas' subcontracting factories. With reference made to the Company's annual report for the year ended 31 December 2018, the Management had sought to quickly develop production sites in other countries so as to insulate the Group from adversities should the trade frictions persist relating to the US and European markets. In the Company's annual report for the year ended 31 December 2019, the Company stated that the Group's US customers started to source garment products from regions that were free from extra tariff risk and the Group had secured more orders by offering production base in Southeast Asia rather than the Group's factory in the PRC, and as a result, revenue from the US customers increased by approximately 3.71% to approximately HK\$190.60 million for FY19 from approximately HK\$183.78 million for FY18.

The table below sets out the geographical contribution of garment production for overseas export of the Group for the year ended 31 December 2018 (“**FY18**”), FY19, FY20, FY21.

	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>
	%	%	%	%
Production facility				
in the PRC	99	70	63	53
Subcontracted				
factories in				
Southeast Asia	1	30	37	47
	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

As shown in the above table, the Group's overseas exports contributed from the production facility in the PRC exhibited an overall decreasing trend from approximately 99% for FY18 to approximately 53% for FY21. The Group had continued to allocate customer orders to their subcontracted factories in Southeast Asia and as illustrated from the table above, the Group's overseas exports contributed from the subcontracted factories in Southeast Asia had shown an increasing trend from approximately 1% for FY18 to approximately 47% for FY21.

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## LETTER FROM ESSENCE

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### Gross profit and gross profit margin

The table below sets out the Group's gross profit and gross profit margin for FY19, FY20, FY21, and the six months ended 30 June 2021 and 30 June 2022:

	For the year ended 31 December		For the six months ended 30 June		
	2019	2020	2021	2021	2022
Gross profit (HKD'000)	44,872	47,024	61,088	23,828	34,372
Gross profit margin	13.53%	16.19%	13.85%	14.31%	13.97%

The gross profit of the Group increased by approximately 4.79% from approximately HK\$44.87 million for FY19 to approximately HK\$47.02 million for FY20 and the gross profit margin showed an increase from approximately 13.53% for FY19 to approximately 16.19% for FY20, mainly due to the shift in productions to overseas subcontracted factories and implementation of different cost-saving measures.

The gross profit of the Group increased by approximately 29.92% from approximately HK\$47.02 million for FY20 to approximately HK\$61.09 million for FY21, mainly due to the increase in the revenue of the sale of garment products. However, the gross profit margin showed a decrease from approximately 16.19% for FY20 to approximately 13.85% for FY21, mainly due to (i) the rising raw material prices, (ii) staff costs; and (iii) the tightened international shipment capacity led to the higher logistic cost.

### Profit/(loss) for the year/period attributable to equity holders of the Company

Loss for the year attributable to equity holders of the Company increased from approximately HK\$14.83 million for FY19 to approximately HK\$15.27 million for FY20, such decrease was mainly attributable to the decrease in revenue and increase in selling and distribution expenses.

Loss for the year attributable to equity holders of the Company decreased from approximately HK\$15.27 million for FY20 to approximately HK\$0.02 million for FY21, such decrease was mainly attributable to the increase in revenue generated from the sale of garment products and the decrease in (i) selling and distribution expenses; and (ii) administrative and other operating expenses.

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## LETTER FROM ESSENCE

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Loss for the period attributable to equity holders of the Company decreased from approximately HK\$2.77 million for the six months ended 30 June 2021 to profit for the period attributable to equity holders of the Company of approximately HK\$3.88 million for the six months ended 30 June 2022, which was attributable to the increase in revenue and other income and gains.

### Dividends

The Company did not declare any dividend for FY19, FY20, FY21 and the six months ended 30 June 2021 and during the said periods, the Company had been loss making.

The Company declared an interim dividend of HK\$0.002 per Share for the six months ended 30 June 2022 and during the period, the Group had shown improvement on the revenue and had reported profit. The interim dividend of HK\$0.002 per Share represented a pay-out ratio (calculated based on the dividends declared for the year divided by the earnings per Share for the year) of approximately 42.55%. The total distribution was approximately HK\$1.64 million for the six months ended 30 June 2022.

The Company has confirmed that as at the Latest Practicable Date, (i) it has not declared any dividend or make any distribution which is not paid; and (ii) it does not have any intention to make, declare or pay any future dividend/make other distributions during the Offer Period.

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## LETTER FROM ESSENCE

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(b) *Financial position*

The table below sets out the summarised consolidated statements of financial position of the Group as at 31 December 2019, 31 December 2020, 31 December 2021 and 30 June 2022, as extracted from the 2020 Annual Report, the 2021 Annual Report and the 2022 Interim Report:

	<b>As at 31 December 2019</b>	<b>As at 31 December 2020</b>	<b>As at 31 December 2021</b>	<b>As at 30 June 2022</b>
	(Audited)	(Audited)	(Audited)	(Unaudited)
	<i>HKD'000</i>	<i>HKD'000</i>	<i>HKD'000</i>	<i>HKD'000</i>
Non-current assets	80,508	75,584	79,760	79,648
Current assets	<u>149,432</u>	<u>170,672</u>	<u>209,465</u>	<u>169,835</u>
<b>Total assets</b>	<b>229,940</b>	<b>246,256</b>	<b>289,225</b>	<b>249,483</b>
Current liabilities	62,127	92,168	123,835	78,968
Non-current liabilities	<u>16,508</u>	<u>14,836</u>	<u>17,045</u>	<u>18,357</u>
<b>Total liabilities</b>	<b>78,635</b>	<b>107,004</b>	<b>140,880</b>	<b>97,325</b>
<b>Net assets</b>	<b><u>151,305</u></b>	<b><u>139,252</u></b>	<b><u>148,345</u></b>	<b><u>152,158</u></b>

Total assets

As depicted in the above table, the total assets of the Group exhibited an overall increasing trend as at 31 December 2019 to as at 31 December 2021. The total assets of the Group decreased by approximately 13.74% from approximately HK\$289.23 million as at 31 December 2021 to approximately HK\$249.48 million as at 30 June 2022, which was mainly attributable to the decrease in cash and bank balances. The cash and bank balance decreased from approximately HK\$97.55 million as at 31 December 2021 to approximately HK\$45.93 million as at 30 June 2022, which was mainly attributable to the repayment of bank borrowings.

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## LETTER FROM ESSENCE

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### Total liabilities

As shown in the above table, the total liabilities of the Group exhibited an overall increasing trend as at 31 December 2019 to as at 31 December 2021. The total liabilities of the Group decreased by approximately 30.91% from approximately HK\$140.88 million as at 31 December 2020 to approximately HK\$97.33 million as at 30 June 2022, which was mainly attributable to the decrease in bank borrowings. The bank borrowings of the Group substantially decreased from approximately HK\$64.99 million as at 31 December 2021 to approximately HK\$17.74 million as at 30 June 2022.

### Net assets

The Group's net assets attributable to Shareholders was approximately HK\$151.31 million as at 31 December 2019, then decreased to approximately HK\$139.25 million as at 31 December 2020 and increase to approximately HK\$148.35 million as at 31 December 2021. The Group's net assets attributable to Shareholders slightly increased by approximately 2.57% from approximately HK\$148.35 million as at 31 December 2021 to approximately HK\$152.16 million as at 30 June 2022, which was mainly attributable to the decrease in both total assets and total liabilities as mentioned above.

### ***(iii) Prospects of the Group***

As mentioned above, the Group's garment manufacturing and trading segment accounted for over 99% of the Group's revenue during the periods under review. During the periods under review, the Group's products exported to the US market contributed approximately 60% of the Group's total revenue, whereby approximately 20% was from the Europe region.

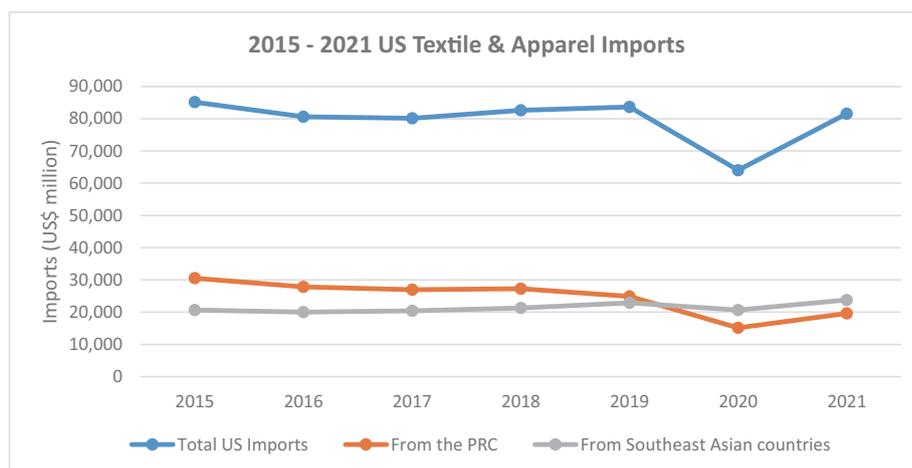
As advised by the Management, the Group will continue to focus on the garment manufacturing and trading business, enhance cost management and expand their capabilities. As highlighted above and the 2022 Interim Report, the US and Europe regions played a dominant role in the Group's revenue. We had enquired and the Management had advised that the trade tensions and political gridlock between the US and Mainland China remained risk factors for the garment business as the customers might gradually reduce placing orders from factories located in the PRC for sales to the US due to the lower tariff from other countries.

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## LETTER FROM ESSENCE

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The graph below illustrates the imports of textile and apparel in the US (the “**Textile and Apparel Imports**”) from (i) the PRC and (ii) Southeast Asian countries (consists of eleven countries: Vietnam, Indonesia, Cambodia, Thailand, Philippines, Malaysia, Myanmar, Laos, Singapore, Brunei, and East Timor) during 2015 to 2021:



Source: International Trade Administration

As shown in the graph above, the total amount of Textile and Apparel Imports maintained a small growth during 2015 to 2019, subsequently sharply dropped to below US\$70,000 million in 2020 and then showed recovery back to over US\$80,000 million in 2021. The Textile and Apparel Imports from the PRC had demonstrated an overall descending trend from 2015 to 2021, while the Textile and Apparel Imports from the Southeast Asian countries demonstrated a gradual increasing trend. Further noted from the graph above, the amount of Textile and Apparel Imports from the Southeast Asian countries surpassed the amount from China from 2020.

