

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Best Mart 360 Holdings Limited, you should at once hand this Composite Document and the accompanying **WHITE** Form of Acceptance and Transfer to the purchaser(s) or the transferee(s) or to the bank or licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s). This Composite Document should be read in conjunction with the accompanying **WHITE** Form of Acceptance and Transfer, the contents of which form part of the terms and conditions of the Share Offer contained herein.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Composite Document and the accompanying **WHITE** Form of Acceptance and Transfer, 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 **WHITE** Form of Acceptance and Transfer.



招商局海通貿易有限公司
CHINA MERCHANTS HOI TUNG TRADING COMPANY LIMITED

**China Merchants Hoi Tung Trading
Company Limited**

*(Incorporated in Hong Kong with limited
liability)*

**Sea Wealth Ventures
Limited**

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



**Best Mart 360 Holdings Limited
優品360控股有限公司**

*(Incorporated in the Cayman Islands
with limited liability)
(Stock code: 2360)*

**COMPOSITE DOCUMENT RELATING TO
UNCONDITIONAL MANDATORY CASH OFFER BY
LEGO SECURITIES LIMITED
FOR AND ON BEHALF OF THE OFFEROR
TO ACQUIRE ALL ISSUED SHARES OF
BEST MART 360 HOLDINGS LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED OR AGREED
TO BE ACQUIRED BY THE OFFEROR, THE PURCHASER AND
PARTIES ACTING IN CONCERT WITH ANY OF THEM)**

Financial adviser to the Purchaser

CMS 招商證券國際

Financial adviser to the Offeror

**Lego Corporate
Finance Limited**
力高企業融資有限公司

Independent Financial Adviser to the Independent Board Committee



SOMERLEY CAPITAL LIMITED

Unless the context otherwise requires, capitalised terms used in this Composite Document (including this cover page) have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

A letter from Lego Securities, containing among other things, the details of the terms and conditions of the Share Offer, is set out on pages 8 to 22 of this Composite Document. A letter from the Board is set out on pages 23 to 28 of this Composite Document. A letter from the Independent Board Committee containing its recommendation in respect of the Share Offer to the Independent Shareholders is set out on pages 29 to 30 of this Composite Document. A letter from Somerley, being the Independent Financial Adviser, containing its advice to the Independent Board Committee in respect of the Share Offer is set out on pages 31 to 56 of this Composite Document.

The procedures for acceptance and settlement of the Share Offer and other related information are set out in Appendix I to this Composite Document and in the accompanying WHITE Form of Acceptance and Transfer. Acceptance of the Share Offer should be received by the Registrar, as the case may be, by no later than 4:00 p.m. on Friday, 1 September 2023 or such later time and/or date as the Offeror may determine, and the Purchaser, the Offeror and the Company may jointly announce, with the consent of the Executive, in accordance with the requirements under the Takeovers Code.

The Independent Shareholders should inform themselves of and observe any applicable legal, tax or regulatory requirements. See "Important Notices" on page iv of this Composite Document. Any persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying **WHITE** Form of Acceptance and Transfer to any jurisdiction outside of Hong Kong should read the details in this regard which are contained in the paragraphs headed "Effect of accepting the Share Offer" and "Overseas Shareholders" in the "Letter from Lego Securities" in this Composite Document before taking any action. It is the responsibility of any Overseas Shareholder wishing to take any action in relation to the Share Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection therewith, including obtaining all governmental, exchange control or other consents which may be required and compliance with all necessary formalities or legal requirements and the payment of any issue, transfer or other taxes payable by such Overseas Shareholder in respect of the acceptance of the Share Offer (as applicable) in such jurisdiction. The Overseas Shareholders are advised to seek professional advice on deciding whether to accept the Share Offer. This Composite Document is issued jointly by the Offeror and the Company. The English texts of this Composite Document and the accompanying **WHITE** Form of Acceptance and Transfer shall prevail over their respective Chinese texts for the purpose of interpretation. This Composite Document will be accessible on the website of the Stock Exchange at (<https://www.hkexnews.hk>) and on the website of the Company at (<https://www.bestmart360.com>).

11 August 2023

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EXPECTED TIMETABLE

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

Event	Time and Date
Despatch date of this Composite Document and the accompanying WHITE Form of Acceptance and Transfer and the commencement date of the Share Offer (<i>Note 1</i>)	Friday, 11 August 2023
Closing Date (<i>Note 2</i>)	Friday, 1 September 2023
Latest time and date for acceptance of the Share Offer (<i>Note 2</i>)	4:00 p.m. on Friday, 1 September 2023
Announcement of the result of the Share Offer to be posted on the website of the Stock Exchange (<i>Note 2</i>)	by 7:00 p.m. on Friday, 1 September 2023
Latest date for despatch of cheque(s) of payable(s) in respect of valid acceptances received under the Share Offer on the Closing Date (<i>Note 3</i>)	Tuesday, 12 September 2023

Notes:

- (1) The Share Offer, which is unconditional in all respects, is made on Friday, 11 August 2023 i.e. the date of posting of this Composite Document and the **WHITE** Form of Acceptance and Transfer, and is capable of acceptance on and from that date until 4:00 p.m. on the Closing Date. Acceptances of the Share Offer shall be irrevocable and not capable of being withdrawn, except in the circumstances set out in the section headed “6. Right of Withdrawal” in Appendix I to this Composite Document.
- (2) In accordance with the Takeovers Code, the Share Offer must initially be opened for acceptance for at least twenty-one (21) days following the date on which this Composite Document was posted. The Share Offer will be closed on the Closing Date unless the Offeror revises or extends the Share Offer in accordance with the Takeovers Code. An announcement will be issued through the website of the Stock Exchange by 7:00 p.m. on the Closing Date stating the results of the Share Offer and whether the Share Offer have been extended, revised or expired. In the event that the Offeror decides to revise or extend the Share Offer, at least 14 days’ notice by way of an announcement will be given before the Share Offer is closed to those Independent Shareholders who have not accepted the Share Offer.
- (3) Cheques in respect of the cash consideration payable for the Offer Shares tendered under the Share Offer will be despatched to the respective accepting holders of the Offer Shares by ordinary post at their own risks as soon as possible but in any event within seven (7) Business Days following the date of receipt by the Registrar of all relevant documents (receipt of which renders such acceptance complete and valid) in accordance with the Takeovers Code.

EXPECTED TIMETABLE

Effect of bad weather on the latest time for acceptance of the Share Offer and/or the latest date for despatch of cheques

If there is a tropical cyclone warning signal number 8 or above, or “extreme conditions” caused by super typhoons or a black rainstorm warning in force, in Hong Kong:

- (a) at any time before 12:00 noon but no longer in force at or after 12:00 noon on the latest date for acceptance of the Share Offer and/or the latest date for despatch of cheques for the amounts due under the Share Offer in respect of valid acceptances (as the case may be), the latest time for acceptance of the Share Offer will remain at 4:00 p.m. on the same Business Day and/or the latest date for despatch of cheques will remain on the same Business Day; or
- (b) at any time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Share Offer and/or the latest date for despatch of cheques for the amounts due under the Share Offer in respect of valid acceptances (as the case may be), the latest time for acceptance of the Share Offer will be rescheduled to 4:00 p.m. on the following Business Day and/or the latest date for despatch of cheques will be rescheduled to the following Business Day which does not have any of such adverse weather warnings.

IMPORTANT NOTICES

The following information is important for all Independent Shareholders.

You are urged to read this entire Composite Document, including the appendices, and the **WHITE** Form of Acceptance and Transfer carefully.

- *Share Offer Price:* HK\$1.76 in cash per Offer Share.
- *How to accept the Share Offer:* Please return the duly completed and signed **WHITE** Form of Acceptance and Transfer and the relevant documents evidencing title to the Registrar.
- *Deadline for acceptance:* The Share Offer will close for acceptance at 4:00 p.m. on Friday, 1 September 2023 (the Closing Date), unless otherwise revised or extended. For details, please refer to “Appendix I — Further Terms and Procedures for Acceptance of the Share Offer” to this Composite Document.
- *Settlement:* Cheque(s) in respect of the cash consideration (after deducting the seller’s ad valorem stamp duty) payable for the Offer Shares tendered under the Share Offer will be despatched to the Independent Shareholders accepting the Share Offer by ordinary post at their own risk as soon as possible, but in any event within seven (7) Business Days following the date of receipt by the Registrar of all relevant documents (receipt of which renders such acceptance complete and valid) in accordance with the Takeovers Code.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares
“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Adjusted NAV”	adjusted unaudited consolidated net asset value of the Group as set out in the section headed “4. Property Interest and Adjusted Net Asset Value” in Appendix II to this Composite Document
“associate(s)”	has the meaning ascribed to it in the Takeovers Code
“Audit Committee”	the audit committee of the Company
“Board”	the board of Directors from time to time
“Business Day”	a day which the Stock Exchange is open for the transaction of business
“CCASS”	the Central Clearing and Settlement System established and operated by the Hong Kong Securities Clearing Company Limited
“Closing Date”	the date of the close of the Share Offer, being 1 September 2023, or if the Share Offer are extended, any subsequent closing date of the Share Offer as extended or revised by the Offeror in accordance with the Takeovers Code
“CMG”	China Merchants Group Limited, a state wholly-owned enterprise established under the laws of the PRC under the direct control of the SASAC, which is the ultimate controlling shareholder of the Purchaser
“CMHT” or “Purchaser”	China Merchants Hoi Tung Trading Company Limited (招商局海通貿易有限公司), a company incorporated in Hong Kong limited by shares, which is ultimately wholly-owned by CMG
“CMS”	China Merchants Securities (HK) Co., Limited, a corporation licensed under the SFO to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities and the financial adviser to the Purchaser

DEFINITIONS

“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Company”	Best Mart 360 Holdings Limited (優品360控股有限公司), a company incorporated in the Cayman Islands with limited liability and whose securities are listed on the Main Board of the Stock Exchange (stock code: 2360)
“Completion”	completion of the Sale and Purchase Agreement which took place on 4 August 2023
“Composite Document”	this composite Share Offer and response document dated 11 August 2023 issued jointly by the Purchaser, the Offeror and the Company to all the Independent Shareholders in connection with the Share Offer in accordance with the Takeovers Code containing, inter alia, the detailed terms of the Share Offer, the recommendation from the Independent Board Committee to the Independent Shareholders and the advice from the Independent Financial Adviser to the Independent Board Committee in respect of the Share Offer, together with the WHITE Form of Acceptance and Transfer
“Deed of Non-Competition”	has the meaning set out in the section headed “The Share Offer – Deed of Non-Competition” in the Letter from Lego Securities
“Director(s)”	the director(s) of the Company
“Encumbrance(s)”	any claim, mortgage, charge, pledge, lien, restriction, assignment, power of sale, hypothecation, security interest, title retention, trust arrangement, subordination arrangement, contractual right of set-off or any other agreement or arrangement the effect of which is the creation of security, or any other interest, equity or other right of any person (including any right to acquire, option, right of first refusal or right of pre-emption), or any agreement, arrangement or obligation to create any of the same
“Excluded Shares”	the Lin Retained Shares and the Hui Retained Shares, in aggregate 260,000,000 Shares, representing 26% of the issued capital of the Company as at the Latest Practicable Date
“Executive”	the Executive Director of the Corporate Finance Division of the SFC from time to time and any delegate of such Executive Director

DEFINITIONS

“Facility”	certain loan facilities up to an aggregate amount of HK\$920,000,000 granted by CMB Wing Lung Bank Limited to the Purchaser
“Facility Agreement”	the facility agreement dated 27 March 2023 entered into between, among others, CMB Wing Lung Bank Limited (as the arranger, agent and the lender) and the Purchaser, pursuant to which CMB Wing Lung Bank Limited agreed to make available to the Purchaser the Facility
“GBGL”	Giant Blessing Global Limited, a company incorporated in the British Virgin Islands with limited liability and wholly owned by Ms. Hui
“Group”	the Company and its subsidiaries
“Guarantors”	Mr. Lin and Ms. Hui
“HK\$”	Hong Kong dollar(s), the lawful currency for the time being of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hui Retained Shares”	the 130,000,000 Shares, representing 13% of the total issued share capital of the Company as at the Latest Practicable Date, which were continued to be held and owned by entities wholly owned by Ms. Hui following the Completion
“Independent Board Committee”	the independent committee of the Board (comprising all three independent non-executive Directors, namely Mr. Sze Irons, Ms. Choy So Yuk and Mr. Lee Ka Lun who have no direct or indirect interest in the Share Offer) established for the purpose of advising and giving a recommendation to the Independent Shareholders as to whether the terms of the Share Offer are fair and reasonable and as to acceptance of the Share Offer
“Independent Financial Adviser” or “Somerley”	Somerley Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company for the purpose of advising the Independent Board Committee in respect of the Share Offer and as to its acceptance

DEFINITIONS

“Independent Shareholders”	Shareholders other than the Offeror, the Purchaser and parties acting in concert with any of them
“Joint Announcement”	the joint announcement dated 27 March 2023 jointly issued by the Purchaser, the Offeror and the Company in relation to, among others, the Acquisition and the Share Offer
“Last Trading Day”	27 March 2023, being the last trading day of the Shares on the Stock Exchange before the publication of the Joint Announcement
“Latest Practicable Date”	8 August 2023, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information herein
“Lego Corporate Finance”	Lego Corporate Finance Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, the financial adviser to the Offeror in respect of the Share Offer
“Lego Securities”	Lego Securities Limited a corporation licensed by SFC to carry out Type 1 (dealing in securities) regulated activity under the SFO, being the offer agent making the Share Offer for and on behalf of the Offeror
“Lin Retained Shares”	the 130,000,000 Shares, representing 13% of the total issued share capital of the Company as at the Latest Practicable Date, which were continued to be held and owned by entities wholly owned by Mr. Lin following the Completion
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Lock-up Undertaking”	has the meaning set out in the section headed “The Share Offer – Lock-up Undertaking” in the Letter from Lego Securities
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Mr. Hui”	Mr. Hui Chi Kwan, the chief executive officer of the Company and the brother of Ms. Hui
“Mr. Lin”	Mr. Lin Tsz Fung, an executive Director