Based on our further discussion with the Management, in order to mitigate the Sino-US threat and maintain future sales in the US, the Company had begun engaging subcontracted factories based in Southeast Asia as well as to increase their garment business' overall production capacity and profitability. As informed by the Management, the group had engaged a new subcontracted factory in Indonesia during the third quarter of 2022. In terms of capital expenditure, no material transaction has occurred since the date of the 2022 Interim Report.

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## LETTER FROM ESSENCE

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In accordance with the World Trade Statistical Review 2021 published by the World Trade Organisation, the COVID-19 Pandemic led to merchandise trade declining by 8% year-on-year in 2020. While lockdowns led to the cancellation of flights, holidays abroad, restaurant meals, and cultural/recreational activities, the demand for essential goods held up in all major economies. As businesses adjusted to new working conditions and vaccines began to be rolled out in the last quarter of 2020, trade in goods saw a recovery of 1% compared with its pre-pandemic level in fourth quarter of 2019.

According to the statistic from the World Trade Statistical Review 2021, the overall European Union (excluding United Kingdom) was the world's largest importer of clothing, accounting for approximately 34.1% of the world's clothing imports value in 2020. The growth rate of overall imports volume to European Union has decreased 7% from approximately US\$180 billion in 2019 to approximately US\$168 billion in 2020. Despite being the world's largest clothing importer, the overall European Union's clothing imports value decreased from approximately 37.4% of the world's clothing imports value in 2005 to approximately 34.1% in 2020. The US was the second largest importer of clothing, accounting for approximately 16.8% of the world's clothing imports value in 2020. The growth rate of overall imports volume to the US has decreased 14% from approximately US\$95 billion in 2019 to approximately US\$82 billion in 2020. The US's clothing imports value decreased from approximately 28.7% of the world's clothing imports value in 2005 to approximately 16.8% in 2020.

In addition, with reference to the 2022 Interim Report, the COVID-19 Pandemic continued to dominate the economic outlook together with the hyperinflation in the world. As advised by the Management, the Group expected the business environment of the apparel to remain challenging with the continuing inflation in raw material and logistics costs and uncertainty of the COVID-19 Pandemic impacts.

As for the securities investment segment, the Group had adopted a conservative investment strategy during the six months period ended 30 June 2022. It was mainly due to the COVID-19 Pandemic, the tightening policies and the crisis between Russia and Ukraine, of which led to a negative economic and investment market.

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## LETTER FROM ESSENCE

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Overall, on the basis that (i) the Group's future financial performance is dependent on the garment industry, (ii) the overall decreasing trend in the amount of Textile and Apparel Imports from the PRC as shown in the above graph and the statistic from the World Trade Statistical Review 2021; (iii) there is no sign of easing of the Sino-US trade tension which remains risk factors to the garment industry of which the Group operates in; and (iv) there is no guarantee whether the Group's risk mitigation strategy will be effective amid the Sino-US trade tension by relocating of the customer orders to subcontracted factories and suppliers in Southeast Asia, we consider that there are uncertainties and challenges associated with the outlook of the business of the Group as discussed above and the future prospects of the Group will depend heavily on the future business plans and strategy of the Company to be formulated by the Offeror.

### 2. Background information of the Offeror

#### (i) *The Offeror*

Set out below is the information on the Offeror as extracted from the section "*Letter from VBG Capital*" contained in the Composite Document.

The Offeror was incorporated in the British Virgin Islands with limited liability as an investment holding company. As at the Latest Practicable Date, the Offeror is wholly and beneficially owned by Ms. MA Xiaqiu (馬小秋女士) ("**Ms. Ma**"). Ms. Ma is the sole director of the Offeror.

Ms. Ma is a seasoned investor with over 20 years' experience in the areas of culture and tourism, technology and healthcare. Ms. Ma has invested in majority interest in a chip manufacturer (深圳市豐源芯科技產業控股有限公司), a medical and healthcare services (深圳天成銘道醫學科技股份有限公司) and a movie making company (深圳秋豪影視有限公司). Ms. Ma was responsible for the management, business development, and assessment of the companies' investment projects in the areas of culture and tourism, technology and healthcare. Ms. Ma has since gained extensive experience in corporate management, development and investment evaluation. Ms. Ma is also the legal representative or an executive director of the abovementioned companies. Ms. Ma is also a non-executive chairman of China Investment Fund Company Limited, a company listed on the Main Board of the Stock Exchange, principally engaged in the investments of listed and unlisted securities (stock code: 0612) and Fullwealth International Group Holdings Limited, a company listed on the Main Board of the Stock Exchange principally engaged in the civil engineering and building works in Hong Kong and education and training business in the PRC (stock code: 1034). Ms. Ma is also the chairman of TOMO Holdings Limited, a company listed on the Main Board of the Stock Exchange, principally engaged in the (i) sales and installation of passenger vehicle leather upholstery and electronic accessories; and (ii) sales of electronic accessories, automotive parts and motor vehicle (stock code: 6928). Ms. Ma currently spends approximately 10% of her time as non-executive chairman for

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## LETTER FROM ESSENCE

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China Investment Fund Company Limited and Fullwealth International Group Holdings Limited and 30% of her time as chairman for TOMO Holdings Limited respectively. Her responsibilities include formulating corporate strategies, planning and business development and overseeing the governance of the three companies.

As referred to the description of the Offeror in the section “*Letter from VBG Capital*” contained in the Composite Document, we note that Ms. Ma’s investments in the companies does not involve in similar principal business of the Group.

***(ii) Offeror’s intention in relation to the Company and composition of the Board***

Set out below is the information on the intentions of the Offeror regarding the Group as extracted from the section “*Letter from VBG Capital*” contained in the Composite Document.

As at the Latest Practicable Date, 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 permitted under the Listing Rules and the Takeovers Code). The Offeror also intends to continue the existing principal business of the Group immediately following Completion. However, the Offeror also intends to review the operation and business activities of the Group to formulate a long-term business strategy for the Group. Subject to the results of such review, the Offeror may explore other business and/or seek to expand the geographical coverage of the principal business of the Group, including business opportunities in the Belt and Road Initiative Countries, in addition to the market of Hong Kong. However, as of the Latest Practicable Date, the Offeror has no intention to alter the geographical coverage of the construction business within the Group and no opportunities have been identified.

Save for the Offeror’s intention regarding the Group as set out above, (i) the Offeror has no intention to dispose of or re-deploy the assets of the Group other than those in its ordinary course of business; and (ii) as at the Latest Practicable Date, no investment or business opportunity has been identified nor has the Offeror entered into any agreement, arrangement, understandings or negotiation in relation to the injection of any assets or business into the Group.

As referred to the “*Letter from the Board*”, 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 Listing Rules and further announcement(s) will be made as and when appropriate.

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## LETTER FROM ESSENCE

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Taking into consideration that (i) Ms. Ma's investments are different from the Group's principal business; (ii) though the Offeror intends to nominate new Director(s) to the Board after the close of the Offer, the Offeror has not identified any personnel for the purpose of appointment as at the Latest Practicable Date; (iii) it is unknown whether the new Director(s) to be appointed has sufficient experience in managing the Group's business; and (iv) the Offeror has yet to formulate a long-term business strategy for the Group, we are of the view that there is uncertainty on the future performance of the Group under the leadership of Ms. Ma and new Director(s) to be appointed.

Furthermore, as referred to the "*Letter from the Board*", the Offeror intends to maintain the listing of the Shares on the main board of the Stock Exchange.

### 3. The Offer Price

#### (i) *Comparison on the Offer Price*

The Offer Price of the Offer of HK\$0.239 per Offer Share represents:

- a discount of approximately 62.06% on the closing price of HK\$0.63 per Share as quoted on the Stock Exchange on 15 November 2022, being the Latest Practicable Date;
- a discount of approximately 0.42% on the closing price of HK\$0.240 per Share as quoted on the Stock Exchange on 29 September 2022, being the Last Trading Day;
- a discount of approximately 3.63% on the average closing price of approximately HK\$0.248 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- a discount of approximately 5.53% on the average closing price of approximately HK\$0.253 per Share as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day;
- a discount of approximately 9.81% on the average closing price of approximately HK\$0.265 per Share as quoted on the Stock Exchange for the 30 consecutive trading days prior to and including the Last Trading Day;
- a discount of approximately 11.15% over the average closing price of approximately HK\$0.269 per Share as quoted on the Stock Exchange for the last 60 trading days immediately prior to and including the Last Trading Day; and

## LETTER FROM ESSENCE

- a premium of approximately 32.04% over the audited consolidated net asset value of the Group of approximately HK\$0.181 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\$148,345,000 and 818,041,413 Shares in issue as at the date of the Latest Practicable Date.
- a premium of approximately 28.49% over the unaudited consolidated net asset value of the Group of approximately HK\$0.186 per Share as at 30 June 2022 calculated based on the unaudited consolidated net asset value of the Group as at 30 June 2022 of approximately HK\$152,158,000 and 818,041,413 Shares in issue as at the date of the Latest Practicable Date.

To assess on the fairness and reasonableness of the Offer Price, we have analysed the Offer Price with reference to (i) the historical price performance of the Shares; (ii) the historical trading liquidity of the Shares; and (iii) the comparison with market comparables as represented below.

### *(ii) Historical Share price performance*

Set out below is the graph illustrating the daily closing price against the Offer Price of HK\$0.239 per Offer Share during the period from 29 September 2020 (being the date two years prior to the Last Trading Day) to 29 September 2022, the Last Trading Day, (the “**Pre-Announcement Period**”) and from 3 October 2022 (being the first day on which trading in the Shares was resumed following the release of the Joint Announcement) to the Latest Practicable Date (the “**Post-Announcement Period**”) (together, the “**Review Period**”).