DEFINITIONS

“Ms. Hui”	Ms. Hui Ngai Fan, an executive Director and the sole director and beneficial owner of the Offeror, SSEL and GBGL
“Nomination Committee”	the nomination committee of the Company
“Offer Share(s)”	all the Share(s) in issue, other than those already owned or agreed to be acquired by the Offeror, the Purchaser and parties acting in concert with any of them
“Offeror”	Sea Wealth Ventures Limited, a company incorporated in the British Virgin Islands with limited liability, and is wholly owned by Ms. Hui
“Overseas Shareholder(s)”	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, which for the purpose of this Composite Document, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Registrar”	Computershare Hong Kong Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company, with its address at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“Relevant Period”	the period commencing from 24 February 2022, being the date falling six months immediately preceding the commencement of the Share Offer Period, up to and including the Latest Practicable Date
“Remuneration Committee”	the remuneration committee of the Company
“Rule 3.7 Announcement”	the first announcement pursuant to Rule 3.7 of the Takeovers Code made by the Company dated 24 August 2022 in connection with the Acquisition
“Sale and Purchase Agreement”	the sale and purchase agreement dated 27 March 2023 (as supplemented by a supplemental letter to the sale and purchase agreement dated 4 August 2023) entered into amongst the Vendors, the Purchaser and the Guarantors in relation to the Acquisition

DEFINITIONS

“Sale Share(s)”	the 490,000,000 Shares, representing 49% of the issued share capital of the Company sold by the Vendors to the Purchaser pursuant to the Sale and Purchase Agreement
“SASAC”	State-owned Assets Supervision and Administration Commission of the State Council of the PRC
“Security Documents”	the Share Charge Agreement and such other documents required to be delivered to the Purchaser under the Share Charge Agreement, namely all stock and share certificates and documents of title relating to the charged Shares together with any other documents of title, and updated transfers of the charged Shares executed in escrow together with letters of authority in prescribed form, to secure the Vendors’ obligations in respect of the restoration of public float of the Company pursuant to the Sale and Purchase Agreement
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Charge Agreement”	the share charge agreement entered into on the date of Completion by UEGL, UTL, SSEL and GBGL and in favour of the Purchaser to charge an aggregate of 260,000,000 Shares held by them
“Share Offer”	the unconditional mandatory cash offer made by Lego Securities for and on behalf of the Offeror for the Offer Shares in accordance with the Takeovers Code
“Share Offer Period”	has the meaning ascribed to it under the Takeovers Code, being the period commencing from the date of the Rule 3.7 Announcement (i.e. 24 August 2022), and ending on the Closing Date
“Share Offer Price”	the price of HK\$1.76 per Offer Share payable by the Offeror to the Shareholders for each Offer Share accepted under the Share Offer
“Shareholder(s)”	holder(s) of the Shares
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company

DEFINITIONS

“SSEL”	Sino Sea Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability and wholly owned by Ms. Hui
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC as amended from time to time
“Total Consideration”	the total consideration of HK\$862,400,000 payable by the Purchaser to the Vendors pursuant to the Sale and Purchase Agreement
“Transaction Documents”	the Sale and Purchase Agreement, the Deed of Non-Competition, the Lock-up Undertaking and the Security Documents
“UEGL”	United East Global Limited, a company incorporated in the British Virgin Islands with limited liability and wholly owned by Mr. Lin
“UTL”	Universal Tycoon Limited, a company incorporated in the British Virgin Islands with limited liability and wholly owned by Mr. Lin
“Vendors”	collectively, UEG, UTL, the Offeror and SSEL
“Voting Undertaking”	has the meaning set out in the section headed “The Share Offer — Supplemental letter to the Sale and Purchase Agreement and Voting Undertaking” in the Letter from Lego Securities
“ WHITE Form of Acceptance and Transfer”	the WHITE form of acceptance and transfer of the Offer Shares in respect of the Share Offer accompanying this Composite Document
“%”	per cent

LETTER FROM LEGO SECURITIES



11 August 2023

To the Independent Shareholders

Dear Sir/Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY
LEGO SECURITIES LIMITED
FOR AND ON BEHALF OF THE OFFEROR
TO ACQUIRE ALL ISSUED SHARES OF
BEST MART 360 HOLDINGS LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED OR
AGREED TO BE ACQUIRED BY THE OFFEROR,
THE PURCHASER AND PARTIES ACTING IN
CONCERT WITH ANY OF THEM)**

INTRODUCTION

Reference is made to the Joint Announcement. On 27 March 2023 (after trading hours), the Company was informed by Mr. Lin and Ms. Hui that the Purchaser entered into the Sale and Purchase Agreement with the Vendors, pursuant to which, among other things, the Vendors agreed to sell and the Purchaser agreed to acquire, the Sale Shares (representing 490,000,000 Shares and representing 49% of the entire issued share capital of the Company as at the Latest Practicable Date) at a Total Consideration of HK\$862,400,000, equivalent to HK\$1.76 per Sale Share.

Immediately after Completion, which took place on 4 August 2023, and as at the Latest Practicable Date, the Vendors (including the Offeror), the Purchaser and parties acting in concert with any of them were interested in a total of 750,000,000 Shares, representing 75% of the entire issued share capital of the Company. As the Acquisition led to a change in or consolidation of control of the Company, an obligation to make a mandatory general Share Offer in respect of the Offer Shares pursuant to Rule 26.1 of the Takeovers Code has been triggered upon Completion.

Pursuant to the Sale and Purchase Agreement, the Vendors undertook to the Purchaser to, following and subject to Completion, make or, subject to the prior written approval of the Purchaser, procure other entities to make, the Share Offer under the Takeovers Code. The Vendors have procured one of the Vendors, i.e. the Offeror, to make the Share Offer as the offeror under the Takeovers Code. The Vendors (including the Offeror) and the Purchaser acknowledge that they are parties acting in concert to consolidate control of the Company for the purpose of the Takeovers Code by virtue of entering into the Sale and Purchase Agreement.

This letter forms part of this Composite Document and sets out, among other things, details of the Share Offer, information on the Offeror and the Purchaser and their intentions regarding the Group. Further details of the terms of the Share Offer and the procedures for acceptances are set out in this letter and Appendix I to this Composite Document and the accompanying **WHITE** Form of Acceptance and Transfer.

LETTER FROM LEGO SECURITIES

The Independent Shareholders are strongly advised to carefully consider the information contained in the “Letter from the Board”, the “Letter from the Independent Board Committee” and the “Letter from Somerley” as set out in this Composite Document, the appendices to this Composite Document and the accompanying **WHITE** Form of Acceptance and Transfer, and to consult their own professional advisers before reaching a decision as to whether or not to accept the Share Offer.

THE SHARE OFFER

As at the Latest Practicable Date, there were 1,000,000,000 Shares in issue, of which 750,000,000 Shares (representing 75% of the entire issued share capital of the Company) are held by the Vendors (including the Offeror), the Purchaser and parties acting in concert with any of them. As at the Latest Practicable Date, there are no outstanding securities, options, warrants or derivatives in issue which are convertible into or which confer any rights to holder(s) thereof to subscribe for, convert or exchange into Shares, nor are there any agreement entered into by the Company for the issue of such options, derivatives or warrants or other securities of the Company.

Principal terms of the Share Offer

Lego Securities, for and on behalf of the Offeror, is making the Share Offer to acquire all the Offer Shares in compliance with the Takeovers Code on the basis set out below:

For each Offer Share HK\$1.76 in cash

The Share Offer Price of HK\$1.76 per Offer Share under the Share Offer is equal to the purchase price per Sale Share under the Sale and Purchase Agreement.

The Share Offer is extended to all Independent Shareholders in accordance with the Takeovers Code. The Offer Shares to be acquired under the Share Offer shall be fully paid and free from all liens, charges, encumbrances, rights of preemption and any other third party rights of any nature and together with all rights attaching to them as at the date of this Composite Document or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, the record date of which is on or after the date on which the Share Offer is made, being the date of this Composite Document.

As at the Latest Practicable Date, (i) the Company has not declared any dividend which is outstanding and not yet paid; and (ii) the Company does not have any intention to make or declare any future dividend/make other distributions prior to and including the Closing Date.

The Share Offer is unconditional in all aspects and is not conditional upon any minimum level of acceptances being received or any other conditions.

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

LETTER FROM LEGO SECURITIES

Comparison of value

The Share Offer Price of HK\$1.76 per Offer Share represents:

- (i) represents a discount of approximately 17.76% to the closing price of HK\$2.14 per Share quoted on the Stock Exchange as at the Latest Practicable Date;
- (ii) a discount of approximately 29.32% to the closing price of HK\$2.49 per Share as quoted on the Stock Exchange on 27 March 2023, being the Last Trading Day;
- (iii) a discount of approximately 21.43% to the average closing price of HK\$2.24 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 16.98% to the closing price of HK\$2.12 per Share as quoted on the Stock Exchange on the last trading day prior to the date of the Rule 3.7 Announcement (i.e. the commencement of the Share Offer Period), being 24 August 2022;
- (v) a discount of approximately 18.89% to the average closing price of approximately HK\$2.17 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day;
- (vi) a discount of approximately 18.52% to the average closing price of HK\$2.16 per Share as quoted on the Stock Exchange for the last thirty (30) consecutive trading days up to and including the Last Trading Day;
- (vii) a premium of approximately 267.66% over the Company's audited consolidated net asset value attributable to the Shareholders of approximately HK\$0.4787 per Share (based on the audited consolidated net assets attributable to the Shareholders of approximately HK\$478,712,000 as at 31 March 2023 and the total number of 1,000,000,000 issued Shares as at the Latest Practicable Date) as at 31 March 2023 as set out in the annual report of the Company for the year ended 31 March 2023 published on 3 July 2023; and
- (viii) a premium of approximately 257.87% over the Adjusted NAV per Share of approximately HK\$0.4918.

Highest and lowest Share prices

During the Relevant Period, the highest and lowest daily closing prices of the Shares as quoted on the Stock Exchange were HK\$2.65 per Share on 25 August 2022 and HK\$1.18 per Share on 14 March 2022, respectively.

Lock-up Undertaking

Pursuant to the Sale and Purchase Agreement, the Vendors, GBGL, the Guarantors and Mr. Hui entered into a deed of lock-up undertaking (the "**Lock-up Undertaking**") on the date of Completion in favour of the Purchaser, pursuant to which each of them will not in respect of all Shares or other securities of the Company legally or beneficially owned by him/her/it (excluding the Sale Shares), at any time

LETTER FROM LEGO SECURITIES

during the period commencing on the date of the Lock-up Undertaking and ending on, and including the date that is thirty six (36) months from the date of the Completion, amongst others, sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly (including by way of altering the composition or classes of beneficiaries of any trust), conditionally or unconditionally, any Shares or other securities of the Company (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase any Shares), or deposit any Shares or other securities of the Company with a depository in connection with the issue of depository receipts, immediately following which they would collectively hold less than 20% in the issued share capital of the Company from time to time (for the avoidance of doubt, other than any corporate action by the Company which results in them collectively holding less than 20% in the issued share capital of the Company).

Deed of Non-Competition

Pursuant to the Sale and Purchase Agreement, the Guarantors and Mr. Hui (the “**Covenantors**” and each of them a “**Covenantor**”) entered into a deed of non-competition (the “**Deed of Non-Competition**”) on the date of Completion in favour of the Company (for itself and as trustee for its subsidiaries) and the Purchaser, pursuant to which each of them shall not, and shall procure companies controlled by him/her/it (other than members of the Group) and/or their respective associates (has the meaning ascribed to it in the Listing Rules) not to, directly or indirectly, either on his/her own or in conjunction with or on behalf of other person, firm or company (in each case whether as a shareholder, partner, agent, employee or otherwise):

- (i) carry on, engage, participate, hold any right or interest in or in any way assist in or provide support (whether financial, technical or otherwise) to any business similar to or which competes (either directly or indirectly) or is likely to compete with the existing business of the Group and any other business conducted by the Group from time to time (“**Restricted Business**”), save for the holding of not more than 5% shareholding interests (individually or any of the Covenantors with their associates collectively) in any company conducting the Restricted Business and listed on the Stock Exchange;
- (ii) canvass, solicit, interfere with or endeavour to entice away from the Group any person, firm, company or organization which to his/her/its knowledge has from time to time or has at any time with the immediate past 18 months before the date of such solicitation, interference or enticement been a customer, a supplier or a business partner or employee of any member of the Group for the purpose of conducting any Restricted Business;
- (iii) procure orders from or solicit business from any person, firm, company or organization which to his/her/its knowledge has dealt with any member of the Group or is in the process of negotiating with any member of the Group in relation to any Restricted Business;
- (iv) do or say anything which may be harmful to the reputation of any member of the Group or which may lead any person to reduce their level of business with any member of the Group or seek to improve their terms of trade with any member of the Group;

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- (v) solicit or entice or endeavour to solicit or entice for employment by him/her/it or entities or companies controlled by him/her/it (other than members of the Group) or at any time employ or procure the employment of any person who has, at any time within the immediate past 18 months before the date of such solicitation or employment, been or is a director, manager, employee of or consultant to any member of the Group who is or may be likely to be in possession of any confidential information or trade secrets relating to the Restricted Business carried on by the Group; and
- (vi) make use of any information pertaining to the business of the Group which may have come to his/her/its knowledge in his/her/its capacity as a shareholder of the Company and/or director of any member of the Group for the purpose of competing with the business of the Group, in each case until the third anniversary from the date of termination of the respective Covenantor's employment or his/her holding of positions (including directorship, but excluding being a shareholder) with the Company (whichever is later).

Share Charge Agreement

Pursuant to the Sale and Purchase Agreement, the Vendors have further undertaken to sell any Shares held by them to restore sufficient public float in the Shares as soon as possible after the end of the Share Offer Period in accordance with the Listing Rules or as required by the Stock Exchange. To secure such obligation, UEGL, UTL, SSEL and GBGL (as chargors) entered into the Share Charge Agreement on the date of Completion in favour of the Purchaser (as chargee) in respect of the Excluded Shares until such obligation has been discharged by the Vendors.

Supplemental letter to the Sale and Purchase Agreement and Voting Undertaking

Pursuant to a supplemental letter to the Sale and Purchase Agreement entered into amongst the Vendors, the Purchaser and the Guarantors on 4 August 2023, amongst other things, UEGL, UTL, GBGL, SSEL and Mr. Hui (as covenantors) and Mr. Lin and Ms. Hui (as guarantors) entered into a deed of voting undertaking (the "**Voting Undertaking**") on 4 August 2023 in favour of the Purchaser, pursuant to which each of the covenantors and guarantors shall, amongst others, from the date of Completion:

- (i) in respect of all the Shares directly or indirectly held or controlled by the covenantors and guarantors, vote in favour of all Shareholder's resolutions relating to the appointment of directors nominated by the Purchaser;
- (ii) procure directors nominated by the covenantors and guarantors to vote in favour of all Board resolutions relating to the appointment of directors nominated by the Purchaser;
- (iii) in respect of all the Shares directly or indirectly held or controlled by the covenantors and guarantors, vote against any Shareholder's resolutions relating to the removal of directors nominated by the Purchaser;
- (iv) procure directors nominated by the covenantors and guarantors to support and approve the appointment of any director nominated by the Purchaser as the chairman of the Company, as well as the chairman of every Board meeting;

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- (v) acknowledge that in accordance with article 114 of the existing articles of association of the Company, in the case of any equality of votes the chairman of the meeting shall have an additional or casting vote. The covenantors and the guarantors undertake to use their best endeavours to procure, support and cooperate in the matters regarding the amendment of the existing articles of association of the Company such that:
- a. in the case of any equality of votes in Board meetings, the chairman of the Company (if he is present at such meeting) shall have an additional or casting vote;
 - b. if the chairman of the Company, for whatever reasons, is unable to attend such Board meeting, then the chairman of the Company shall appoint any one of the Directors (if he or she is present at such meeting) to be the chairman of the Board meeting and have an additional or casting vote. Only the chairman of the Company or a Director nominated by the chairman of the Company will have an additional or casting vote; and
 - c. the Board shall have a chairman of the Company elected and appointed by ordinary resolutions by the Shareholders,

and the covenantors and guarantors undertake to vote in favour of all Shareholder's resolutions relating to the abovementioned amendment of articles of association of the Company in respect of all the Shares directly or indirectly held or controlled by them; and

- (vi) further undertake to do all act and execute all documents to ensure that the Purchaser continues to control the Board.

This Voting Undertaking shall remain effective from the date of execution unless terminated in accordance with the Voting Undertaking. The parties to the Voting Undertaking agree that the Voting Undertaking shall be automatically terminated upon the occurrence of any of the following:

- (i) The covenantors and guarantors, namely UEGL, UTL, GBGL, SSEL and Mr. Hui, no longer directly or indirectly hold or own any Shares; or
- (ii) The parties to the Voting Undertaking agree in writing to terminate the Voting Undertaking.

Except as expressly provided in the Voting Undertaking, the Voting Undertaking shall in no event be terminated or unilaterally annulled by a party.

Total consideration of the Share Offer

On the basis of the Share Offer Price of HK\$1.76 per Offer Share and 1,000,000,000 Shares in issue as at the Latest Practicable Date, the entire issued share capital of the Company is valued at approximately HK\$1,760,000,000. Excluding the Sale Shares and Excluded Shares, 250,000,000 Shares will be subject to the Share Offer and the total value of the Share Offer will be HK\$440,000,000 based on the Share Offer Price.

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Confirmation of financial resources

The financial resources required to satisfy (i) the Total Consideration for all the Sale Shares; (ii) the consideration for the Share Offer; and (iii) transaction costs in connection with the Share Offer will be funded by the Facility and the internal resources of the Purchaser. The Facility is based on the Facility Agreement dated 27 March 2023 entered into between, among others, CMB Wing Lung Bank Limited (as the arranger, agent and the lender) and the Purchaser, pursuant to which CMB Wing Lung Bank Limited agreed to make available to the Purchaser a term loan facility up to an aggregate amount of HK\$920,000,000.

CMS, being the financial adviser to the Purchaser, and Lego Corporate Finance, being the financial adviser to the Offeror, are satisfied that sufficient financial resources are available to satisfy the Total Consideration and the consideration payable upon full acceptances of the Share Offer.

Effect of accepting the Share Offer

Acceptance of the Share Offer by any Independent Shareholder will be deemed to constitute a warranty by such person that all Shares to be sold by such person under the Share Offer are fully paid and free from all liens, charges, options, claims, encumbrances, adverse interests, pre-emptive rights and all third party rights of any nature together with all rights attached thereto as at the date on which the Share Offer is made or subsequently becoming attached to them, including the right to receive all dividends and other distributions recommended or declared, if any, paid or made on or after the date on which the Share Offer is made, being the date of this Composite Document.

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

Hong Kong stamp duty

The seller's Hong Kong ad valorem stamp duty payable by the Independent Shareholders who accept the Share Offer is calculated at a rate of 0.13% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer, whichever is higher, will be deducted from the amount payable by the Offeror to such person on acceptance of the Share Offer.

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

Settlement

Payment in cash in respect of acceptances of the Share Offer will be made by the Purchaser for and on behalf of the Offeror within seven (7) Business Days following the date on which a duly completed acceptance of the Share Offer was received. Relevant documents evidencing title in respect of such acceptances must be received by the Offeror (or its agent) to render each acceptance of the Share 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 Share Offer will be rounded up to the nearest cent.

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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 Share Offer. None of the Offeror, the Purchaser and parties acting in concert with any of them, CMS, Lego Securities, Lego Corporate Finance, Somerley, the Company, and their respective directors, officers, advisors, agents or associates or any other person involved in the Share Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Share Offer.

Overseas Shareholders

The Offeror intends to make the Share Offer available to all Independent Shareholders, including those who are not resident in Hong Kong, to the extent practicable. The availability of the Share Offer to persons who are not residents in Hong Kong or who have registered addresses outside Hong Kong may be affected by the applicable laws of the relevant jurisdiction in which they reside. Overseas Shareholders and Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should fully observe all applicable legal or regulatory requirements and, where necessary, seek their own legal advice. It is the responsibility of the Overseas Shareholders who wish to accept the Share Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer of other taxes due by such accepting Overseas Shareholders in respect of such jurisdiction).

Acceptance of the Share Offer by any Overseas Shareholder will be deemed to constitute a representation and warranty from such Overseas Shareholder to the Offeror that the local laws and requirements have been complied with. The Overseas Shareholders should consult their professional advisers in case of any doubt. Acceptance of the Share Offer would be irrevocable and would not be capable of being withdrawn, subject to the provisions of the Takeovers Code.

As at the Latest Practicable Date, there are no Overseas Shareholders who would be subject to the Share Offer.

INFORMATION ON THE GROUP

Details of the information on the Group are set out in the “Letter from the Board” in this Composite Document.

INFORMATION ON THE OFFEROR

The Offeror is a company incorporated in the British Virgin Islands with limited liability and wholly owned by Ms. Hui as at the Latest Practicable Date. Ms. Hui and Mr. Lin have mutually agreed that all responsibilities and liabilities arising from the Share Offer to be made by the Offeror will be borne equally. The principal activity of the Offeror is investment holding.

INFORMATION ON THE PURCHASER

The Purchaser is a company incorporated in Hong Kong with limited liabilities and is a comprehensive trading company covering food, transportation, and commodity, with subsidiaries in 10 cities in China and 7 branches overseas and a wholly-owned subsidiary of CMG.

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CMG is a state wholly-owned enterprise established under the laws of the PRC on 14 October 1986 under the direct control of the SASAC. CMG is a large-scale conglomerate with diversified businesses that mainly focus on three core industries, namely comprehensive transportation, featured finance, holistic development and operation of residential communities and industrial parks. It has also been engaging in the transformation from these three primary industries to the three platforms of industrial management, financial services, and investment and capital operation.

Save for the entering into of the Transaction Documents and the transaction contemplated thereunder, the Purchaser and its ultimate beneficial owner(s) is/are third parties independent of the Company and its connected persons. Having considered the market potential offered by the leisure food retail industry, the Acquisition enables the Purchaser to tap into this market in Hong Kong. Through the Acquisition, the Purchaser can leverage on the retail management experience and retail network of the Group which can in turn facilitate the Purchaser in diversifying its business scope into the leisure food retail market.

As at the Latest Practicable Date, save for the Sale Shares and Excluded Shares, none of the Offeror, the Purchaser and parties acting in concert with any of them was interested in any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

INTENTIONS OF THE OFFEROR AND THE PURCHASER REGARDING THE GROUP

The Offeror, the Purchaser and parties acting in concert with any of them intend to maintain the Company's existing principal activities and the Purchaser will assist the Company in reviewing its business and operations with a view to formulate a long term strategy and business plan and seek for new opportunities to enhance and strengthen the business of the Group.

The Offeror, the Purchaser and parties acting in concert with any of them have no intention to introduce major changes to the business of the Group, including any redeployment of fixed assets other than those in its ordinary course of business. The Offeror, the Purchaser and parties acting in concert with any of them have no plan to terminate the employment of any other employees or other personnel of the Group. As at the Latest Practicable Date, the Offeror, the Purchaser and parties acting in concert with any of them have no intention to enter into, nor have they entered into, any negotiation, arrangements or agreements concerning the injection or disposal of any businesses or assets of the Group. However, the Offeror, the Purchaser and parties acting in concert with any of them reserve the right to make any changes that it deems necessary or appropriate to the Group's businesses and operations to optimise the value of the Group.

APPOINTMENT OF DIRECTORS, CHANGE OF CHAIRMAN, CHANGE OF AUTHORISED REPRESENTATIVES AND CHANGE IN COMPOSITION OF BOARD COMMITTEES IN THE COMPANY

The Board currently comprises two executive Directors, being Mr. Lin and Ms. Hui, and three independent non-executive Directors, being Mr. Sze Irons, Ms. Choy So Yuk and Mr. Lee Ka Lun.

It is the intention of the Purchaser and Offeror that (i) both Mr. Lin and Ms. Hui will remain as executive Directors, and (ii) Mr. Sze Irons, Ms. Choy So Yuk and Mr. Lee Ka Lun will remain as independent non-executive Directors, after the close of the Share Offer.

Mr. Lin will resign as a member of the Remuneration Committee, the chairman of the Board and an authorised representative of the Company as required under Rule 3.05 of the Listing Rules which will

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take effect after the posting of this Composite Document. Ms. Hui will resign as a member of the Nomination Committee and an authorised representative of the Company for accepting service of process and notices on behalf of the Company in Hong Kong as required under Part 16 of the Companies Ordinance which will take effect after the posting of this Composite Document. Mr. Sze Irons will remain as a member of the Audit Committee and the chairman of the Remuneration Committee. Ms. Choy So Yuk will remain as a member of the Audit Committee and a member of the Remuneration Committee, but she will resign as the chairman of the Nomination Committee which will take effect after the posting of this Composite Document. Mr. Lee Ka Lun will remain as the chairman of the Audit Committee and a member of the Nomination Committee.

The Purchaser and Offeror propose to nominate (i) Mr. Li Guanpeng as an executive Director, the chairman of the Board, the chairman of meetings of the Board, the chairman of the Nomination Committee and an authorised representative of the Company as required under Rule 3.05 of the Listing Rules; (ii) Ms. Cui Qian as an executive Director; (iii) Mr. Lu Rong as an executive Director and a member of the Remuneration Committee; (iv) Mr. Liu Yunfeng as an executive Director; (v) Mr. Huang Shengchao as an executive Director; (vi) Ms. Wang Kanglin as an executive Director and an authorised representative of the Company for accepting service of process and notices on behalf of the Company in Hong Kong as required under Part 16 of the Companies Ordinance; and (vii) Ms. Chan Yuen Sau Kelly as an independent non-executive Director and a member of the Nomination Committee. The appointment of the new executive Directors and independent non-executive Director will take effect after the posting of this Composite Document.

The biographical details of the nominated Directors are set out as follows:

Mr. Li Guanpeng (李關鵬) (“Mr. Li”), aged 56, is the managing director and general manager of the Purchaser since August 2021. Mr. Li graduated from Sun Yat-sen University in 1989 and obtained his bachelor’s degree in English language and literature. From July 1989 to October 2013, Mr. Li worked for a few subsidiaries of Sinotrans South China Co., Ltd. (中國外運華南有限公司) (formerly known as Sinotrans Guangdong Company Limited* (中國外運廣東有限公司)) and successively acted as its deputy general manager and general manager. From January 2009 to January 2010, Mr. Li was temporarily transferred to the Ministry of Transport and served as an assistant to the director. Since 2013, Mr. Li successively acted as the vice president, president, and executive director of Sinotrans Limited (中國外運股份有限公司, stock code: 00598.HK, 601598.SH). In January 2019, Mr. Li was appointed as the chairman of DHL-Sinotrans International Air Courier Ltd. From February 2019 to August 2021, Mr. Li was appointed as the chairman of Sinotrans Limited (中國外運股份有限公司).

Ms. Cui Qian (崔倩) (“Ms. Cui”), aged 52, is the deputy general manager of the Purchaser since August 2016 and the deputy general manager of Shenhai Co., Ltd. (申海有限公司) since 2012. Ms. Cui graduated from the School of Foreign Languages of Shandong Normal University with a bachelor’s degree in 1993. Ms. Cui successively worked in the General Office of Department of Education, the Planning Division of the Ministry of Transport of the P.R.C., and China Communications Import and Export Co., Ltd. (中國交通進出口有限公司). Ms. Cui served as the deputy general manager of Hoi Tung Communication & Navigation Co., Limited (海通通信儀器有限公司). From October 2014 to May 2016, Ms. Cui acted as the assistant general manager of Hoi Tung Marine Machinery Suppliers Ltd. (香港海通有限公司).

* For identification purpose only

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Mr. Lu Rong (陸榮) (“**Mr. Lu**”), aged 44, is the deputy general manager of the Purchaser since January 2019 and the general manager of China Merchants Food Co., Ltd. (招商局食品有限公司) since May 2022. Mr. Lu graduated from Shanghai Maritime University with a master’s degree in 2003. Mr. Lu joined the Purchaser’s group since 2003 and worked in Hoi Tung (Shanghai) Trading Co., Ltd. (海通(上海)貿易有限公司) and successively served as the representative of Vietnam office, the general manager of the Shipping Equipment Department, and the general manager of Hoi Tung Marine Machinery Suppliers Ltd. (香港海通有限公司). Mr. Lu acted as the assistant general manager of the Purchaser from November 2016 to January 2019.