Source: the Stock Exchange's website ([www.hkex.com.hk](http://www.hkex.com.hk))

Note: Trading in the Shares was halted on 30 September 2022 pending the release of the Joint Announcement.

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## LETTER FROM ESSENCE

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We are of the view that the Review Period represents a reasonable period to provide a general overview of the price performance and the trading volume of the Shares for conducting a comparison against the Offer Price. Furthermore, we consider that the price performance of the Shares during the Review Period can fairly and sufficiently reflect the market perception on the Company's performance and outlook, and such period is long enough to avoid any short-term fluctuation which may distort our analysis.

(a) *Pre-Announcement Period*

The Offer Price of HK\$0.239 per Offer Share is within the spectrum of the closing prices of the Shares during the Pre-Announcement Period. The highest closing price of the Shares was HK\$0.490 per Share on 24 June 2022; and (b) the lowest closing price of the Shares was HK\$0.101 per Share on 3 February 2021, while the average daily closing price of the Shares over the Pre-Announcement Period was approximately HK\$0.184 per Share. In addition, the Shares closed below the Offer Price for 390 trading days out of the total 493 trading days (representing approximately 79.11% of the total number of trading days) during the Pre-Announcement Period.

The Offer Price represents (i) a discount of approximately 51.22% to the highest closing price of HK\$0.490 per Share; (ii) a premium of approximately 136.63% over the lowest closing price of HK\$0.101 per Share; and (iii) a premium of approximately 29.89% over the average closing price of approximately HK\$0.184 per Share during the Pre-Announcement Period.

From 29 September 2020 to 17 June 2022, the closing price of the Shares had been fluctuating between HK\$0.101 to HK\$0.248 per Share. As shown in the chart above, in March 2021 and August 2021, the closing prices of the Shares remained steady or slightly decreased after the publication of annual results for FY20 and the interim results for the six months ended 30 June 2021. The closing prices of the Shares in March 2022 slightly increased following the publication of the annual results for FY21.

The closing prices of the Shares spiked up during the period between 20 June 2022 and 30 June 2022, ranging from HK\$0.280 to HK\$0.490 per Share. On 24 June 2022, the closing price of the Shares surged to HK\$0.490 per Share which marked the highest closing price during the Pre-Announcement Period. Following June 2022, the closing prices of the Shares were hovering between HK\$0.245 and HK\$0.370 per Share during the period between 4 July 2022 and 29 August 2022. We did not notice any notable events or matters which might have caused such spike in the closing prices of the Shares in end of June 2022. Apart from (i) an announcement dated 27 June 2022 in relation to the appointment of Mr. TSANG Hing Bun as an executive Director; and (ii) an announcement dated 29 July 2022 in relation to the change of address of

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## LETTER FROM ESSENCE

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Hong Kong branch share registrar and transfer office, there were no other non-monthly regulatory announcements published by the Company. We had enquired the Management and were advised that they were not aware of any affairs of the Group or reasons which could possibly result in the relatively high Share prices during such period.

The closing price of the Shares increased by approximately 12.73% from HK\$0.275 per Share on 18 August 2022 to HK\$0.310 per Share on 19 August 2022 following the positive profit alert announcement made by the Company on 18 August 2022 (after trading hours). We noted that such increase of the closing price of the Shares only lasted for two trading days and fell to HK\$0.290 per Share on 23 August 2022 and further exhibited a downward trend after the publication of the interim results for the six months period ended 30 June 2022 announcement on 26 August 2022. The relatively high closing price of the Shares in June 2022 did not hold and exhibited, in general, downward trend and fell to HK\$0.244 per Share on 30 August 2022.

Trading in the Shares was halted at 9:00 a.m. on 30 September 2022 pending the release of the Joint Announcement and the Shares closed at HK\$0.240 per Share on 29 September 2022, being the Last Trading Day.

*(b) Post-Announcement Period*

Following the publication of the Joint Announcement on 2 October 2022, the Shares resumed trading on 3 October 2022 and the closing price of the Shares exhibited a significant rise from HK\$0.240 on the Last Trading Day to HK\$0.780 per Share on 3 October 2022, being the first trading day after trading halt. The closing price of the Shares attained a peak at HK\$0.870 per Share on 10 October 2022 during the Post-Announcement Period as well as the Review Period.

Following the highest closing price on 10 October 2022 of HK\$0.870 per Share, the closing price dropped by approximately 14.94% to HK\$0.740 per Share on 17 October 2022 and further exhibited, in general, a slight downward trend and fluctuated within the range of HK\$0.630 to HK\$0.760 per Share from 18 October 2022 to the Latest Practicable Date. The Shares closed at HK\$0.630 per Share on the Latest Practicable Date. The Offer Price of HK\$0.239 per Offer Share represented a discount of approximately 63.70% to the average closing price of the Shares of HK\$0.730 per Share during the Post-Announcement Period.

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## LETTER FROM ESSENCE

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As advised by the Management, save and except for the Joint Announcement, they were not aware of any specific event or reasons for the substantial increase of the closing prices of the Shares during the Post Announcement Period. As observed, the increase in the closing prices of the Shares during the Post-Announcement Period may have reflected the market perceptions on the expectation of the Group's future performance as a result of the change of control in the Company, while such expectation may or may not be achieved in the future.

Though the Offer Price was lower than the averages of the closing prices of the Shares for the last 5 trading days, last 10 trading days, 30 trading days, 60 trading days, 90 trading days and 180 trading days up to and including the Last Trading Day, where the discount ranged from approximately 0.42% to 14.34%, the Offer Price was above the closing prices of the Shares approximately 79.11% of the time during the Pre-Announcement Period and represented a premium of approximately 29.89% to the average daily closing price of HK\$0.184 per Share over the Pre-Announcement Period.

As discussed in paragraph (a) *Pre-Announcement Period* above, the closing prices of the Shares were **generally unresponsive** after the Company announced in mid-August 2022 that the Group was expected to record a profit for the six months ended 30 June 2022 as compared to the loss for the corresponding period in 2021. It is further noted that after the Company announced the interim results on 29 August 2022, the closing price of the Shares further exhibited a downward trend. It is important to note that apart from the profit reported for the six months ended 30 June 2022, the Group had been making losses for the past financial years.

We noted that the closing price of the Shares during the Post-Announcement Period was significantly higher than both the Offer Price of HK\$0.239 per Offer Share and the highest closing price of HK\$0.490 per Share during the Pre-Announcement Period. Based on the foregoing, we reckon such rise in the closing prices of the Shares were likely due to the market reaction to the Joint Announcement as a result of the change in controlling Shareholders and the Offer. Although the price of the Shares continues to close significantly above the Offer Price after the Joint Announcement, in the absence of any significant positive events and business updates, there is no assurance that the Share prices will continue to maintain at the current level after the Offer Period as the price trend may be affected by various different factors such as investors or Shareholders' view on the prospects of the Group under the management of the new Board to be appointed, the market trend, the Sino-US trade tension and so on.

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## LETTER FROM ESSENCE

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In consideration that the (i) Offer Price is above the closing price of the Shares during the majority of the Review Period of approximately 74.43% and represents a premium of approximately 10.65% to the average daily closing price of approximately HK\$0.216 per Share over the Review Period; (ii) the closing prices were unresponsive even though the Company reported profit for the six months ended 30 June 2022 as compared to loss making over the past years during the Pre-Announcement Period; and (iii) the spike in the closing prices of the Shares was likely due to the market reaction to the Joint Announcement as apart from the Joint Announcement relating to the change in control in the Company and the Offer, there were no other announcements such as positive events and business updates during the Post-Announcement Period, we are of the view that the Offer Price at HK\$0.239 per Offer Share is fair and reasonable from the point of view of the historical trading prices of the Shares.

Independent Shareholders are reminded to closely monitor the market price of the Shares and consider selling their Shares in the open market during the Offer Period, instead of accepting the Offer, should such sale proceeds, net of all transaction costs, exceed the amount receivable under the Offer.

Independent Shareholders should note that the information set out above is not an indication of the future performance of the Shares and that the price of the Shares may increase or decrease during and after the Offer Period.

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## LETTER FROM ESSENCE

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### (iii) Trading volume

The table below sets out the average daily trading volume of the Shares, the percentage of the average daily trading volume to the total issued Shares and the percentage of the average daily trading volume to the Shares held by the public (the “**Public Float Shares**”) during the Review Period:

	Total trading volume of the Shares	Number of trading days	Average daily trading volume of the Shares	Approximately % of the average daily trading volume of the Shares to the total issued Shares (Note 1)	Approximately % of the average daily trading volume of the Shares to the Shares held in public (Notes 2 & 3)
<b>2020</b>					
29 September to 30 September 2020	70,000	2	35,000	0.004%	0.009%
October	712,000	18	39,556	0.005%	0.010%
November	646,000	21	30,762	0.004%	0.008%
December	100,000	22	4,545	0.001%	0.001%
<b>2021</b>					
January	382,000	20	19,100	0.002%	0.005%
February	9,390,000	18	521,667	0.064%	0.128%
March	5,900,000	23	256,522	0.031%	0.063%
April	190,000	19	10,000	0.001%	0.002%
May	1,414,000	20	70,700	0.009%	0.017%
June	650,000	21	30,952	0.004%	0.008%
July	4,890,000	21	232,857	0.028%	0.057%
August	222,000	22	10,091	0.001%	0.002%
September	810,000	21	38,571	0.005%	0.009%
October	750,000	18	41,667	0.005%	0.010%
November	1,721,529	22	78,251	0.010%	0.019%
December	1,112,000	22	50,545	0.006%	0.012%
<b>2022</b>					
January	2,330,000	21	110,952	0.014%	0.027%
February	160,000	17	9,412	0.001%	0.002%
March	4,680,050	23	203,480	0.025%	0.050%
April	3,910,000	18	217,222	0.027%	0.053%
May	2,530,000	20	126,500	0.015%	0.031%
June	63,328,000	21	3,015,619	0.369%	0.743%
July	168,734,851	20	8,436,743	1.031%	2.078%
August	4,410,000	23	191,739	0.023%	0.047%
September (up to the Last Trading Day) (Note 4)	3,030,000	20	151,500	0.019%	0.037%
October	95,968,824	20	4,798,441	0.587%	1.182%
November (up to the Latest Practicable Date)	7,080,000	11	643,636	0.079%	0.159%
<b>Maximum</b>			8,436,743	1.031%	2.078%
<b>Minimum</b>			4,545	0.001%	0.001%
<b>Average</b>			717,631	0.088%	0.177%