Mr. Liu Yunfeng (劉雲峰) (“**Mr. Liu**”), aged 53, is the deputy general manager of the Purchaser since June 2022. Mr. Liu graduated from Wuhan Institute of Water Transportation Engineering with a bachelor’s degree in engineering in 1992, and obtained an EMBA degree from the University of Texas at Arlington in 2005. From 1992 to 2022, Mr. Liu successively worked in the Import Department of China Communications Import & Export Co., Ltd. (中國交通進出口有限公司), and successively served as the assistant general manager, deputy general manager, and general manager of China Communications Import & Export Co., Ltd. (中國交通進出口有限公司). Mr. Liu acted as the general manager of China Merchants Automobile Trading Company Limited* (招商局汽車貿易有限責任公司) from August 2017 to April 2022. From February 2019 to June 2022, Mr. Liu was appointed as the assistant general manager of the Purchaser.

Mr. Huang Shengchao (黃盛超) (“**Mr. Huang**”), aged 51, is the chief financial officer of the Purchaser since April 2023. Mr. Huang graduated from the School of Accountancy of the Central University of Finance and Economics with a bachelor’s degree in accounting in 1994, and graduated from the postgraduate training course for national economics in the Central University of Finance and Economics in 2012. Mr. Huang successively worked in Shenzhen Tellus Holding Co., Ltd. (深圳市特力(集團)股份有限公司, stock code: 000025.SZ), Shenzhen Merchant Petrification Company Limited* (深圳招商石化有限公司), and China Merchants Shekou Industrial Zone Company Limited* (招商局蛇口工業區有限公司) from 1994 to 2015. From December 2015 to April 2022, Mr. Huang successively served as the general manager of the Financial Department and the general manager of the Financial Management Department of China Merchants Shekou Industrial Zone Holdings Co., Ltd. (招商局蛇口工業區控股股份有限公司, stock code: 001979.SZ). From May 2022 to April 2023, Mr. Huang acted as the deputy chief financial officer and the general manager of both the Financial Management Department and the Capital Operation Department in China Merchants Port Group Co., Ltd. (招商局港口集團股份有限公司, stock code: 1872.SZ). From December 2022 to June 2023, Mr. Huang served as a director of Ningbo Zhoushan Port Company Limited (寧波舟山港股份有限公司, stock code: 601018.SH).

Ms. Wang Kanglin (王康林) (“**Ms. Wang**”), aged 38, is the deputy general manager (presiding) of the Enterprise Planning Department of the Purchaser since April 2022. Ms. Wang graduated from Jiangxi University of Finance and Economics with a bachelor’s degree in accounting (international accounting) in 2007 and obtained a master’s degree in business administration (finance) at The Chinese University of Hong Kong in 2015. Ms. Wang worked as an auditor in Shenzhen Branch of PricewaterhouseCoopers Zhong Tian LLP (普華永道中天會計師事務所深圳分所) from August 2007 to April 2010. From May 2010 to June 2014, Ms. Wang successively worked at Enric Energy Equipment Holdings Limited (Shenzhen Representative Office) (安瑞科能源裝備控股有限公司) and CIMC Enric Investment Holdings (Shenzhen) Limited* (中集安瑞科投資控股(深圳)有限公司). From June 2014 to November 2014, Ms. Wang was the manager of the Enterprise Planning Department of China Merchants Food Supply Chain Management Co. Ltd (招商局食品供應鏈管理有限公司). From November 2014 to July 2016, Ms. Wang worked at the Business Development Department of Hoi Tung Marine Machinery

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Suppliers Ltd.. From July 2016 to April 2022, Ms. Wang successively acted as the supervisor, the assistant general manager and the deputy general manager of the Enterprise Planning Department of the Purchaser.

Ms. Chan Yuen Sau Kelly (陳遠秀) (“Ms. Chan”), aged 52, JP, is currently the managing director of Peony Consulting Services Limited, a company which is principally engaged in provision of business advisory services. Ms. Chan is also an independent non-executive director of Aluminum Corporation of China Limited (中國鋁業股份有限公司), the H shares of which are listed on the main board of the Stock Exchange (stock code: 2600.HK) and the A shares of which are listed on the Shanghai Stock Exchange (stock code: 601600.SH), an independent non-executive Director of Morimatsu International Holdings Company Limited (森松國際控股有限公司), a company whose shares are listed on the main board of the Stock Exchange (stock code: 2155.HK), and an independent non-executive director of China Merchants Port Holdings Company Limited (招商局港口控股有限公司), a company whose shares are listed on the main board of the Stock Exchange (stock code: 144.HK). Ms. Chan obtained a bachelor’s degree in accountancy from the City Polytechnic of Hong Kong (currently known as City University of Hong Kong) in 1992. She is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants (“ACCA”) and the Hong Kong Institute of Directors. She has over 30 years of experience in financial and business management. Ms. Chan was previously responsible for management at various multinational corporations, including LVMH Moët Hennessy Louis Vuitton (酩悅軒尼詩－路易威登集團) and Heineken Group (喜力集團). Ms. Chan has also served at branches of Deloitte Touche Tohmatsu (德勤會計師事務所) in Hong Kong and the United States. In October 2020, Ms. Chan was appointed as a Justice of the Peace by the government of the Hong Kong Special Administrative Region in recognition of her remarkable public services and contribution to the community. In March 2022, Ms. Chan was awarded with ACCA’s Advocacy Award for the China region in recognition of her relentless support for the accountancy profession. Ms. Chan was the president of ACCA Hong Kong from 2008 to 2009 and was the president of the Association of Women Accountants (Hong Kong) from 2020 to 2021. She is currently the council member of the Association of Women Accountants (Hong Kong) and the Vice-chairman of Shenzhen Hong Kong Macau Women Directors Alliance.

The Company will enter into a service agreement with Mr. Li, Ms. Cui, Mr. Lu, Mr. Liu, Mr. Huang and Ms. Wang, respectively, with a term of three years from the date of appointment, subject to retirement by rotation and re-election at the annual general meeting in accordance with the articles of association of the Company. During their terms of service, no remuneration shall be paid by the Company to each of Mr. Li, Ms. Cui, Mr. Lu, Mr. Liu, Mr. Huang and Ms. Wang for his or her service as an executive Director, and no other welfare or bonus shall be paid.

The Company will enter into an appointment letter with Ms. Chan with a term of three years from the date of appointment, subject to retirement by rotation and re-election at the annual general meeting in accordance with the articles of association of the Company. Ms. Chan is entitled to a fee of HK\$300,000 per annum. Such emolument has been determined with reference to her duties and responsibilities with the Company, the Company’s remuneration policy and the prevailing market conditions.

Each of Mr. Li, Ms. Cui, Mr. Lu, Mr. Liu, Mr. Huang, Ms. Wang and Ms. Chan has confirmed that, save as disclosed in this Composite Document, as at the Latest Practicable Date, he or she did not (i) hold any directorship in any other public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years; (ii) have any relationship with any director, senior management or substantial or controlling shareholders of the Company; (iii) hold any position in the

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Company or other members of the Group; and (iv) have nor deemed to have any interest in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)).

Save as disclosed in this Composite Document, there is no other information relating to the appointment of Mr. Li, Ms. Cui, Mr. Lu, Mr. Liu, Mr. Huang, Ms. Wang and Ms. Chan that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules and there are no other matters that need to be brought to the attention of the Shareholders.

Ms. Chan has confirmed that she meets the independence criteria as set out in Rule 3.13 of the Listing Rules.

Any changes to the Board will be made in compliance with the Takeovers Code and the Listing Rules and further announcement will be made by the Company as and when appropriate. Save as aforesaid, the Purchaser and Offeror have no intention to introduce any significant changes to the management of the Company following the close of the Share Offer.

PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Share Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

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

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

The Offeror and the Purchaser intend the Company to remain listed on the Stock Exchange. The sole director of the Offeror and the new directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

As disclosed in the Joint Announcement, the Vendors have undertaken under the Sale and Purchase Agreement to sell any Shares held by them to restore sufficient public float in the Shares as soon as possible after the end of the Share Offer Period in accordance with the Listing Rules or as required by the Stock Exchange by way of entering into the Share Charge Agreement. Further announcement(s) will be made in accordance with the requirements of the Listing Rules and the Takeovers Code as and when appropriate.

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COMPULSORY ACQUISITION

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

PROCEDURES FOR ACCEPTANCE AND SETTLEMENT

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 **WHITE** Form of Acceptance and Transfer.

GENERAL

To ensure equality of treatment of all Independent Shareholders, those registered Independent Shareholders who hold the Offer 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 Offer Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Share Offer. Attention of the Overseas Shareholders is drawn to paragraph headed “Overseas Shareholders” above in this letter.

To accept the Share Offer, Independent Shareholders should complete and sign the accompanying **WHITE** Form of Acceptance and Transfer in accordance with the instructions printed thereon. The **WHITE** Form of Acceptance and Transfer forms part of the terms of the Share Offer. The duly completed **WHITE** Form of Acceptance and Transfer 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) must be sent by post or by hand to the Registrar at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong in an envelope marked “**Best Mart 360 Holdings Limited – Share Offer**” 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 the Offeror may announce with the consent of the Executive in accordance with the Takeovers Code. No acknowledgement of receipt of any **WHITE** Form of Acceptance and Transfer, together with 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) will be given. 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 registers of the members of the Company and in the case of joint holders, to such holder whose name appears first in the relevant registers. The Purchaser, the Offeror, the parties acting in concert with any of them, the Company, CMS, Lego Securities, Lego Corporate Finance, Somerley, the Registrar and their respective ultimate beneficial owners, directors, officers, agents, advisers and associates or any other parties involved in the Share Offer will not be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof or in connection therewith.

LETTER FROM LEGO SECURITIES

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in Appendix I to this Composite Document and the accompanying **WHITE** Form of Acceptance and Transfer which form part of this Composite Document.

You are reminded to carefully read the “Letter from the Board”, the “Letter from the Independent Board Committee”, the “Letter from Somerley” and other information about the Group which are set out in this Composite Document before deciding whether or not to accept the Share Offer. In considering what action to take in connection with the Share Offer, you should consider your own tax or financial position and if you are in any doubt, you should consult your professional advisers.

Yours faithfully,
For and on behalf of
Lego Securities Limited
Kelvin Li
Director

LETTER FROM THE BOARD



Best Mart 360 Holdings Limited **優品360控股有限公司**

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 2360)

Executive Directors:

Mr. Lin Tsz Fung (*Chairman*)
Ms. Hui Ngai Fan

Independent non-executive Directors:

Mr. Sze Irons *BBS JP*
Ms. Choy So Yuk *BBS JP*
Mr. Lee Ka Lun

Registered office:

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

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

11th Floor,
C-Bons International Center,
No. 108 Wai Yip Street
Kowloon, Hong Kong

11 August 2023

To the Independent Shareholders

Dear Sir/Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY
LEGO SECURITIES LIMITED
FOR AND ON BEHALF OF THE OFFEROR
TO ACQUIRE ALL ISSUED SHARES OF
BEST MART 360 HOLDINGS LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED OR
AGREED TO BE ACQUIRED BY THE OFFEROR,
THE PURCHASER AND
PARTIES ACTING IN CONCERT WITH ANY OF THEM)**

INTRODUCTION

Reference is made to the Joint Announcement. On 27 March 2023 (after trading hours), the Company was informed by Mr. Lin and Ms. Hui that the Purchaser entered into the Sale and Purchase Agreement with the Vendors, pursuant to which, among other things, the Vendors agreed to sell and the Purchaser agreed to acquire, the Sale Shares (representing 490,000,000 Shares and representing 49% of the entire issued share capital of the Company as at the Latest Practicable Date) at a Total Consideration of HK\$862,400,000, equivalent to HK\$1.76 per Sale Share.

LETTER FROM THE BOARD

Immediately after Completion, which took place on 4 August 2023, and as at the Latest Practicable Date, the Vendors (including the Offeror), the Purchaser and parties acting in concert with any of them were interested in a total of 750,000,000 Shares, representing 75% of the entire issued share capital of the Company. As the Acquisition led to a change in or consolidation of control of the Company, an obligation to make a mandatory general Share Offer in respect of the Offer Shares pursuant to Rule 26.1 of the Takeovers Code has been triggered upon Completion.

Pursuant to the Sale and Purchase Agreement, the Vendors undertook to the Purchaser to, following and subject to Completion, make or, subject to the prior written approval of the Purchaser, procure other entities to make, the Share Offer under the Takeovers Code. The Vendors have procured one of the Vendors, i.e. the Offeror, to make the Share Offer as the offeror under the Takeovers Code. The Vendors (including the Offeror) and the Purchaser acknowledge that they are parties acting in concert to consolidate control of the Company for the purpose of the Takeovers Code by virtue of entering into the Sale and Purchase Agreement.

Lego Securities is making the Share Offer for and on behalf of the Offeror to the Independent Shareholders to acquire all issued Shares (other than those Shares already owned or agreed to be acquired by the Offeror, the Purchaser and parties acting in concert with any of them) in compliance with Rule 26.1 of the Takeovers Code. Details of the Share Offer are set out in the section headed “THE SHARE OFFER” in the “Letter from Lego Securities” in this Composite Document.

The purpose of this Composite Document, of which this letter forms part, is to provide you with, among other things, (i) information relating to the Group, the Offeror, the Purchaser and the Share Offer; (ii) a letter of recommendation from the Independent Board Committee containing the Independent Board Committee’s recommendation to the Independent Shareholders in respect of the terms of the Share Offer and as to the acceptance of the Share Offer; and (iii) a letter of advice from Somerley containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Share Offer.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all three independent non-executive Directors, namely Mr. Sze Irons, Ms. Choy So Yuk and Mr. Lee Ka Lun, has been established pursuant to Rules 2.1 and 2.8 of the Takeovers Code to advise the Independent Shareholders in relation to the terms and conditions of the Share Offer, in particular as to whether the terms of the Share Offer are fair and reasonable and as to acceptance of the Share Offer.

Somerley has been appointed with the approval of the Independent Board Committee as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Share Offer and in particular, as to whether the terms of the Share Offer are fair and reasonable and as to the acceptance of the Share Offer.

You are advised to read the “Letter from the Independent Board Committee”, the “Letter from Somerley” and the additional information contained in the appendices to this Composite Document carefully before taking any action in respect of the Share Offer.

LETTER FROM THE BOARD

PRINCIPAL TERMS OF THE SHARE OFFER

As disclosed in the “Letter from Lego Securities” in this Composite Document, Lego Securities, for and on behalf of the Offeror, hereby makes the Share Offer for all the Offer Shares on the terms set out in this Composite Document in compliance with the Takeovers Code on the following terms:

For each Offer Share HK\$1.76 in cash

The Share Offer Price of HK\$1.76 per Offer Share under the Share Offer is equal to the purchase price per Sale Share under the Sale and Purchase Agreement.

The Share Offer is extended to all Independent Shareholders in accordance with the Takeovers Code. The Offer Shares to be acquired under the Share Offer shall be fully paid and free from all liens, charges, encumbrances, rights of preemption and any other third party rights of any nature and together with all rights attaching to them as at the date of this Composite Document or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, the record date of which is on or after the date on which the Share Offer is made, being the date of this Composite Document.

As at the Latest Practicable Date, (i) the Company has not declared any dividend which is outstanding and not yet paid; and (ii) the Company does not have any intention to make or declare any future dividend/make other distributions prior to and including the Closing Date.

The Share Offer is unconditional in all aspects and is not conditional upon any minimum level of acceptances being received or any other conditions.

Further details of the Share Offer can be found in the “Letter from Lego Securities” in this Composite Document, Appendix I to this Composite Document and the accompanying **WHITE** Form of Acceptance and Transfer.

INFORMATION ON THE GROUP

The Company is a company incorporated in the Cayman Islands with limited liability and its Shares are listed on the Main Board of the Stock Exchange. The Group is principally a leisure food retailer operating under the brands “Best Mart 360°” and “FoodVille” in Hong Kong, Macau and the PRC.

Further information in relation to the Group is set out in Appendix II and Appendix IV to this Composite Document.

LETTER FROM THE BOARD

SHAREHOLDING STRUCTURE OF THE COMPANY

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

The Offeror, the Purchaser and parties acting in concert with any of them	Before Completion		Immediately after Completion and as at the Latest Practicable Date	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
UEGL (<i>Note 1</i>)	206,250,000	20.63	71,500,000	7.15
UTL (<i>Note 1</i>)	168,750,000	16.87	58,500,000	5.85
the Offeror (<i>Note 2</i>)	200,000,000	20.0	–	–
SSEL (<i>Note 2</i>)	95,000,000	9.5	50,000,000	5.0
GBGL (<i>Note 2</i>)	80,000,000	8.0	80,000,000	8.0
Aggregate number of Shares held by the Vendors and GBGL	750,000,000	75.0	260,000,000	26.0
Purchaser/CMHT	–	–	490,000,000	49.0
Sub-total	750,000,000	75.0	750,000,000	75.0
Public Shareholders	250,000,000	25.0	250,000,000	25.0
Total	<u>1,000,000,000</u>	<u>100.0</u>	<u>1,000,000,000</u>	<u>100.0</u>

Notes:

- Each of UEGL and UTL is wholly owned by Mr. Lin. Under the SFO, Mr. Lin is deemed to be interested in the same number of Shares held by UEGL and UTL, respectively.
- Each of the Offeror, SSEL and GBGL is wholly owned by Ms. Hui. Under the SFO, Ms. Hui is deemed to be interested in the same number of Shares held by the Offeror, SSEL and GBGL, respectively.

INFORMATION ON THE OFFEROR AND THE PURCHASER

Details of the information on the Offeror and the Purchaser are set out in the “Letter from Lego Securities” in this Composite Document.

LETTER FROM THE BOARD

INTENTIONS OF THE OFFEROR AND THE PURCHASER REGARDING THE GROUP

Your attention is drawn to the paragraph headed “Intentions of the Offeror and the Purchaser regarding the Group” in the “Letter from Lego Securities” in this Composite Document for detailed information on the Offeror’s and the Purchaser’s intentions on the business and management of the Group.

The Board is aware of the intention of the Offeror and the Purchaser in relation to the Group and is willing to co-operate with the Offeror and the Purchaser and acts in the best interests of the Company and the Shareholders as a whole. The Board understands that: (i) the Offeror, the Purchaser and parties acting in concert with any of them intend to maintain the Company’s existing principal activities; (ii) the Purchaser will assist the Company in reviewing its business and operations with a view to formulate a long term strategy and business plan and seek for new opportunities to enhance and strengthen the business of the Group; (iii) the Offeror, the Purchaser and parties acting in concert with any of them have no intention to introduce major changes to the business of the Group, including any redeployment of fixed assets other than those in its ordinary course of business; (iv) the Offeror, the Purchaser and parties acting in concert with any of them have no plan to terminate the employment of any other employees or other personnel of the Group; and (v) as at the Latest Practicable Date, the Offeror, the Purchaser and parties acting in concert with any of them have no intention to enter into, nor have they entered into, any negotiation, arrangements or agreements concerning the injection or disposal of any businesses or assets of the Group. However, the Board is also aware that the Offeror, the Purchaser and parties acting in concert with any of them reserve the right to make any changes that it deems necessary or appropriate to the Group’s businesses and operations to optimise the value of the Group.

PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Share Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

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

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

The Board noted from the “Letter from Lego Securities” in this Composite Document that the Offeror and the Purchaser intend the Company to remain listed on the Stock Exchange, and that the sole director of the Offeror and the new directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

LETTER FROM THE BOARD

RECOMMENDATION

Your attention is drawn to (i) the “Letter from the Independent Board Committee” on pages 29 to 30 of this Composite Document, which contains the Independent Board Committee’s recommendation to the Independent Shareholders in relation to the Share Offer; and (ii) the “Letter from Somerley” on pages 31 to 56 of this Composite Document, which sets out the advice and recommendation from Somerley to the Independent Board Committee as to whether the terms of the Share Offer are fair and reasonable so far as the Independent Shareholders are concerned, and as to the acceptance of the Share Offer, and the principal factors considered by it in arriving at its advice and recommendation.

The Independent Shareholders are urged to read these letters carefully before taking any action in respect of the Share Offer.

ADDITIONAL INFORMATION

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

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

Yours faithfully,
By Order of the Board
Best Mart 360 Holdings Limited
Lin Tsz Fung
Chairman and Executive Director



Best Mart 360 Holdings Limited

優品360控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2360)

11 August 2023

To the Independent Shareholders

Dear Sir/Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY
LEGO SECURITIES LIMITED
FOR AND ON BEHALF OF THE OFFEROR
TO ACQUIRE ALL ISSUED SHARES OF
BEST MART 360 HOLDINGS LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED BY OR
AGREED TO BE ACQUIRED BY THE OFFEROR,
THE PURCHASER AND
PARTIES ACTING IN CONCERT WITH ANY OF THEM)**

INTRODUCTION

We refer to this Composite Document dated 11 August 2023 issued jointly by the Offeror, the Purchaser and the Company of which this letter forms part. Capitalised terms used in this letter have the same meanings as defined in this Composite Document unless the context requires otherwise.

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

Somerley has been appointed with our approval as the independent financial adviser to advise us in respect of the terms of the Share Offer and, in particular, whether the terms of the Share Offer are fair and reasonable and to make recommendation as to the acceptance of the Share Offer. Details of its advice and the principal factors considered by it in arriving at its advice and recommendation are set out in the “Letter from Somerley” on pages 31 to 56 of this Composite Document.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

RECOMMENDATION

Having considered the terms of the Share Offer, taking into account the information contained in this Composite Document, and the letter of advice and recommendation from Somerley, we are of the opinion that the terms of the Share Offer are fair and reasonable so far as the Independent Shareholders are concerned and recommend the Independent Shareholders to accept the Share Offer.

Independent Shareholders who intend to realise their investments in the Company in whole or in part by accepting the Share Offer should monitor the Share price, and if the proceeds of selling in the market (net of costs) would be higher than the net proceeds receivable under the Share Offer, such Independent Shareholders should consider selling their Shares in the open market instead of realising their investment by accepting the Share Offer.

Yours faithfully,
For and on behalf of the
Independent Board Committee of
Best Mart 360 Holdings Limited

Mr. Sze Irons
*Independent non-executive
Director*

Ms. Choy So Yuk
*Independent non-executive
Director*

Mr. Lee Ka Lun
*Independent non-executive
Director*

LETTER FROM SOMERLEY

The following is the full text of a letter of advice from Somerley Capital Limited to the Independent Board Committee in relation to the Share Offer, which has been prepared for the purpose of inclusion in this Composite Document.



SOMERLEY CAPITAL LIMITED

20th Floor
China Building
29 Queen's Road Central
Hong Kong

11 August 2023

To: *The Independent Board Committee*

Dear Sirs,

**UNCONDITIONAL MANDATORY CASH OFFER BY
LEGO SECURITIES LIMITED
FOR AND ON BEHALF OF THE OFFEROR
TO ACQUIRE ALL ISSUED SHARES OF
BEST MART 360 HOLDINGS LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED OR AGREED
TO BE ACQUIRED BY THE OFFEROR, THE PURCHASER AND
PARTIES ACTING IN CONCERT WITH ANY OF THEM)**

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee in connection with the Share Offer. Terms of the Share Offer are set out in the Composite Document dated 11 August 2023 (the “**Composite Document**”), of which this letter forms a part. Terms used in this letter shall have the same meaning as those defined in the Composite Document unless the context requires otherwise.

Reference is made to the Joint Announcement. On 27 March 2023 (after trading hours), the Company was informed by Mr. Lin and Ms. Hui that the Purchaser entered into the Sale and Purchase Agreement with the Vendors, pursuant to which, among other things, the Vendors agreed to sell and the Purchaser agreed to acquire, the Sale Shares (representing 490,000,000 Shares and representing 49% of the entire issued share capital of the Company as at the Latest Practicable Date) at a Total Consideration of HK\$862,400,000, equivalent to HK\$1.76 per Sale Share.

Immediately after Completion, which took place on 4 August 2023, and as at the Latest Practicable Date, the Vendors (including the Offeror), the Purchaser and parties acting in concert with any of them were interested in a total of 750,000,000 Shares, representing 75% of the entire issued share capital of the Company. As the Acquisition led to a change in or consolidation of control of the Company, an obligation to make a mandatory general Share Offer in respect of the Offer Shares pursuant to Rule 26.1 of the Takeovers Code has been triggered upon Completion.

LETTER FROM SOMERLEY

Pursuant to Sale and Purchase Agreement, the Vendors undertook to the Purchaser to, following and subject to Completion, make or, subject to the prior written approval of the Purchaser, procure other entities to make, the Share Offer under the Takeovers Code. The Vendors have procured one of the Vendors, i.e. the Offeror, to make the Share Offer as the offeror under the Takeovers Code. The Vendors (including the Offeror) and the Purchaser acknowledge that they are parties acting in concert to consolidate control of the Company for the purpose of the Takeovers Code by virtue of entering into the Sale and Purchase Agreement.

The Independent Board Committee, comprising all three independent non-executive Directors, namely Mr. Sze Irons, Ms. Choy So Yuk and Mr. Lee Ka Lun, has been established pursuant to Rules 2.1 and 2.8 of the Takeovers Code to advise the Independent Shareholders in relation to the terms and conditions of the Share Offer, in particular as to whether the terms of the Share Offer are fair and reasonable and as to acceptance of the Share Offer. In accordance with Rule 2.1 of the Takeovers Code, the Independent Board Committee has approved our appointment as the independent financial adviser to the Independent Board Committee.

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

In formulating our opinion, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and management of the Group, which we have assumed to be true, accurate and complete in all material aspects. We have reviewed, among other things, (i) the annual report of the Company for the year ended 31 March 2022 (the “**2022 Annual Report**”), and the annual report of the Company for the year ended 31 March 2023 (the “**2023 Annual Report**”), (ii) the trading performance of the Shares on the Stock Exchange, (iii) property valuation report prepared by LCH (Asia-Pacific) Surveyors Limited (the “**Valuer**”), and (iv) other information contained in the Composite Document. We have sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed to us. We consider that the information we have received is sufficient for us to reach our opinion and give our advice and recommendation set out in this letter. We have no reason to believe that any material information has been omitted or withheld, or to doubt the truth or accuracy of the information provided. We have not, however, conducted any independent investigation into the business and affairs of the Group, the Offeror, the Purchaser 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 also assumed that all representations contained or referred to in the Composite Document in which this letter forms a part, were true at the time they were made and at the date of the Composite Document, and Shareholders will be informed of any material change as soon as possible.

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

LETTER FROM SOMERLEY

PRINCIPAL TERMS OF THE SHARE OFFER

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

The Share Offer

For each Offer Share HK\$1.76 in cash

The Share Offer Price of HK\$1.76 per Offer Share under the Share Offer is equal to the purchase price per Sale Share under the Sale and Purchase Agreement.

The Share Offer is extended to all Independent Shareholders in accordance with the Takeovers Code. The Offer Shares to be acquired under the Share Offer shall be fully paid and free from all liens, charges, encumbrances, rights of preemption and any other third party rights of any nature and together with all rights attaching to them as at the date of the Composite Document or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, the record date of which is on or after the date on which the Share Offer is made, being the date of the Composite Document.

As at the Latest Practicable Date, (i) the Company has not declared any dividend which is outstanding and not yet paid; and (ii) the Company does not have any intention to make or declare any future dividend/make other distributions prior to and including the Closing Date. However, Shareholders should note that as disclosed in the Appendix II to the Composite Document, the Board has decided to convene another Board meeting to consider the declaration and payment of final dividend for FY2023, if any, on a date after the end of the Offer Period.

The Share Offer is unconditional in all aspects and is not conditional upon any minimum level of acceptances being received or any other conditions.

As stated in the letter from Lego Securities in the Composite Document, the Offeror will not increase the Share Offer Price. Shareholders and potential investors of the Company should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Share Offer Price and the Offeror does not reserve the right to increase the Share Offer Price.

Total consideration of the Share Offer

On the basis of the Share Offer Price of HK\$1.76 per Offer Share and 1,000,000,000 Shares in issue as at the Latest Practicable Date, the entire issued share capital of the Company is valued at approximately HK\$1,760,000,000. Excluding the Sale Shares and Excluded Shares, 250,000,000 Shares will be subject to the Share Offer and the total value of the Share Offer will be HK\$440,000,000 based on the Share Offer Price.

Lock-up Undertaking

Pursuant to the Sale and Purchase Agreement, the Vendors, GBGL, the Guarantors and Mr. Hui entered into a deed of lock-up undertaking (the “**Lock-up Undertaking**”) on the date of Completion in favour of the Purchaser, pursuant to which each of them will not in respect of all Shares or other securities

LETTER FROM SOMERLEY

of the Company legally or beneficially owned by him/her/it (excluding the Sale Shares), at any time during the period commencing on the date of the Lock-up Undertaking and ending on, and including the date that is thirty six (36) months from the date of the Completion, amongst others, sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly (including by way of altering the composition or classes of beneficiaries of any trust), conditionally or unconditionally, any Shares or other securities of the Company (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase any Shares), or deposit any Shares or other securities of the Company with a depository in connection with the issue of depository receipts, immediately following which they would collectively hold less than 20% in the issued share capital of the Company from time to time (for the avoidance of doubt, other than any corporate action by the Company which results in them collectively holding less than 20% in the issued share capital of the Company).