Source: the Stock Exchange's website ([www.hkex.com.hk](http://www.hkex.com.hk))

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*Notes:*

- 1. Calculated based on the average daily trading volume of the Shares divided by the total number of the issued Shares at the end of each month.*
- 2. For the purpose of this table, public float of the Company refers to the Shares held by the Shareholders other than (i) the Vendor prior to Completion and the Offeror after Completion; and (ii) Mr. YAU Wing Yiu, an independent non-executive Director. Total Shares held by the public during the Review Period were 406,053,782.*
- 3. Calculated based on the average daily trading volume of the Shares divided by the total number of Shares held by the public at the end of each month.*
- 4. Trading in the Shares was suspended on 30 September 2022, pending the release of the Joint Announcement.*

As illustrated in the above table, we observed that the monthly average daily trading volume was not consistently inactive over the Review Period. The average daily trading volume ranged from 4,545 Shares to 8,436,743 Shares, representing approximately 0.001% to 1.031% of the total number of issued Shares and approximately 0.001% to 2.078% of the total number of the Public Float Shares.

During the Pre-Announcement Period, no trading was recorded for 302 trading days which was approximately 61.26% of the total 493 trading days.

We noted from the above table that the average daily trading volume of the Shares was exceptionally high in June 2022 and July 2022 in comparison with other months during the Pre-Announcement Period. In particular, the daily trading volume on 20 June 2022 had set a record high of 40,660,000 Shares, thereby resulting in an exceptional high average daily volume in June 2022. In addition, the Share prices during the said period had increased significantly and reached HK\$0.490 per Share on 24 June 2022, the highest closing price during the Pre-Announcement Period. Likewise for the spike in the closing prices of the Shares, the Management were not aware of any other reasons for the increase in the trading volume of the Shares during June 2022 and July 2022. The average daily trading volume dropped substantially from 8,436,743 Shares in July 2022 to 191,739 Shares in August 2022 and further decreased to 151,500 Shares in September 2022.

Subsequent to the publication of the Joint Announcement, there was surge in the average daily trading volume in October 2022 of 4,798,441 Shares, representing approximately 0.587% of the total number of the issued Shares and approximately 1.182% of the total number of the Public Float Shares as at the Last Practicable Date. Such increase in the trading volume of the Shares was possibly a result of the market reaction subsequent to the publication of the Joint Announcement.

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Given the historical daily trading volume of the Shares prior to the publication of the Joint Announcement is generally thin as discussed above, it is uncertain that the relatively high liquidity of the Shares during the Post-Announcement Period as compared to the Pre-Announcement Period could be sustained. Therefore, Independent Shareholders (especially those with sizeable amount of Shares) may encounter difficulties in selling a large batch of Shares in the open market within a short period without exerting a downward pressure on the Share price. In view of the above, we consider that the Offer represents an opportunity for the Independent Shareholders, especially for those who hold a significant amount of the Shares, to dispose of part or all of their Shares at the Offer Price if they so wish to.

*(iv) Peer comparison*

For comparison, we have conducted a search of companies listed on the main board of the Stock Exchange engaging in similar business of the Group and in similar size on a best effort basis. According to the 2021 Annual Report, the Group is mainly engaged in garment manufacturing and trading, which represented more than 90% of total reportable operating segment. In addition, based on the Offer Price of HK\$0.239 per Offer Share and the number of issued Shares of 818,041,413 as at the Latest Practicable Date, the implied market capitalisation of the Company will be approximately HK\$195.51 million.

Accordingly, we have selected companies based on the following criteria: (i) the shares of which are listed on the main board of the Stock Exchange with market capitalisation as at the Last Practicable Date between HK\$100 million and HK\$300 million; and (ii) over 75% of their revenue derived from the manufacture and sale of garments/apparel and textiles in their respective latest published annual reports.

On this basis, we have identified six comparable companies (the “**Peer Comparables**”) as listed below, which represent an exhaustive list of comparable companies. Although the number of the Peer Comparables were limited, having taken into account the Peer Comparables fell within the abovementioned criteria such that the business of the Group and the Peer Comparables were similar as over 75% of their revenues were derived from the manufacture and sale of garments/apparel and textiles and the market capitalisation as at the Latest Practicable Date was between HK\$100 million and HK\$300 million, we consider that the research on the Peer Comparables still provides a relevant analysis.

In order to further assess the fairness and reasonableness of the Offer Price, we have considered the price-to-book ratio (the “**PBR**”) and the price-to-sales ratio (the “**PSR**”), the price-to-earnings ratio (the “**PER**”) which are commonly adopted trading multiple analyses. Given that the Company was loss making for FY21, we consider that the PER will not yield any conclusive meaning and therefore is not applicable. As an alternative, we have adopted the PSR as revenue is the top-level parameter of a company’s financial performance.

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Apart from subcontracting to factories overseas, the production of the Group's garment products was carried out in the Group's own production facilities located in Heshan, the PRC, which accounted for approximately 53% of total garment production for overseas export of the Group as at 31 December 2021. The assets of Company mainly included properties, plant and equipment, inventories, trade receivables, cash and cash equivalents. We have also reviewed the latest published financial statements of the Peer Comparables and noted that the composition of their assets were similar to that of the Company, of which also mainly comprised of properties, plant and equipment, inventories, trade receivables, cash and cash equivalents etc. relating to the garment manufacturing industry. Hence, we consider that the PBR analysis is also suitable. Therefore, we perform the below analysis based on the PBR and the PSR which are considered to be more appropriate indicators for comparison purpose.

Company (stock code)	Market capitalisation (HK\$ million) (Note 1)	% of revenue generated from manufacturing/ sale of garment %	Revenue (HK\$ million)	Net assets (HK\$ million)	PBR times (Note 3)	PSR times (Note 3)
State Energy Group International Assets Holdings (918)	184.90	78.43	207.23	300.27	0.62	0.89
Tungtex (Holdings) Company (518)	101.49	100.00	588.27	405.33	0.25	0.17
Top Form International (333)	111.39	100.00	1,481.59	466.86	0.24	0.08
Yangtzekiang Garment (294)	258.43	95.85	390.45	1,169.99	0.22	0.66
YGM Trading (375)	232.21	75.11	211.49	499.00	0.47	1.10
SG Group Holdings (1657)	126.08	100.00	168.89	126.19	1.00	0.75
				Maximum	1.00	1.10
				Minimum	0.22	0.08
				Median	0.36	0.70
				Average	0.47	0.61
<b>Company</b>	<b>195.51</b> (Note 2)			<b>148.35</b>	<b>1.32</b>	<b>0.44</b>

Source: the Stock Exchange's website ([www.hkex.com.hk](http://www.hkex.com.hk))

Notes:

1. Market capitalisation is calculated based on the closing price and total number of issued shares as at the Latest Practicable Date.
2. The implied market capitalisation of the Company is calculated based on the Offer price and the total number of issued Shares as at the Latest Practicable Date.
3. The historical PBR of the Peer Comparables and the Company are calculated based on their respective audited consolidated net assets attributable to shareholders set out in their respective latest published audited reports and their respective market capitalisation on the Last Trading Day.

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As shown above, the PBRs of the Peer Comparables ranged from approximately 0.22 times to 1.00 times, with an average and median of approximately 0.47 times and 0.36 times respectively. The implied PBR of the Company, as calculated by the Offer Price, is approximately 1.32 times, which is higher than the PBRs of the Peer Comparables.

The PSRs of the Peer Comparables shown above, ranged from approximately 0.08 times to 1.10 times, with an average and median of approximately 0.61 times and 0.70 times respectively. The implied PSR of the Company, as calculated by the Offer Price, is approximately 0.44 times, which is below the average and median of the PSRs of the Peer Comparables. However, the implied PSR of the Company still falls within the range of the PSRs of the Peer Comparables.

Although two-thirds of the PSRs of the Comparables outperformed the Company, the implied PSR of the Company is within the range of the PSRs of the Peer Comparables and the implied PBR of the Company is higher than the PBRs of the Peer Comparables, we are of the view that the Offer Price is fair and reasonable and not underpriced as compared to the Peer Comparables.