Deed of Non-Competition

Pursuant to the Sale and Purchase Agreement, the Guarantors and Mr. Hui (the “**Covenantors**” and each of them a “**Covenantor**”) entered into a deed of non-competition (the “**Deed of Non-Competition**”) on the date of Completion in favour of the Company (for itself and as trustee for its subsidiaries) and the Purchaser, pursuant to which each of them shall not, and shall procure companies controlled by him/her/it (other than members of the Group) and/or their respective associates (has the meaning ascribed to it in the Listing Rules) not to, directly or indirectly, either on his/her own or in conjunction with or on behalf of other person, firm or company (in each case whether as a shareholder, partner, agent, employee or otherwise):

- (i) carry on, engage, participate, hold any right or interest in or in any way assist in or provide support (whether financial, technical or otherwise) to any business similar to or which competes (either directly or indirectly) or is likely to compete with the existing business of the Group and any other business conducted by the Group from time to time (“**Restricted Business**”), save for the holding of not more than 5% shareholding interests (individually or any of the Covenantors with their associates collectively) in any company conducting the Restricted Business and listed on the Stock Exchange;
- (ii) canvass, solicit, interfere with or endeavour to entice away from the Group any person, firm, company or organization which to his/her/its knowledge has from time to time or has at any time with the immediate past 18 months before the date of such solicitation, interference or enticement been a customer, a supplier or a business partner or employee of any member of the Group for the purpose of conducting any Restricted Business;
- (iii) procure orders from or solicit business from any person, firm, company or organization which to his/her/its knowledge has dealt with any member of the Group or is in the process of negotiating with any member of the Group in relation to any Restricted Business;
- (iv) do or say anything which may be harmful to the reputation of any member of the Group or which may lead any person to reduce their level of business with any member of the Group or seek to improve their terms of trade with any member of the Group;

LETTER FROM SOMERLEY

- (v) solicit or entice or endeavour to solicit or entice for employment by him/her/it or entities or companies controlled by him/her/it (other than members of the Group) or at any time employ or procure the employment of any person who has, at any time within the immediate past 18 months before the date of such solicitation or employment, been or is a director, manager, employee of or consultant to any member of the Group who is or may be likely to be in possession of any confidential information or trade secrets relating to the Restricted Business carried on by the Group; and
- (vi) make use of any information pertaining to the business of the Group which may have come to his/her/its knowledge in his/her/its capacity as a shareholder of the Company and/or director of any member of the Group for the purpose of competing with the business of the Group, in each case until the third anniversary from the date of termination of the respective Covenantor's employment or his/her holding of positions (including directorship, but excluding being a shareholder) with the Company (whichever is later).

Share Charge Agreement

Pursuant to the Sale and Purchase Agreement, the Vendors have further undertaken to sell any Shares held by them to restore sufficient public float in the Shares as soon as possible after the end of the Share Offer Period in accordance with the Listing Rules or as required by the Stock Exchange. To secure such obligation, UEGL, UTL, SSEL and GBGL (as chargors) entered into the Share Charge Agreement on the date of Completion in favour of the Purchaser (as chargee) in respect of the Excluded Shares until such obligation has been discharged by the Vendors.

Supplemental letter to the Sale and Purchase Agreement and Voting Undertaking

Pursuant to a supplemental letter to the Sale and Purchase Agreement entered into amongst the Vendors, the Purchaser and the Guarantors on 4 August 2023, amongst other things, UEGL, UTL, GBGL, SSEL and Mr. Hui (as covenantors) and Mr. Lin and Ms. Hui (as guarantors) entered into a deed of voting undertaking (the "**Voting Undertaking**") on 4 August 2023 in favour of the Purchaser, pursuant to which each of the covenantors and guarantors shall, amongst others, from the date of Completion:

- (i) in respect of all the Shares directly or indirectly held or controlled by the covenantors and guarantors, vote in favour of all Shareholder's resolutions relating to the appointment of directors nominated by the Purchaser;
- (ii) procure directors nominated by the covenantors and guarantors to vote in favour of all Board resolutions relating to the appointment of directors nominated by the Purchaser;
- (iii) in respect of all the Shares directly or indirectly held or controlled by the covenantors and guarantors, vote against any Shareholder's resolutions relating to the removal of directors nominated by the Purchaser;
- (iv) procure directors nominated by the covenantors and guarantors to support and approve the appointment of any director nominated by the Purchaser as the chairman of the Company, as well as the chairman of every Board meeting;

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- (v) acknowledge that in accordance with article 114 of the existing articles of association of the Company, in the case of any equality of votes the chairman of the meeting shall have an additional or casting vote. The covenantors and the guarantors undertake to use their best endeavours to procure, support and cooperate in the matters regarding the amendment of the existing articles of association of the Company such that:
- a. in the case of any equality of votes in Board meetings, the chairman of the Company (if he is present at such meeting) shall have an additional or casting vote;
 - b. if the chairman of the Company, for whatever reasons, is unable to attend such Board meeting, then the chairman of the Company shall appoint any one of the Directors (if he or she is present at such meeting) to be the chairman of the Board meeting and have an additional or casting vote. Only the chairman of the Company or a Director nominated by the chairman of the Company will have an additional or casting vote; and
 - c. the Board shall have a chairman of the Company elected and appointed by ordinary resolutions by the Shareholders,

and the covenantors and guarantors undertake to vote in favour of all Shareholder's resolutions relating to the abovementioned amendment of articles of association of the Company in respect of all the Shares directly or indirectly held or controlled by them; and

- (vi) further undertake to do all act and execute all documents to ensure that the Purchaser continues to control the Board.

This Voting Undertaking shall remain effective from the date of execution unless terminated in accordance with the Voting Undertaking. The parties to the Voting Undertaking agree that the Voting Undertaking shall be automatically terminated upon the occurrence of any of the following:

- (i) The covenantors and guarantors, namely UEGL, UTL, GBGL, SSEL and Mr. Hui, no longer directly or indirectly hold or own any Shares; or
- (ii) The parties to the Voting Undertaking agree in writing to terminate the Voting Undertaking.

Except as expressly provided in the Voting Undertaking, the Voting Undertaking shall in no event be terminated or unilaterally annulled by a party.

Confirmation of financial resources

As stated in the letter from Lego Securities in the Composite Document, the financial resources required to satisfy (i) the Total Consideration for all the Sale Shares; (ii) the consideration for the Share Offer; and (iii) transaction costs in connection with the Share Offer will be funded by the Facility and the internal resources of the Purchaser. The Facility is based on the Facility Agreement dated 27 March 2023 entered into between, among others, CMB Wing Lung Bank Limited (as the arranger, agent and the lender) and the Purchaser, pursuant to which CMB Wing Lung Bank Limited agreed to make available to the Purchaser a term loan facility up to an aggregate amount of HK\$920,000,000.

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CMS, being the financial adviser to the Purchaser, and Lego Corporate Finance, being the financial adviser to the Offeror, are satisfied that sufficient financial resources are available to satisfy the Total Consideration and the consideration payable upon full acceptances of the Share Offer.

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

1. Information on the Group

1.1 Background information of the Group

The Company incorporated in the Cayman Islands with limited liability, and its Shares are listed on the Main Board of the Stock Exchange. The Group is a leisure food retailer operating under the brands “Best Mart 360°” and “FoodVille” in Hong Kong, Macau and the PRC. The Group offers wide selection of imported pre-packaged leisure foods and other grocery products principally from overseas, which can be broadly categorised into (i) chocolates and confectioneries; (ii) nuts and dried fruits; (iii) packaged bakery products and snacks; (iv) biscuits and pastries; (v) cereals and milk; (vi) beverages and wine; (vii) rice, noodles and groceries; (viii) frozen and chilled food; and (ix) other products, such as personal care products and daily items.

During the year ended 31 March 2023, the Group opened 26 new retail stores (including 25 in Hong Kong, one in Macau), and closed 10 stores upon expiration of their respective lease terms in line with the adjustment in the Group’s store opening strategy. As at 31 March 2023, the Group operated a total of 154 chain retail stores, including 145 chain retail stores in Hong Kong, seven chain retail stores in Macau and two chain retail stores in the PRC respectively.

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1.2 Financial information of the Group

(i) Financial performance

Set out below is a summary of the Group's consolidated financial performance for the three years ended 31 March 2021 ("FY2021"), 2022 ("FY2022") and 2023 ("FY2023") respectively, as extracted from the 2022 Annual Report and the 2023 Annual Report:

	FY2023 <i>HK\$'000</i> (Audited)	FY2022 <i>HK\$'000</i> (Audited)	FY2021 <i>HK\$'000</i> (Audited)
Revenue	2,305,907	1,983,526	1,627,891
Cost of sales	<u>(1,488,644)</u>	<u>(1,315,872)</u>	<u>(1,107,737)</u>
Gross profit	817,263	667,654	520,154
Other income and other gains, net	19,920	875	32,815
Selling and distribution expenses	(515,266)	(457,812)	(399,140)
Administrative and other expenses	<u>(72,996)</u>	<u>(69,224)</u>	<u>(52,161)</u>
Operating profit	248,921	141,493	101,668
Finance costs	<u>(8,708)</u>	<u>(7,309)</u>	<u>(9,921)</u>
Profit before income tax	240,213	134,184	91,747
Income tax expense	<u>(39,216)</u>	<u>(24,380)</u>	<u>(10,298)</u>
Profit for the year attributable to owners of the Company	<u><u>200,997</u></u>	<u><u>109,804</u></u>	<u><u>81,449</u></u>

As disclosed in the 2023 Annual Report, the Group has only one reportable and operating segment which is the retailing sales of food and beverage, household and personal care products under the "Best Mart 360°" and "FoodVille" branded stores in Hong Kong, Macau and the PRC and wholesaling in Hong Kong. Based on the disclosures made in the 2022 Annual Report and the 2023 Annual Report, the Group generated approximately 97% of its total revenue from Hong Kong for each of FY2021, FY2022 and FY2023 respectively.

The Group reported growth in revenue in FY2022 of approximately 21.8% from approximately HK\$1,627.9 million in FY2021 to approximately HK\$1,983.5 million in FY2022. The growth in revenue was mainly attributable to the substantial increase in overall sales from the Group's retail stores as compared to the corresponding period last year, which was in turn mainly due to (i) a significant increase in demand for household foodstuffs and grocery items as the majority of consumers reduced eating out during the pandemic; (ii) an increase in sales of anti-epidemic supplies, such as face masks, and daily necessities; and (iii) net increase of 14 stores by the Group during the financial year.

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The Group reported a further growth in revenue in FY2023 of approximately 16.3% from approximately HK\$1,983.5 million in FY2022 to approximately HK\$2,305.9 million in FY2023. The increase in revenue was mainly attributed to additional revenue from the net increase of 16 new stores by the Group during the financial year.

Gross profit of the Group increased by approximately 28.4% approximately from HK\$520.2 million in FY2021 to approximately HK\$667.7 million in FY2022, which was in line with the increase in the Group's revenue. In addition, as disclosed in the 2022 Annual Report, the Group's gross profit margin also increased to approximately 33.7% in FY2022 from approximately 32.0% in FY2021 mainly attributable to (i) adjustment of sales strategy; (ii) continuous optimisation of product mix; (iii) effective control over cost; and (iv) significant increase in sales of private label products, including personal care products, nuts and dried fruits and cereals.

Gross profit of the Group further increased by approximately 22.4% from approximately HK\$667.7 million in FY2022 to approximately HK\$817.3 million in FY2023, which was also in line with the increment in the Group's revenue. In addition, as discussed in the 2023 Annual Report, gross profit margin was approximately 35.4%, an improvement from the previous 33.7% reported for FY2022 and this was attributable to timely adjustment of sales and marketing strategy and continuous optimizing of product mix.

Profit for the year attributable to owners of the Company was approximately HK\$109.8 million in FY2022 as opposed to approximately HK\$81.4 million in FY2021, representing a significant increase of approximately 34.9%. The increase in profit attributable to owners of the Company was mainly attributable to the substantial increase in the overall sales from the Group's retail stores as compared to the corresponding period last year.

Profit for the year attributable to owners of the Company was approximately HK\$201.0 million in FY2023 which represents a significant improvement of approximately 83.1% comparing with that of approximately HK\$109.8 million in FY2022. The increase in profit attributable to owners of the Company was mainly attributable to (i) the substantial increase in the overall sales of the Group's retail stores and gross profit; and (ii) an increase in other income and other gains of approximately HK\$19.0 million primarily attributable to the subsidy from the Employment Support Scheme provided by the Government of the Hong Kong SAR.

The Company paid total dividends per Share of HK\$0.045 for FY2021 and HK\$0.095 for FY2022 respectively. The Company declared an interim dividend of HK\$0.08 per Share in November 2022 for the six months ended 30 September 2022. Shareholders should note that as stated in the Appendix II to the Composite Document, the Board has decided to convene another Board meeting to consider the declaration and payment of final dividend for FY2023, if any, on a date after the end of the Offer Period.

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(ii) *Financial Position*

Set out below are the summarised consolidated balance sheets of the Group as at 31 March 2022 and 31 March 2023 as extracted from the 2023 Annual Report:

	As at 31 March 2023	As at 31 March 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Audited)	(Audited)
ASSETS AND LIABILITIES		
Non-current assets		
Property, plant and equipment	444,408	442,411
Deposits	42,560	34,311
Deposits paid for purchase of property plant and equipment	944	782
Deferred tax assets	2,311	1,516
	490,223	479,020
Current assets		
Inventories	244,219	217,969
Trade receivables	6,139	5,749
Deposits, prepayments and other receivables	50,999	67,339
Cash and bank balances	146,047	130,076
	447,404	421,133
Total assets	937,627	900,153
Current liabilities		
Trade payables	68,926	75,624
Accruals and other payables	42,026	44,116
Bank borrowings	79,349	82,981
Lease liabilities	133,218	129,913
Income tax payable	21,908	16,778
	345,427	349,412
Net current assets	101,977	71,721
Total assets less current liabilities	592,200	550,741

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	As at	As at
	31 March 2023	31 March 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Audited)	(Audited)
Non-current liabilities		
Accruals and other payables	1,919	1,942
Lease liabilities	<u>111,569</u>	<u>110,756</u>
	<u>113,488</u>	<u>112,698</u>
Net Assets	<u>478,712</u>	<u>438,043</u>
EQUITY		
Equity attributable to the owners of the Company		
Share capital	10,000	10,000
Reserves	<u>468,712</u>	<u>428,043</u>
Total equity	<u>478,712</u>	<u>438,043</u>

Total assets of the Group amounted to approximately HK\$937.6 million as at 31 March 2023, which was comparable to the balance of approximately HK\$900.2 million as at 31 March 2022. The slight increment was mainly attributable to the increase in inventories of around 12.0% from approximately HK\$218.0 million as at 31 March 2022 to approximately HK\$244.2 million as at 31 March 2023, and the increase in cash and bank balances of around 12.3% from approximately HK\$130.1 million as at 31 March 2022 to approximately HK\$146.0 million as at 31 March 2023.

Total liabilities of the Group amounted to approximately HK\$458.9 million as at 31 March 2023, which was comparable to the balance of approximately HK\$462.1 million as at 31 March 2022. The slight difference between the years was mainly attributable to the increase in income tax payable of around 30.4% from approximately HK\$16.8 million as at 31 March 2022 to approximately HK\$21.9 million as at 31 March 2023, partially offset by a drop in trade payables of around 8.9% from approximately HK\$75.6 million as at 31 March 2022 to approximately HK\$68.9 million as at 31 March 2023.

Total equity attributable to owners of the Company as at 31 March 2022 and 31 March 2023 were approximately HK\$438.0 million and HK\$478.7 million respectively. The increment of approximately 9.3% as at 31 March 2023 comparing with that of 31 March 2022 was mainly attributable to the enhancement in asset position and the improvement in liabilities with reasons as mentioned above.

1.3 Valuation on property interests of the Group

The property interest of the Group (the “**Property**”) has been valued by the Valuer. The full text of the valuation report and certificate of the Property for their respective market value in existing state as at 30 June 2023 (the “**Valuation Report**”) is set out in Appendix III to the Composite Document. According to the Valuation Report, the market value in existing state of the Property is approximately HK\$179.4 million as at 30 June 2023 (the “**Valuation**”). We understand from the Management that the Group has 100% interests in the Property and the Property has been and is still currently occupied by the Group for its own use since its acquisition.

We have reviewed the Valuation Report and discussed with the Valuer the methodology of and bases and assumptions adopted and the adjustments made to arrive at the Valuation. We noted that the Valuer has valued the Property using the sales comparison approach (or known as market approach) (the “**Market Approach**”). As further disclosed in the Valuation Report, such approach is considered the most appropriate approach to value the Property having considered the physical characteristic of the Property and the availability of sales transaction evidences in the market. As stated in the Valuation Report, the property is not held for leasing purpose, income approach considering rental income is considered less appropriate given that there are numerous sales transaction evidences in the market. Furthermore, cost approach is also considered not appropriate as it is normally adopted for valuing special property where lack of transaction evidence in the market. In valuing the property, the Valuer has adopted the Market Approach on the assumption that the property could be sold with the benefit of vacant possession as at the Valuation Date. This approach considers the sales, listings or offering of similar or substitute properties and related market data and establishes a value of a property that a reasonable investor would have to pay for a similar property of comparable utility and with an absolute title.

The above valuation methodologies are, in our opinion, commonly used and reasonable approaches in establishing the market values of the Property. Furthermore, we have performed works as required under note (1) (d) to Rule 13.80 of the Listing Rules in relation to the Valuer and its work as regards the valuation.

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1.4 Adjusted NAV

In evaluating the Share Offer, we have taken into account the unaudited adjusted consolidated net assets of the Group (the “Adjusted NAV”), which is set out in the Appendix II to the Circular and is reproduced herein. The Adjusted NAV is calculated based on the audited consolidated net assets of the Group as at 31 March 2023, adjusted with reference to the Valuation as at 30 June 2023. Details of the adjustment are set out in the table below.

	<i>HK\$'000</i>
Audited consolidated net asset value of the Group as at 31 March 2023	478,712
Add:	
Fair value gain attributable to the Group arising from the valuation of the property interest of the Group as at 30 June 2023 (<i>Note 1</i>)	<u>13,042</u>
Adjusted NAV	<u><u>491,754</u></u>
Adjusted NAV per Share (<i>Note 2</i>)	HK\$0.4918
Share Offer Price	HK\$1.76
Premium represented by the Share Offer Price over the Adjusted NAV per Share	257.87%

Notes:

1. This represents a revaluation surplus calculated by reference to the Valuation as at 30 June 2023 of approximately HK\$179.4 million, net of the book value of such property interests as of 31 March 2023.
2. Based on 1,000,000,000 Shares in issue as at the Latest Practicable Date.

As set out in the above table, the Share Offer Price of HK\$1.76 per Share represents a premium of approximately 257.87% to the Adjusted NAV per Share of approximately HK\$0.4918.

The appreciation in value of the Property of approximately HK\$13.0 million represented by the Valuation was mainly attributable to the fact that the Property has been stated at cost in the consolidated financial statements of the Group in accordance with the accounting policy adopted by the Group. We also note that the Property has been and is currently occupied by the Group as its bases for its own use. According to the Directors, the Group has no intention to dispose of or transfer its interest in the Property and accordingly, such appreciation amount is unlikely to be realised. As also set out in the Composite Document, it is the intention of the Offeror, the Purchaser and parties acting in concert with any of them for the Group to maintain its existing business, and the Offeror, the Purchaser and parties acting in concert with any of them has no plan to introduce any major changes to the business of the Group, including any redeployment of fixed assets other than those in its ordinary course of business or to discontinue the employment of employees of the Group as a result of the Share Offer. Having considered the aforesaid, we consider that the appreciation in value of the Property is not of material relevance in considering the underlying value of the Group and accordingly, we have assigned less weight to the Adjusted NAV in our overall analyses.

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2. Information on the Offeror and the Purchaser

The Purchaser is a company incorporated in Hong Kong with limited liabilities and is a comprehensive trading company covering food, transportation, and commodity, with subsidiaries in 10 cities in China and 7 branches overseas and a wholly-owned subsidiary of CMG.

CMG is a state wholly-owned enterprise established under the laws of the PRC on 14 October 1986 under the direct control of the SASAC. CMG is a large-scale conglomerate with diversified businesses that mainly focus on three core industries, namely comprehensive transportation, featured finance, holistic development and operation of residential communities and industrial parks. It has also been engaging in the transformation from these three primary industries to the three platforms of industrial management, financial services, and investment and capital operation.

As stated in the letter from Lego Securities in the Composite Document, save for the entering into of the Transaction Documents and the transaction contemplated thereunder, the Purchaser and its ultimate beneficial owner(s) is/are third parties independent of the Company and its connected persons. Having considered the market potential offered by the leisure food retail industry, the Acquisition enables the Purchaser to tap into this market in Hong Kong. Through the Acquisition, the Purchaser can leverage on the retail management experience and retail network of the Group which can in turn facilitate the Purchaser in diversifying its business scope into the leisure food retail market.

The Offeror is a company incorporated in the British Virgin Islands with limited liability and wholly owned by Ms. Hui as at the Latest Practicable Date. Ms. Hui and Mr. Lin have mutually agreed that all responsibilities and liabilities arising from the Share Offer to be made by the Offeror will be borne equally. The principal activity of the Offeror is investment holding.

As at the Latest Practicable Date, save for the Sale Shares and Excluded Shares, none of the Offeror, the Purchaser and parties acting in concert with any of them was interested in any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

3. Prospect of the Group

As discussed above under the section headed “1.1 Background information of the Group”, the Group is a leisure food retailer operating chain retail stores in Hong Kong, Macau and the PRC. We have discussed and understand from the Management that the Group’s business is heavily impacted by consumer spending, level of consumer traffic and economic growth in the regions it operates in.

Given over 95% of the Group’s revenue is derived from stores operated in Hong Kong, we have therefore reviewed the statistics published by Census and Statistics Department of Hong Kong Special Administrative Region (the “CSD”). As reported by the CSD on 31 July 2023, the revised real gross domestic product grew by 2.9% in the first quarter of 2023 over a year earlier, and based on information published by the CSD, this ended four consecutive quarters of declines, which was mainly led by the recovery of inbound tourism and domestic demand. On 31 July 2023, the CSD also published that the real gross domestic product is expected to increase by 1.5% for the second quarter of 2023. Hong Kong economic recovery is still at an early stage and is not guaranteed due to uncertainties and challenges in various aspects. Firstly, domestic cost pressures may increase alongside the improved economic situation, and sign of increasing inflation pressure has been observed which may adversely affect

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domestic demand and spending. As published by the CSD and according to the Composite Consumer Price Index (CPI), overall consumer prices in Hong Kong rose by 1.9% in June 2023 over the same month a year earlier, which is comparable to that of the 2.0% reported in May 2023. Recovery of the Hong Kong economy is also facing macro-financial challenges amid the rising interest rates, global economic slowdown as well as escalation of regional conflicts and resulting disruptions in trade could derail the recovery.

In addition, as also disclosed in the CSD's press release relating to the provisional statistics of retail sales for June 2023 published on 1 August 2023 (the "**CSD Retail Sales Statistics**"), the value of total retail sales in June 2023 increased by 19.6% as compared with the same month in 2022. For the first half of 2023, it was provisionally estimated that the value of total retail sales increased by 20.7% compared with the same period in 2022. Despite the overall growth in retail sales in June 2023 with the value of jewellery, watches and clocks, and valuable gifts having the highest growth of around 64.3% as compared to June 2022, the CSD Retail Sales Statistics reported that the value of sales of commodities in supermarkets decreased by approximately 3.5% in June 2023 over a year earlier.

As discussed above, we noted the increases in revenue and profit attributable to owners of the Company in FY2023, however, in light of the above, in particular the challenges on the city's economic recovery, we consider that it is not guaranteed that the Group will be able to maintain its business performance and/or react and adapt in a timely manner in response to the volatility of the economy in the future.

4. Intentions of the Offeror and the Purchaser

As stated in the letter from Lego Securities in the Composite Document, the Offeror, the Purchaser and parties acting in concert with any of them intend to maintain the Company's existing principal activities and the Purchaser will assist the Company in reviewing its business and operations with a view to formulate a long term strategy and business plan and seek for new opportunities to enhance and strengthen the business of the Group. However, save for the aforesaid, no concrete and detailed business plan has been provided in the Composite Document by the Offeror or the Purchaser on the future business development of the Group.

As also stated in the letter from Lego Securities in the Composite Document, the Offeror, the Purchaser and parties acting in concert with any of them have no intention to introduce major changes to the business of the Group, including any redeployment of fixed assets other than those in its ordinary course of business. The Offeror, the Purchaser and parties acting in concert with any of them have no plan to terminate the employment of any other employees or other personnel of the Group. As at the Latest Practicable Date, the Offeror, the Purchaser and parties acting in concert with any of them have no intention to enter into, nor have they entered into, any negotiation, arrangements or agreements concerning the injection or disposal of any businesses or assets of the Group. However, the Offeror, the Purchaser and parties acting in concert with any of them reserve the right to make any changes that it deems necessary or appropriate to the Group's businesses and operations to optimise the value of the Group.

As further disclosed in the letter from Lego Securities in the Composite Document, the Offeror and the Purchaser intend the Company to remain listed on the Stock Exchange. The sole director of the Offeror and the new directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares. As

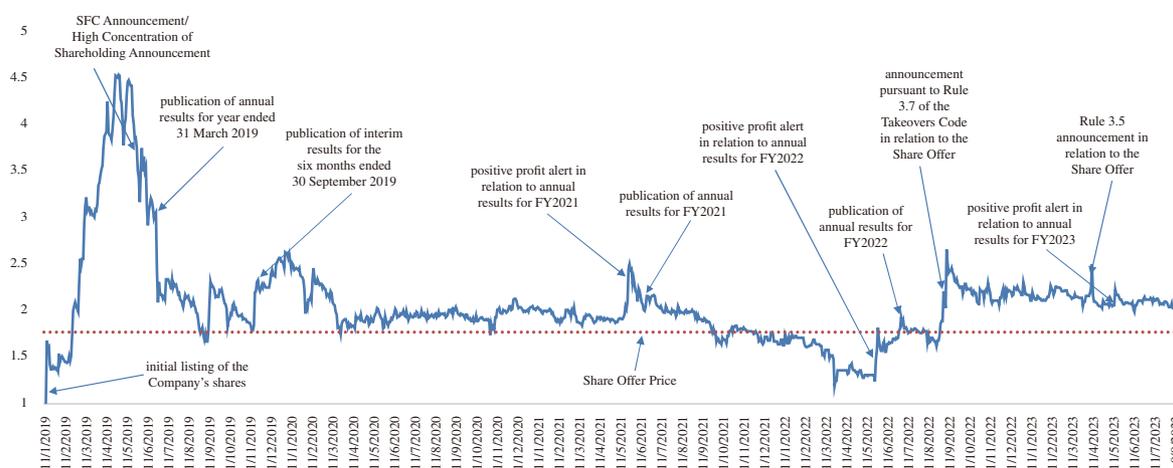
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disclosed in the Joint Announcement, the Vendors have undertaken under the Sale and Purchase Agreement to sell any Shares held by them to restore sufficient public float in the Shares as soon as possible after the end of the Share Offer Period in accordance with the Listing Rules or as required by the Stock Exchange by way of entering into the Share Charge Agreement. Further announcement(s) will be made in accordance with the requirements of the Listing Rules and the Takeovers Code as and when appropriate. The Offeror does not intend to avail itself of any powers of compulsory acquisition of any outstanding Offer Shares not acquired under the Share Offer after the close of the Share Offer.

5. Analysis of price performance and trading liquidity

5.1 Price performance of the Shares

Set out below is the movement of the closing prices of the Shares during the period from 11 January 2019, being the first day of trading upon the Company's initial public offering (the "IPO") to the Latest Practicable Date (the "Review Period"), and the announcements of the Company relating to certain corporate events that took place during the Review Period. The Review Period, which covers a period of more than 48 months, is considered to represent a sufficient period of time to provide a general overview on the recent market performance of the Shares for the purpose of this analysis.