### RECOMMENDATIONS

Based on the above analysis, having considered the following principal factors and reasons:

- (i) the Group had reported losses for the past financial years, and the financial performance of the Company demonstrated an improvement from to profit making of approximately HK\$3.9 million for the six months ended 30 June 2022;
- (ii) the Company declared an interim dividend of HK\$0.002 per Share for the six months ended 30 June 2022 when the Group reported a profit of approximately HK\$3.9 million, other than that period, the Company did not declare any dividend for FY19, FY20, FY21 and for the six months ended 30 June 2021 and the Company had reported loss during such periods;
- (iii) during the Pre-Announcement Period, the closing prices of the Shares were generally unresponsive after the Company demonstrated turnaround financial results to profit making for the six months ended 30 June 2022 from loss making as compared with the corresponding period in 2021 while the closing price of the Shares exhibited a downward trend even after the publication of the said results and, in comparison, during the Post-Announcement Period, the closing prices of the Shares exhibited a significant increase after the publication of the Joint Announcement which was likely due to the market reaction to the change in control in the Company and the Offer as there were no other announcements such as positive events and business updates;

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- (iv) the Offer Price is above the closing price of the Shares during majority of the Review Period of approximately 74.43% and represents a premium of approximately 10.65% over the average daily closing price of approximately HK\$0.216 per Share over the Review Period;
- (v) the trading volume of the Shares was generally low prior to the publication of the Joint Announcement, while the Offer provides an exit alternative for the Shareholders who would like to realise their investments in the Shares, especially for those with significant amount of the Shares, at the Offer Price;
- (vi) the implied PBR of the Company is higher than the PBRs of the Peer Comparables and implied PSR of the Company falls within the range of the PSRs of the Peer Comparables;
- (vii) though the recent business performance of the Group demonstrated an improvement as described in the above paragraph headed “(ii) *Financial information*” under the section headed “1. *Information and prospects of the Group*”, there are uncertainties associated with the business environment of the garment industry with the ongoing inflation in raw material and logistics costs, coupled with the uncertainty from the COVID-19 impacts and the Sino-US trade tension; and
- (viii) there is uncertainty on the future performance of the Group under the leadership of Ms. Ma and the new Director(s) to be appointed as (a) Ms. Ma’s past investments are different from the Group’s principal business; (b) the Offeror intends to nominate new Director(s) to the Board after the close of the Offer, however, the Offeror has not identified any personnel for the purpose of appointment as the Latest Practicable Date; (c) it is unknown whether the new Director(s) to be appointed has sufficient experience in managing the Group’s business; and (d) that the Offeror has yet to formulate a long-term business strategy for the Group,

we consider that the terms of the Offer are fair and reasonable and therefore we recommend the Independent Board Committee to advise the Independent Shareholders to accept the Offer.

**Despite of the above, we note that the price of the Shares has been traded substantially higher than the Offer Price of HK\$0.239 per Offer Share since the publication of the Joint Announcement. As such, we recommend to the Independent Board Committee to advise the Independent Shareholders to closely monitor the market price and the liquidity during the Offer Period, and consider selling the Shares in the open market, where possible, instead of accepting the Offer if the net proceeds from such sale of Shares would be higher than the receivable under the Offer. However, the Independent Shareholders (especially those with relatively sizeable shareholdings) should beware of the possible difficulties in selling a significant number of Shares in the open market within a short period of time. If the Independent Shareholders (especially those with relatively sizeable shareholdings) wish to dispose of the Shares in the open market but encountering difficulties to do so due to the**

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liquidity issue, they should reconsider to ACCEPT the Offer as the Offer still provides an opportunity to exit the investment during the Offer Period. In any event, Independent Shareholders are reminded that if they wish to dispose all or part of their shareholding, should closely monitor the market price and the liquidity of the Shares in the open market during the Offer Period and also be mindful of the last day of the Offer Period and make the divestment decision according to the market circumstances and their individual circumstances.

Independent Shareholders, in particular those who intend NOT 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 Offer Period. Independent Shareholders who are confident in the future prospects of the Group, including the background and future intention of the Offeror, they may, having regard to their own circumstances, consider retaining some or all of their investments in the securities of the Company, are reminded to carefully monitor the financial performance, position and prospect and the intention of the Offeror in relation to the development of the Group, in particular the Offeror's business strategy, and any announcements of the Company during and after the Offer Period. They should also beware of the potential difficulties they may encounter in disposing of their investments in the Shares after the Offer Period. The Independent Shareholders are strongly advised that the decision to realise or to continue to hold their investments in the Shares is subject to individual circumstances and investment objectives.

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, if they wish to accept the Offer.

**Yours faithfully,**  
**for and on behalf of**  
**Essence Corporate Finance (Hong Kong) Limited**  
**Mazy Chan**  
*Director*  
*Corporate Finance*

*Ms. Mazy Chan is a licensed person and responsible officer of Essence registered with the SFC to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. She 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 Abacus Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, by post or by hand, marked “Carry Wealth Holdings 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 “Carry Wealth Holdings 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 “Carry Wealth Holdings 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 "Carry Wealth Holdings 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 "Carry Wealth Holdings 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 subparagraph of this paragraph (e)); or
  - (iii) certified by the Registrar or the Stock Exchange.

If the Form of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (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 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

**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) Unless the Offer has previously been revised or extended with the consent of the Executive, all acceptances of the Offer must be received by the Registrar by 4:00 p.m. on Friday, 9 December 2022, being the Closing Date. The Offer is unconditional.
- (b) If the Offer is extended or revised, the announcement of such extension or revision shall state the next Closing Date or that the Offer will remain open until further notice. For the latter case, at least 14 days' notice in writing will be given to the Shareholders who have not accepted the Offer before the Offer is closed, and an announcement in respect thereof shall be released. If the Offeror revises the terms of the Offer, all Independent Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms. The execution by or on behalf of any Independent Shareholder who has previously accepted the Offer shall be deemed to constitute acceptance of the revised Offer unless such holder becomes entitled to withdraw his/her/its acceptance and duly does so.
- (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 Friday, 9 December 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, its ultimate beneficial owner and parties acting in concert with any one of them before the Offer Period; and
- (iii) acquired or agreed to be acquired during the Offer Period by the Offeror, its ultimate beneficial owner and parties acting in concert with any one of them.

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, its ultimate beneficial owner and parties acting in concert with any one of them 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 in paragraph (b) and (c) 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 INDEPENDENT SHAREHOLDERS**

The making of the Offer to the Overseas Independent Shareholders may be prohibited or affected by the laws of the relevant jurisdictions in which they are resident. Overseas Independent 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 Independent 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 Independent Shareholders).

Acceptance of the Offer by any Overseas Independent 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, its ultimate beneficial owner and parties acting in concert with any one of them, the Company, 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, VBG Capital or such person or persons as the Offeror may direct to complete, amend and execute any document on behalf of the person or persons accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as it may direct, the 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 Independent Shareholders may be prohibited or affected by the laws of the relevant jurisdictions. The Overseas Independent Shareholders should inform themselves about and observe any applicable legal or regulatory requirements. It is the responsibility of each Overseas Independent 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 Independent Shareholders shall be fully responsible for the payment of any transfer or other taxes and duties due by such Overseas Independent Shareholders in respect of the relevant jurisdictions. The Overseas Independent 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 VBG Capital, 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, its ultimate beneficial owner and parties acting in concert with any one of them, 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 THE FINANCIAL INFORMATION OF THE GROUP

The issued shares of the Company have been listed on main board of the Stock Exchange since 13 March 2000. Set out below is a summary of (i) the audited financial information of the Group for each of the three financial years ended 31 December 2019, 2020 and 2021 as extracted from the relevant annual reports of the Company; and (ii) the unaudited financial information of the Group for the six months ended 30 June 2021 and 2022 as extracted from the relevant interim reports of the Company:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Six months ended 30 June		For the year ended 31 December		
	2022	2021	2021	2020	2019
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Revenue</b>	246,094	166,529	441,171	290,515	331,722
Cost of sales	<u>(211,722)</u>	<u>(142,701)</u>	<u>(380,083)</u>	<u>(243,491)</u>	<u>(286,850)</u>
<b>Gross profit</b>	34,372	23,828	61,088	47,024	44,872
Other income and gains	3,108	1,650	4,920	3,104	283
Reversal of impairment loss on loans to an associate	-	-	-	-	3,462
Selling and distribution expenses	(5,236)	(4,465)	(14,237)	(10,179)	(8,394)
Administrative and other operating expenses	(27,164)	(23,163)	(50,166)	(54,253)	(54,104)
Finance income	525	45	187	53	252
Finance expense	<u>(1,722)</u>	<u>(667)</u>	<u>(1,811)</u>	<u>(1,023)</u>	<u>(1,196)</u>
<b>Profit (loss) before taxation</b>	3,883	(2,772)	(19)	(15,274)	(14,825)
Income tax expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Profit (loss) for the period attributable to equity holders of the Company</b>	<u>3,883</u>	<u>(2,772)</u>	<u>(19)</u>	<u>(15,274)</u>	<u>(14,825)</u>

**APPENDIX II**
**FINANCIAL INFORMATION OF THE GROUP**

	Six months ended 30 June		For the year ended 31 December		
	2022	2021	2021	2020	2019
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Other comprehensive (expense) income</b>					
<i>Item that will not be reclassified subsequently to profit or loss</i>					
Gain on revaluation of properties, net of tax	-	-	8,995	2,235	4,445
<i>Item that may be reclassified subsequently to profit or loss</i>					
Exchange differences on translation of overseas operations	<u>(70)</u>	<u>476</u>	<u>117</u>	<u>986</u>	<u>931</u>
<b>Other comprehensive (expense) income for the period, net of tax</b>	<u><u>(70)</u></u>	<u><u>476</u></u>	<u><u>9,112</u></u>	<u><u>3,221</u></u>	<u><u>5,376</u></u>
<b>Total comprehensive income (expense) for the period attributable to equity holders of the Company</b>	<u><u>3,813</u></u>	<u><u>(2,296)</u></u>	<u><u>9,093</u></u>	<u><u>(12,053)</u></u>	<u><u>(9,449)</u></u>
<b>EARNINGS (LOSS) PER SHARE – (HK CENTS)</b>					
– basic and diluted	<u><u>0.47</u></u>	<u><u>(0.34)</u></u>	<u><u>-</u></u>	<u><u>(1.87)</u></u>	<u><u>(1.81)</u></u>
<b>DIVIDENDS PER SHARE (HK CENTS)</b>	<u><u>0.2</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As At 30 June		As at 31 December		
	2022	2021	2021	2020	2019
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Non-current assets</b>					
Property, plant and equipment	68,502	60,499	69,874	62,737	65,655
Right-of-use assets	10,811	10,884	9,886	12,123	14,129
Investment in an associate	–	–	–	–	–
Investment in a joint venture	–	–	–	–	–
Deposit and other receivables	335	–	–	724	724
	<u>79,648</u>	<u>71,383</u>	<u>79,760</u>	<u>75,584</u>	<u>80,508</u>
<b>Current assets</b>					
Inventories	74,153	69,980	60,532	39,305	45,356
Trade and other receivables	48,238	54,192	49,263	41,815	54,299
Financial assets at fair value through profit or loss ("FVTPL")	1,513	1,820	2,124	2,454	2,177
Cash and bank balances	45,931	102,902	97,546	87,098	47,600
	<u>169,835</u>	<u>228,894</u>	<u>209,465</u>	<u>170,672</u>	<u>149,432</u>
<b>Current liabilities</b>					
Trade and other payables	60,522	81,068	58,183	69,933	60,166
Lease liabilities	710	1,866	663	2,222	1,961
Bank borrowings	17,736	66,341	64,989	20,013	–
	<u>78,968</u>	<u>149,275</u>	<u>123,835</u>	<u>92,168</u>	<u>62,127</u>
<b>Net current assets</b>	<u>90,867</u>	<u>79,619</u>	<u>85,630</u>	<u>78,504</u>	<u>87,305</u>
<b>Total assets less current liabilities</b>	<u>170,515</u>	<u>151,002</u>	<u>165,390</u>	<u>154,088</u>	<u>167,813</u>
<b>Non-current liabilities</b>					
Lease liabilities	1,312	–	–	790	3,207
Deferred tax liabilities	17,045	14,046	17,045	14,046	13,301
	<u>18,357</u>	<u>14,046</u>	<u>17,045</u>	<u>14,836</u>	<u>16,508</u>
<b>Net assets</b>	<u>152,158</u>	<u>136,956</u>	<u>148,345</u>	<u>139,252</u>	<u>151,305</u>
<b>Capital and reserves</b>					
Share capital	81,804	81,804	81,804	81,804	81,804
Reserves	70,354	55,152	66,541	57,448	69,501
<b>Total Equity</b>	<u>152,158</u>	<u>136,956</u>	<u>148,345</u>	<u>139,252</u>	<u>151,305</u>

On 26 August 2022, the Board resolved to declare an interim dividend of HK0.002 per Share (the “**Interim Dividend**”), representing a total of approximately HK\$1,636,082, for the six months ended 30 June 2022. The Interim Dividend has been paid on 26 September 2022 to the Company’s shareholders whose names appear on the register of members of the Company at the close of business on 14 September 2022 (the “**Interim Dividend Record Date**”). Since the Interim Dividend Record Date preceded the Completion Date, the Offeror were not entitled to the Interim Dividend.

Save as disclosed above, the Group did not have any item of any income or expense which was material during each of the years ended 31 December 2019, 2020 and 2021 and for the six months ended 30 June 2021 and 2022.

The consolidated financial statements of the Group for the years ended 31 December 2019 was audited by PricewaterhouseCoopers, and the consolidated financial statements of the Group for the years ended 31 December 2020 and 2021 were audited by SHINEWING (HK) CPA Limited. Save as disclosed in the paragraph headed “3. QUALIFIED OPINION” in this Appendix, no other modified opinion, emphasis of matter or material uncertainty related to going concern was given by the auditors of the Group in respect of the Group’s audited consolidated financial statements for the years ended 31 December 2019, 2020 and 2021. Further details on the qualified opinions in respect of the Group’s audited consolidated financial statements for the years ended 31 December 2019 and 2020 are set out in the paragraph headed “3. QUALIFIED OPINION” in this Appendix.

There was no change in the Group’s accounting policy during each of the years ended 31 December 2019, 2020 and 2021 and the six months ended 30 June 2021 and 2022 which would result in the figures in its consolidated financial statements being not comparable to a material extent.

## **2. AUDITED CONSOLIDATED 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 consolidated financial statements of the Group for the years ended 31 December 2019 (the “**2019 Financial Statements**”), 31 December 2020 (the “**2020 Financial Statements**”) and 31 December 2021 (the “**2021 Financial Statements**”) and for the six months ended 30 June 2022 (the “**2022 Interim Financial Statements**”), together with the notes to the relevant published accounts which are of major relevance to the appreciation of the above financial information.

The 2019 Financial Statements are set out from pages 64 to 144 in the annual report of the Company for the year ended 31 December 2019 (the “**Annual Report 2019**”), which was published on 15 April 2020. The Annual Report 2019 is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.carrywealth.com>), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0415/2020041500553.pdf>

The 2020 Financial Statements are set out from pages 64 to 144 in the annual report of the Company for the year ended 31 December 2020 (the “**Annual Report 2020**”), which was published on 15 April 2021. The Annual Report 2020 is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.carrywealth.com>), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0415/2021041500565.pdf>

The 2021 Financial Statements are set out from pages 61 to 140 in the annual report of the Company for the year ended 31 December 2021 (the “**Annual Report 2021**”), which was published on 13 April 2022. The Annual Report 2021 is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.carrywealth.com>), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0413/2022041300369.pdf>

The 2022 Interim Financial Statements are set out from pages 16 to 32 in the interim report of the Company for the six months ended 30 June 2022 (the “**Interim Report 2022**”), which was published on 15 September 2022. The Interim Report 2022 is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.carrywealth.com>), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0915/2022091500554.pdf>

The 2022 Interim Financial Statements, the 2021 Financial Statements, the 2020 Financial Statements and the 2019 Financial Statements (but not any other parts of the Interim Report 2022, the Annual Report 2021, the Annual Report 2020 or the Annual Report 2019 in which they respectively appear) are incorporated by reference into this Composite Document and form part of this Composite Document.

### 3. QUALIFIED OPINION

#### For the Year ended 31 December 2020

As set out in the Annual Report 2020, SHINEWING (HK) CPA Limited expressed a qualified opinion in its auditor's report on the Group's consolidated financial statements, an extract of which is as follows:

#### ***“Qualified Opinion***

*We have audited the consolidated financial statements of Carry Wealth Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) set out on pages 64 to 144, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.*

*In our opinion, except for the possible effects on the corresponding figures of the matter described in the basis for qualified opinion below, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.*

#### ***Basis for Qualified Opinion***

*The consolidated financial statements of the Group for the year ended 31 December 2019 were audited by another auditor (the “Predecessor Auditor”) who expressed a qualified opinion (the “2019 Report”) on those consolidated financial statements on 27 March 2020 due to scope limitations. As set out in the 2019 Report, the management was unable to recover the missing accounting records of Unity Resources Group Pte. Limited (“URG”), a subsidiary of an associate, for the year ended 31 December 2018 and the Predecessor Auditor was unable to obtain sufficient appropriate audit evidence in respect of the carrying value of the investment in and loans to the associate as at 31 December 2018. Any adjustments to the opening balances of the investment in and loans to the associate as at 1 January 2019 would have a significant consequential effect on the share of result of HK\$nil and reversal of impairment loss for loans to the associate of HK\$3,462,000 recognised for the year ended 31 December 2019. There were no other satisfactory audit procedures that the Predecessor Auditor could perform to determine whether any adjustments were*

necessary in respect of the balances of the investment in and loans to the associate as at 1 January 2019 (both of HK\$nil) and the Group's share of result of the associate and reversal of impairment loss for loans to the associate and the related disclosures for the year ended 31 December 2019. As at the date of this report, the management was still unable to recover the missing accounting records of URG for the year ended 31 December 2018 and we were unable to obtain sufficient appropriate audit evidence in respect of the opening balances of the investment in and loans to the associate as at 1 January 2019, and the consequential effect on the share of result of HK\$nil and reversal of impairment loss for loans to the associate of HK\$3,462,000 recognised for the year ended 31 December 2019.

As explained in note 18 to the consolidated financial statements, the Group disposed of URG in September 2019. Therefore, the scope limitation did not have an impact on consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended. As a result, the comparative information disclosed for the corresponding period may not be comparable to that of the current year. Our opinion on the current year's financial statements is modified because of the possible effects of this matter on the comparability of the current year's figures and the corresponding figures.

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion."

### ***For the Year Ended 31 December 2019***

As set out in the Annual Report 2019, PricewaterhouseCoopers expressed a qualified opinion in its auditor's report on the Group's consolidated financial statements, an extract of which is as follows:

#### ***"Qualified Opinion***

#### ***What we have audited***

The consolidated financial statements of Carry Wealth Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 64 to 144, which comprise: the consolidated balance sheet as at 31 December 2019; the consolidated income statement for the year then ended; the consolidated statement of comprehensive income for the year then ended; the consolidated statement of changes in equity for the

year then ended; the consolidated cash flow statement for the year then ended; and the notes to the consolidated financial statements, which include a summary of significant accounting policies.

### **Our qualified opinion**

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### **Basis for Qualified Opinion**

As set out in Note 15 to the consolidated financial statements, the Group has a 41.45% equity interest in Exellar Limited (“**Exellar**”) which is accounted for as an associate under the equity method. The Group’s management relied on the financial information provided by management of Exellar to account for the result of Exellar shared by the Group. However, during the year ended 31 December 2018, management of Exellar did not have full access to the books and records of its subsidiary, United Resources Group Pte Ltd (“**URG**”), and therefore they were not able to provide a set of complete and accurate accounting records of Exellar to the Group. As set out in our auditor’s report dated 29 March 2019 on the Group’s consolidated financial statements for the year ended 31 December 2018, we have previously qualified our opinion because we were unable to obtain sufficient appropriate audit evidence on the carrying value of the investment in and loans to Exellar which were both carried at HK\$Nil as at 31 December 2018, and the Group’s share of loss of associate of HK\$26,065,000 and the impairment loss in respect of the loans to an associate of HK\$5,445,000 for the year ended 31 December 2018.

In September 2019, Exellar disposed of its entire interests in URG for a consideration of US\$400,000 (equivalent to approximately HK\$3,100,000). In October 2019 and December 2019, Exellar partially repaid its loan due to the Group of US\$447,000 (equivalent to approximately HK\$3,462,000). On 16 January 2020, the directors of Exellar has resolved to commence the process of deregistration of Exellar.

For the year ended 31 December 2019, the Group recorded a reversal of impairment loss of HK\$3,462,000 for its loans to Exellar and did not share any result from Exellar. The interest in and loan to Exellar were stated at HK\$Nil as at 31 December 2019.

*As at the date of this report, management of Exellar were still unable to recover the missing accounting records for the year ended 31 December 2018 and we were unable to obtain sufficient appropriate audit evidence in respect of the carrying value of the investment in and loans to the associate as at 31 December 2018. Any adjustments to the opening balances of the investment in and loans to the associate as at 1 January 2019 would have a significant consequential effect on the share of result of HK\$Nil and reversal of impairment loss for loans to the associate of HK\$3,462,000 recognised for the year ended 31 December 2019. There were no other satisfactory audit procedures that we could perform to determine whether any adjustments were necessary in respect of the balances of the investment in and loans to the associate as at 1 January 2019 (both of HK\$Nil) and the Group's share of result of the associate and reversal of impairment loss for loans to the associate and the related disclosures for the year ended 31 December 2019.*

*We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.*

*We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.”*

#### **4. INDEBTEDNESS STATEMENT**

As at the close of business on 30 September 2022, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this Composite Document, the Group had outstanding indebtedness comprising secured and guaranteed bank revolving loans of approximately HK\$11 million and as lessees, had lease liabilities of approximately HK\$1.8 million.

As at 30 September 2022, the Group had no material other commitments and contingent liabilities.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, normal trade payables and other payables in the ordinary course of business, at the close of business on 30 September 2022, the Group did not have any debt securities issued or outstanding, or authorised or otherwise created but unissued, or any term loans, other borrowings or indebtedness in the nature of borrowing including bank overdrafts, loans, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchase commitments, mortgages or charges, material contingent liabilities or guarantees outstanding at the close of business on 30 September 2022.

## 5. MATERIAL CHANGE

Save and except for the (i) change in the Controlling Shareholders pursuant to the Sale and Purchase Agreement; and (ii) the following matters, the Directors confirm that 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 consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date:

- (a) as disclosed in the interim report of the Company dated 15 September 2022 for the six months ended 30 June 2022:
  - (i) the Group recorded a loss attributable to equity holders of the Company decreased from approximately HK\$2.8 million for the six months ended 30 June 2021 to profit attributable to equity holders of the Company of approximately HK\$3.9 million for the six months ended 30 June 2022, which was attributable to the increase in revenue and other income and gains;
  - (ii) the Group recorded approximately 47.78% increase in revenue for the six months ended 30 June 2022 in comparison to the corresponding period of last year, which was primarily attributable to the rise in customer orders and sales volume;
  - (iii) the Group recorded approximately 88.36% increase in other income and gains for the six months ended 30 June 2022 in comparison to the corresponding period of last year, which was primarily attributable to exchange gains of HK\$2.4 million was recorded due to appreciation in the US dollars;
  - (iv) the Group recorded approximately 38.08% decrease in depreciation of property, plant and equipment for the six months ended 30 June 2022, as compared to the corresponding period of last year, which was mainly due to extension of expected useful life of buildings from the range between 20-30 years to the range of 40-50 years pursuant to the consideration of the overall status of the buildings and opinions from independent chartered building surveyors;
  - (v) the Group recorded approximately 52.91% decrease in the cash and bank balances as at 30 June 2022 in comparison to as at 31 December 2021, which was mainly due to the repayments of bank borrowings during the period;
  - (vi) the Group recorded approximately 30.92% decrease in the total liabilities as at 30 June 2022 in comparison to as at 31 December 2021, which was mainly due to the decrease in bank borrowings during the period;

- (vii) the Group recorded approximately 72.71% decrease in the bank borrowings as at 30 June 2022 in comparison to as at 31 December 2021, which was mainly due to the repayment of bank borrowings during the period; and
- (b) on 1 September 2022, Heshan Carry Wealth Garment Limited, an indirect wholly-owned subsidiary of the Company, as the borrower, entered into a loan facility arrangement with a bank, pursuant to which the bank agreed to grant a loan up to RMB10 million until 1 September 2025. As at 30 September 2022, the granted loan facility was fully utilised;
- (c) on 1 September 2022, Heshan Carry Wealth Garment Limited, an indirect wholly-owned subsidiary of the Company, as the pledger, entered into a pledge agreement with a bank, pursuant to which grant a loan up to RMB50 million until 31 December 2040;
- (d) on 13 September 2022, Heshan Carry Wealth Garment Limited, an indirect wholly-owned subsidiary of the Company, fully repaid bank loans of EUR 2.1 million; and
- (e) on 17 October 2022, Heshan Carry Wealth Garment Limited, an indirect wholly-owned subsidiary of the Company, as the borrower, entered into a loan facility arrangement with a bank, pursuant to which the bank agreed to grant a loan up to RMB5 million until 19 October 2025. The granted loan facility was fully utilised on 28 October 2022.

**1. RESPONSIBILITY STATEMENT**

The sole director and sole shareholder of the Offeror, being Ms. Ma, accepts full responsibility for the accuracy of the information contained in this Composite Document (other than information relating to the Group, Vendor, Guarantors or the Directors), and confirms, having made all reasonable enquires, that to the best of her 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.

<b>Date</b>	<b>Closing price per Share (HK\$)</b>
31 March 2022	0.2
29 April 2022	0.21
31 May 2022	0.248
30 June 2022	0.4
29 July 2022	0.247
31 August 2022	0.245
29 September 2022 (being the Last Trading Day)	0.24
31 October 2022	0.69
15 November 2022 (being the Latest Practicable Date)	0.63

During the Relevant Period, the highest and the lowest closing prices of the Shares as quoted on the Stock Exchange were HK\$0.78 per Share on 3 October 2022 and HK\$0.20 per Share on 30 March 2022, 31 March 2022, 01 April 2022 and 04 April 2022.

**3. INTERESTS IN THE COMPANY AND THE OFFEROR AND ARRANGEMENTS IN  
CONNECTION WITH THE OFFER**

As at the Latest Practicable Date:

- (a) save for the Sale Shares under the Sale and Purchase Agreement, none of the Offeror, its ultimate beneficial owner nor any person acting in concert with any of them owns or has control or direction over any voting rights or rights over the Shares or convertible securities, warrants, options of the Company or any derivatives in respect of such securities during the Relevant Period;
- (b) save for the Sale Shares under the Sale and Purchase Agreement, none of the Offeror, its ultimate beneficial owner and its sole director nor any person acting in concert with any of them had dealt for value in any Shares, convertible securities, warrants or options of the Company or any derivatives in respect of such securities during the Relevant Period;
- (c) save for the Sale and Purchase Agreement, there are no arrangements (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Shares and which might be material to the Offer;
- (d) none of the Offeror, its ultimate beneficial owner nor any person acting in concert with any one of them has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (e) none of the Offeror, its ultimate beneficial owner nor any person acting in concert with any one of them has received any irrevocable commitment to accept the Offer;
- (f) save for the Consideration paid by the Offeror to the Vendors under the Sale and Purchase Agreement, there is no consideration, compensation or benefit in whatever form paid or to be paid by the Offeror, its ultimate beneficial owner or any parties acting in concert with any one of them to either of the Vendors, their ultimate beneficial owner or any party acting in concert with any of them in connection with the sale and purchase of the Sale Shares;
- (g) there are no agreements or arrangements in relation to outstanding derivative in respect of the securities in the Company which has been entered into by the Offeror, its ultimate beneficial owner or any person acting in concert with either of them; and

- (h) save for the Sale and Purchase Agreement, there is no understanding, arrangement or agreement which would constitute a special deal (as defined in Rule 25 of the Takeovers Code) between (1) any Shareholder (including the Vendors and any parties acting in concert with any one of them) and (2)(a) the Offeror, its ultimate beneficial owner and parties acting in concert with any one of them or (2)(b) the Company, its subsidiaries or associated companies.

#### **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 Offeror, its ultimate beneficial owner and parties acting in concert with any one of them 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, its ultimate beneficial owner and parties acting in concert with any one of them 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) there was no agreement or arrangement to which the Offeror, its ultimate beneficial owner and parties acting in concert with any one of them, is a party which relates to circumstances in which the Offeror may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;
- (d) there was no agreement, arrangement or understanding that any securities acquired in pursuance of the Offer would be transferred, charged or pledged to any other persons;
- (e) 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
- (f) there were no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror, its ultimate beneficial owner and parties acting in concert with any one of them had borrowed or lent.

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

The followings are the name and the qualification of the professional adviser whose letters, opinions or advices are 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

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, opinions or advices and references 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 the office of CCS Trustees Limited, Mandar House, 3rd Floor, Johnson's Ghut, Tortola, British Virgin Islands and the correspondence address of Ms. Ma, the sole director and sole shareholder of the Offeror, was Room C, 6/F, World Trust Tower, 50 Stanley Street, Central, Hong Kong.
- (b) The registered office of VBG Capital was situated at 21/F., Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong.
- (c) The Offeror was wholly owned by Ms. Ma. The correspondence address of Ms. Ma, the sole director and sole shareholder of the Offeror, was Room C, 6/F, World Trust Tower, 50 Stanley Street, Central, Hong Kong.
- (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 will be published on the websites of the SFC (<http://www.sfc.hk>) and the Company ([www.carrywealth.com](http://www.carrywealth.com)) from the date of this Composite Document up to and including the Closing Date:

- (i) memorandum and articles of association of the Offeror;
- (ii) the letter from VBG Capital Limited, the text of which is set out on page 8 to 18 of this Composite Document;
- (iii) the written consents as referred to in the paragraph headed “5. Consents and Qualifications of Professional Adviser” in this Appendix;
- (iv) the Sale and Purchase Agreement; and
- (v) this Composite Document and the accompanying Form of Acceptance.

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## APPENDIX IV      GENERAL INFORMATION RELATING TO THE COMPANY

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### 1.    RESPONSIBILITY STATEMENTS

At as the Latest Practicable Date, the Board comprised Mr. Li Haifeng, Mr. Tsang Hing Bun as executive Directors, Mr. Wang Ke as non-executive Director and Mr. Yau Wing Yiu, Mr. Yu Ping Ming, Mr. Wang Shiming as independent non-executive Directors.

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

### 2.    SHARE CAPITAL

The authorised and issued share capital of the Company of HK\$0.1 each as at the Latest Practicable Date were as follows:

<i>Authorised</i>	<i>HK\$</i>
2,000,000,000	
<u>Shares</u>	<u>200,000,000</u>
<i>Issued</i>	
818,041,413	
<u>Shares</u>	<u>81,804,141.3</u>

All issued Shares rank equally in all respects, including in particular as to dividend, voting rights and return on capital. Since 31 December 2021, being the date to which the latest audited financial statements of the Company were made up, and up to the Latest Practicable Date, the Company did not issue any Shares.

Other than the Shares in issue, the Company had no other outstanding shares options, warrants, derivative or other securities that are convertible into or exchangeable for Shares or other types of equity interest in issue as at the Latest Practicable Date.

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**APPENDIX IV            GENERAL INFORMATION RELATING TO THE COMPANY**

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**3.    MARKET PRICES**

The table below sets out the closing price of the Shares on the Stock Exchange on (1) the last business day of each of the calendar months during the Relevant Period, (2) the Last Trading Day, and (3) the Latest Practicable Date:

<b>Date</b>	<b>Closing price of each Share (HK\$)</b>
31 March 2022	0.2
29 April 2022	0.21
31 May 2022	0.248
30 June 2022	0.4
29 July 2022	0.247
31 August 2022	0.245
29 September 2022 (being the Last Trading Day)	0.24
31 October 2022	0.69
15 November 2022 (being the Latest Practicable Date)	0.63

During the Relevant Period, the highest and the lowest closing prices of the Shares as quoted on the Stock Exchange were HK\$0.87 per Share on 10 October 2022 and HK\$0.20 per Share on 30 March 2022, 31 March 2022, 01 April 2022 and 04 April 2022.

**4.    DISCLOSURE OF INTERESTS**

Directors' and chief executive's interests in the securities of the Company and its associated companies.

As at the Latest Practicable Date, none of the Directors or the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules; or (iv) which were required to be disclosed under the Takeovers Code, save as disclosed below:

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**APPENDIX IV      GENERAL INFORMATION RELATING TO THE COMPANY**

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**Interest in the Company**

<b>Name of Directors and Chief Executive</b>	<b>Nature of interest</b> <i>(Note 1)</i>	<b>Number of Shares or underlying Shares</b>	<b>Approximate percentage of issued share capital</b>
Yau Wing Yiu <i>(Note 2)</i>	Beneficial owner	698,235	0.09

*Notes:*

- interests stated are long position.
- Mr. Yau Wing Yiu is an independent non-executive Director as at the Latest Practicable Date.

**ADDITIONAL DISCLOSURE OF INTERESTS**

As at the Latest Practicable Date:

- save as disclosed in the paragraph headed “4. DISCLOSURE OF INTERESTS” in this Appendix, none of the Directors was interested within the meaning of Part XV of the SFO in the Shares or any warrants, options, convertible securities or derivatives in respect of any Shares;
- none of the subsidiaries of the Company, pension funds of the Company or of a subsidiary of the Company, or any person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of acting in concert in the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of “associate” in the Takeovers Code but excluding any exempt principal trader and exempt fund managers, owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares;
- save for the Sale and Purchase Agreement, there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code which existed between the Company, or any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of acting in concert, or any of the Company’s associates by virtue of classes (2), (3) or (4) of the definition of “associate” under the Takeovers Code, and any other person;

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**APPENDIX IV            GENERAL INFORMATION RELATING TO THE COMPANY**

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- (d) no fund manager (other than exempt fund managers) connected with the Company had managed any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares on a discretionary basis, and no such person had dealt for value in any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company;
- (e) Mr. Yau Wing Yiu had indicated that he does not intend to accept the Offer, in respect of his holding in the Shares. Save as disclosed above, none of the Directors held any beneficial shareholdings in the Company which would otherwise entitle them to accept or reject the Offer;
- (f) none of the Company or the Directors had borrowed or lent any Shares or any convertible securities, warrants, options or derivatives or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in respect of any Shares;
- (g) no benefit (save for statutory compensation required under applicable laws) would be given to any Director as compensation for loss of office or otherwise in connection with the Offer;
- (h) save for the Sale and Purchase Agreement, 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
- (i) save for the Sale and Purchase Agreement, there was no material contract entered into by the Offeror in which any Director has a material personal interest.

**5. DISCLOSURE OF INTERESTS AND DEALINGS IN THE SECURITIES OF THE OFFEROR BY THE COMPANY**

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

- (a) the Company did not deal for value in or own any shares, convertible securities, warrants, options, or derivatives in respect of any shares in the Offeror; and
- (b) none of the Directors had dealt for value in or had any interest within the meaning of Part XV of the SFO in the shares, convertible securities, warrants, options, or derivatives in respect of any shares in the Offeror.

**6.    DEALINGS IN THE SHARES BY THE COMPANY**

- (a)    During the Relevant Period, save for Sale Shares, none of the Directors had dealt for value in any Shares, convertible securities, warrants, options, or derivatives in respect of any Shares;
  
- (b)    During the Relevant Period, none of the subsidiaries of the Company, or pension funds of the Company or of a subsidiary of the Company, or any person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of acting in concert in the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of “associate” in the Takeovers Code but excluding exempt principal traders and exempt fund managers had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares;
  
- (c)    During the Relevant Period, no fund manager connected with the Company (other than exempt fund managers) who managed funds on a discretionary basis had dealt for value in any Shares or any other convertible securities, warrants, options or derivatives in respect of any Shares; and
  
- (d)    During the Relevant Period, no person between whom there is arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code and the Company, or any person who is presumed to be acting in concert with the Company virtue of classes (1), (2), (3) and (5) of the definition of acting in concert, or any of the Company’s associates by virtue of classes, (2), (3) or (4) of the definition of “associate” under the Takeovers Code had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.

**7.    LITIGATION**

As at the Latest Practicable Date, none of the Company or any of its subsidiaries or any of its associates was engaged in any litigation or claims of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

**8.    MATERIAL CONTRACTS**

As at the Latest Practicable Date, 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 the Group) entered into by the Group within the two years before the commencement of the Offer Period and ending on the Latest Practicable Date.

**9.    EXPERT AND CONSENT**

The following is the qualifications of the expert which has given opinions or advices contained or referred to in this Composite Document:

Essence Corporate Finance (Hong Kong) Limited, a corporation licensed 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 to the Independent Board Committee in respect of the Offer

Essence has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its letter and/or report and the references to its name in the form and context in which it appears herein.

**10.   DIRECTORS' SERVICE CONTRACTS**

Mr. Tsang Hing Bun has been appointed as an executive Director with effect from 1 July 2022. He has entered into a service contract with the Company for a term of three years commencing from 1 July 2022, which may be terminated by either party thereto giving to the other party notice in writing with a notice period of not less than three months (subject to retirement by rotation and re-election in accordance with the Listing Rules and the byelaws of the Company). Mr. Tsang is entitled to have a Director's fee of HK\$240,000 per annum and all of his emoluments will be covered by his service contract.

Mr. Yu Ping has been appointed as an independent non-executive Director a with effect from 1 August 2022. He has entered into a service contract with the Company for a term of one year commencing from 1 August 2022, which may be terminated by either party thereto giving to the other party notice in writing with a notice period of not less than three months (subject to retirement by rotation and re-election in accordance with the Listing Rules and the byelaws of the Company). Mr. Yu is entitled to have a Director's fee of HK\$240,000 per annum and all of his emoluments will be covered by his service contract.

None of the service contracts of the Directors described above contained any provision of variance pay.

Save as the aforesaid, 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) had been entered into or amended with during the Relevant Period; (b) were continuous contracts with a notice period of 12 months or more; or were fixed term contracts with more than 12 months to run irrespective of the notice period; 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).

**11. MISCELLANEOUS**

- (a) As at the Latest Practicable Date, the registered office of the Company was situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business in Hong Kong was situated at Unit D, 10th Floor, West Gate Tower, 7 Wing Hong Street, Cheung Sha Wan, Kowloon, Hong Kong.
- (b) As at the Latest Practicable Date, the Board comprised Mr. Li Haifeng, Mr. Tsang Hing Bun as executive Directors, Mr. Wang Ke as non-executive Director and Mr. Yau Wing Yiu, Mr. Yu Ping Ming, Mr. Wang Shiming as independent non-executive Directors.
- (c) As at the Latest Practicable Date, the registered office of the Independent Financial Adviser, Essence Corporate Finance (Hong Kong) Limited, was situated at 39/F., One Exchange Square, Central, Hong Kong.
- (d) The English text of this Composite Document shall prevail over their respective Chinese text in case of inconsistency.

**12. DOCUMENTS ON DISPLAY**

Copies of the following documents will be published on the websites of the SFC (<http://www.sfc.hk>) and the Company ([www.carrywealth.com](http://www.carrywealth.com)) from the date of this Composite Document up to and including the Closing Date:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the Annual Report 2019, Annual Report 2020, the Annual Report 2021, and the Interim Report 2022;
- (c) the letter from the Board, the text of which is set out in this Composite Document;
- (d) the letter from the Independent Board Committee, the text of which is set out in this Composite Document;
- (e) the letter from Essence, the text of which is set out in this Composite Document;
- (f) the written consent referred to in the paragraph headed “9. EXPERT AND CONSENT” in this Appendix; and
- (g) each service contracts referred to in the paragraph headed “10. DIRECTORS’ SERVICE CONTRACTS” in this Appendix.