Source: Bloomberg and HKEx News website

The Company's Shares have been listed on the Stock Exchange on 11 January 2019 at the IPO price of HK\$1.00 per Share. As evident from the chart below, we note that the Share prices were particularly volatile during the first six months of the IPO with share prices rising sharply from the initial offer price of HK\$1.00 per Share to the historical high of HK\$4.53 on 2 May 2019, and started to ease off from the above HK\$4.00 range in end of May 2019. In this regard, on 5 June 2019, the Securities and Futures Commission (the "SFC") published an announcement (the "SFC Announcement") which disclosed its observation that the Share price of the Company increased 3.1 times from the initial offer price to close at HK\$4.09 on 23 May 2019, and reported that there was a high concentration of shareholding of the Company in the hands of a limited number of shareholders as at 23 May 2019. The Company then published an announcement on the same date (the "High Concentration of Shareholding Announcement") in response to the SFC Announcement, in which the Company drawn attention to the Shareholders that, among other

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things, as a result of high concentration of shareholding, the Company's securities may not have a genuine market or its shareholding may have been concentrated in the hands of a few Shareholders. We note that the Share closing price fell by approximately 6.7% to HK\$3.49 per Share on 6 June 2019 following the publication of the SFC Announcement and the High Concentration of Shareholding Announcement and since then continued a clear down trend.

As shown in the chart above and following the publication of the SFC Announcement and the High Concentration of Shareholding Announcement, the Share closing prices ranged from HK\$1.18 to approximately HK\$3.65 with an average of HK\$1.98 throughout the period from 6 June 2019 and up to the Latest Practicable Date. Share closing prices decreased gradually since 6 June 2019 and further declined by approximately 20.7% to HK\$2.42 on 27 June 2019 following the publication of the Company's annual result for year ended 31 March 2019 on 26 June 2019 (after trading hours), despite that such annual results reported a growth in both revenues and profits. Since then the Share closing price led a further down until it reached HK\$1.66 per Share on 5 September 2019.

Share closing prices then fluctuated at price levels between HK\$1.66 and HK\$2.32 each during September to mid-November 2019. Following the publication of the Company's interim results for the six months ended 30 September 2019 after trading hours on 27 November 2019, the Share closing price experienced a moderate uptrend and gradually increased from HK\$2.28 per Share on 27 November 2019 reaching HK\$2.62 per Share on 30 December 2019. However, the Share closing price then led another downward trend again to reach HK\$1.74 per Share on 19 March 2020 and then stabilised within a tight range between approximately HK\$1.73 and HK\$2.09 between 20 March 2020 to 14 May 2021.

Closing prices of the Shares fluctuated at price levels of around HK\$2.00 in early 2021 until the publication of a positive profit alert in relation to the Company's annual results for FY2021 during trading hours on 18 May 2021 where the closing price per Share increased from HK\$2.44 the previous day to HK\$2.49, or by approximately 2.0%, at close on 18 May 2021. Trading in the Company's Shares then commenced a downward trend from the high of HK\$2.49 on 18 May 2021. The FY2021 annual results was announced on 23 June 2021 after trading hours and Share closing price fell by approximately 0.5% to HK\$2.15 per Share on 24 June 2021 and continued a downward trend until it reached a low of HK\$1.18 on 14 March 2022. Share closing prices rebounded by approximately 15.3% to HK\$1.81 each on 19 May 2022 after the publication of a positive profit alert announcement in relation to the FY2022 annual results after trading hours on 18 May 2022. Following the publication of the FY2022 annual results announcement, the Shares closing price weakened by approximately 4.8% from HK\$1.89 each on 24 June 2022 to HK\$1.80 each on 27 June 2022.

We note that the Share closing price showed a sharp increased from HK\$1.61 on 11 August 2022 to HK\$2.20 per Share on 22 August 2022. Shortly after that, on 24 August 2022, the Company published the Rule 3.7 Announcement in relation to, amongst other things, the entering into of a memorandum of understanding by Mr. Lin, Ms. Hui and CMHT with respect to the possible sale and purchase of the Shares and the possible Share Offer. Share closing price increased by approximately 31.2% to HK\$2.65 each on 25 August 2022 following the announcement. Share closing prices then gradually fell back after the R3.7 Announcement to HK\$2.06 per Share on 12 October 2022. Since then, Share closing price fluctuated in a relatively narrow range between HK\$2.04 and HK\$2.30 per Share prior to the Last Trading Day. On the Last Trading Day, Share

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closing price soared to HK\$2.49 each and after trading hours that day, the Company published the Joint Announcement in relation to the Share Offer. Share closing price fell by approximately 13.7% to HK\$2.15 each on 28 March 2023 following the publication of the Joint Announcement. The Company published a positive profit alert on 2 May 2023 after trading hours and its Share closing price rose by approximately 8.3% from HK\$2.05 on 2 May 2023 to approximately HK\$2.22 on 3 May 2023. Since then closing price per Share fluctuated within a tight range between HK\$1.98 and HK\$2.17, and the Share price closed at HK\$2.14 per Share as at the Latest Practicable Date.

As discussed above and having considered the possible distortion on the Share price performance relating to the circumstances that (i) there might not be a genuine market as a result of high concentration of shareholding following the IPO and before/around the publication of the SFC Announcement and the High Concentration of Shareholding Announcement; and (ii) the remarkable uplift in the Share closing price following the publication of the Rule 3.7 Announcement was likely to be driven by the Share Offer, we have therefore performed our analysis in relation to the historical Share closing price mainly focused on the period from 6 June 2019, being the trading day immediately after the publication of the SFC Announcement and the High Concentration of Shareholding Announcement, up to 24 August 2022 (“**Pre-R3.7 Announcement Period**”), being the last trading day immediately prior to the publication of the Rule 3.7 Announcement.

In summary, the Share Offer Price of HK\$1.76 per Offer Share:

- (i) represents a discount of approximately 16.98% to the closing price of HK\$2.12 per Share as quoted on the Stock Exchange on the last trading day prior to the publication of the Rule 3.7 Announcement (i.e. the commencement of the Share Offer Period), being 24 August 2022;
- (ii) is roughly equivalent to the average closing price of approximately HK\$1.77 per Share as quoted on the Stock Exchange for the last thirty (30) consecutive trading days up to and including the last trading day prior to the publication of the Rule 3.7 Announcement (i.e. the commencement of the Share Offer Period), being 24 August 2022;
- (iii) represents a premium of approximately 7.3% over the average closing price of HK\$1.64 per Share as quoted on the Stock Exchange for the last ninety (90) consecutive trading days up to and including the last trading day prior to the publication of the Rule 3.7 Announcement (i.e. the commencement of the Share Offer Period), being 24 August 2022;
- (iv) represents a premium of approximately 11.4% over the average closing price of approximately HK\$1.58 per Share as quoted on the Stock Exchange for the last one hundred and twenty (120) consecutive trading days up to and including the last trading day prior to the publication of the Rule 3.7 Announcement (i.e. the commencement of the Share Offer Period), being 24 August 2022;
- (v) represents a discount of approximately 8.9% to the average closing price of approximately HK\$1.93 per Share during the Pre-R3.7 Announcement Period;

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- (vi) a discount of approximately 17.76% to the closing price of HK\$2.14 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (vii) a premium of approximately 267.66% over the Company's audited consolidated net asset value attributable to the owners of the Company of approximately HK\$0.4787 per Share as at 31 March 2023 (based on the audited consolidated net assets attributable to the owners of the Company of approximately HK\$478,712,000 as at 31 March 2023 as set out in the 2023 Annual Report (the "**Latest Audited NAV**") and the total number of 1,000,000,000 issued Shares as at the date of the Latest Practicable Date); and
- (viii) a premium of approximately 257.87% to the Adjusted NAV per Share of approximately HK\$0.4918 as discussed under section headed "1.4 Adjusted NAV" above.

As shown above, despite that the Share Offer Price represents a discount to the average closing price of HK\$1.93 per Share during the Pre-R3.7 Announcement Period, it is indeed close to or represents a premium over the near-term market price per Share right before the release of the R3.7 Announcement as shown in points (ii) to (iv) above, and also represents a premium of approximately 267.66% over the Latest Audited NAV per Share as at 31 March 2023, as well as a premium of approximately 257.87% over the Adjusted NAV per Share. Again, Shareholders should note that the Share price movement following the publication of the Rule 3.7 Announcement and the Joint Announcement are likely to be driven by the Share Offer and as such, the sustainability of the current Share price level could be uncertain.

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5.2 Trading Liquidity

Set out below in the table are the average daily trading volume of the Shares and the percentages of the average daily trading volume to the number of total issued Shares and public float of the Company respectively during the Pre-R3.7 Announcement Period and the Review Period:

	Average daily trading volume of the Shares	Approximate % of average daily trading volume to the number of total issued Shares <i>(Note 1)</i>	Approximate % of average daily trading volume to the public float of the Company <i>(Note 2)</i>
2019			
January	38,522,867	3.85%	15.41%
February	7,353,475	0.74%	2.94%
March	5,780,462	0.58%	2.31%
April	3,565,250	0.36%	1.43%
May	2,799,905	0.28%	1.12%
June	4,107,158	0.41%	1.64%
July	2,971,727	0.30%	1.19%
August	909,727	0.09%	0.36%
September	1,008,571	0.10%	0.40%
October	630,286	0.06%	0.25%
November	2,393,357	0.24%	0.96%
December	988,050	0.10%	0.40%
2020			
January	1,032,600	0.10%	0.41%
February	1,289,700	0.13%	0.52%
March	1,304,273	0.13%	0.52%
April	1,207,789	0.12%	0.48%
May	1,203,200	0.12%	0.48%
June	653,333	0.07%	0.26%
July	918,182	0.09%	0.37%
August	836,476	0.08%	0.33%
September	585,000	0.06%	0.23%
October	371,444	0.04%	0.15%
November	895,238	0.09%	0.36%
December	586,000	0.06%	0.23%

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	Average daily trading volume of the Shares	Approximate % of average daily trading volume to the number of total issued Shares <i>(Note 1)</i>	Approximate % of average daily trading volume to the public float of the Company <i>(Note 2)</i>
2021			
January	437,600	0.04%	0.18%
February	506,889	0.05%	0.20%
March	385,043	0.04%	0.15%
April	320,842	0.03%	0.13%
May	1,347,500	0.13%	0.54%
June	312,952	0.03%	0.13%
July	256,667	0.03%	0.10%
August	305,636	0.03%	0.12%
September	86,000	0.01%	0.03%
October	14,000	0.00%	0.01%
November	971,919	0.09%	0.37%
December	14,636	0.00%	0.01%
2022			
January	40,857	0.00%	0.02%
February	20,941	0.00%	0.01%
March	30,261	0.00%	0.01%
April	56,556	0.01%	0.02%
May	242,400	0.02%	0.10%
June	149,143	0.01%	0.06%
July	40,500	0.00%	0.02%
August	981,152	0.10%	0.39%
September	143,810	0.01%	0.06%
October	67,000	0.01%	0.03%
November	89,727	0.01%	0.04%
December	122,100	0.01%	0.05%
2023			
January	116,111	0.01%	0.05%
February	34,900	0.00%	0.01%
March	278,087	0.03%	0.11%
April	53,176	0.01%	0.02%
May	106,381	0.01%	0.04%
June	39,524	0.00%	0.02%
July	26,600	0.00%	0.01%
1 August – 8 August 2023 (being the Latest Practicable Date)	138,667	0.01%	0.06%

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	Average daily trading volume of the Shares	Approximate % of average daily trading volume to the number of total issued Shares (Note 1)	Approximate % of average daily trading volume to the public float of the Company (Note 2)
Pre-R3.7 Announcement Period	754,385	0.08%	0.30%
From 25 August 2022 to 27 March 2023 (being the Last Trading Day)	212,790	0.02%	0.09%
From 28 March 2023 to the Latest Practicable Date (Note 3)	112,831	0.01%	0.05%

Source: *Bloomberg*

Notes:

1. The calculation is based on the average daily trading volume over the number of total issued Shares for the subject period, as applicable.
2. The total number of Shares held by the public is calculated based on the total number of issued Shares excluding those held by the Vendors and GBGL.
3. 28 March 2023, being the first trading day immediately following the publication of the Joint Announcement in relation to the Share Offer.

From the table above, which outlines the average daily trading volume as a percentage of the number of total issued Shares and as a percentage of the public float respectively, we note that save for the first few months following the Company's listing, the average daily trading volume of the Shares has been thin. The average daily trading volume of the Shares during the Pre-3.7 Announcement Period was 754,385 Shares, representing only around 0.08% of the total issued share capital of the Company and around 0.30% of the public float. The publication of the Rule 3.7 Announcement in August 2022 on the other hand temporarily heightened the trading activity, although on an overall basis, the average daily trading volume was still thin between 25 August 2022 (being the first trading day immediately after the Rule 3.7 Announcement) and 27 March 2023 (being the Last Trading Day), being approximately 0.02% and 0.09% of the number of total issued Shares and public float respectively. Following the Joint Announcement, the average daily trading volume of the Shares remained illiquid, with only average volume of around 0.01% of the number of total issued Shares and 0.05% of the Shares held by the public reported.

As such, given the historical thin trading volume of the Shares, it is uncertain whether there would be sufficient liquidity in the Shares for the Independent Shareholders to dispose of a significant number of Shares in the open market without causing an adverse impact on the market price of the Shares. The Share Offer therefore represents a guaranteed cash exit for the Independent Shareholders, particularly for those who hold a large volume of Shares, to dispose of their entire holdings at the Share Offer Price if they so wish.

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6. Comparable analysis

In evaluating the fairness and reasonableness of the Share Offer Price, we have conducted a comparable company analysis based on the following criteria including companies (i) with shares listed on the Stock Exchange; (ii) are profit-making in their respective latest financial year; and (iii) are primarily engaged in leisure food retail stores business, including supermarkets, retail and department stores, in Hong Kong offering products including food and beverage, household and personal care products.

During the course of our research, we have initially identified a total of 18 listed companies on the Stock Exchange which are engaged in the leisure food retail stores business (including supermarkets and department stores). However, we further noted that based on our aforesaid selection criteria, 16 out of such 18 companies were either loss-making in their latest financial year and/or having retail business mainly outside Hong Kong. As such, we have identified two comparable companies, being CEC International Holdings Limited (stock code: 759) and Henderson Investment Limited (stock code: 97) (the “**Comparable Company(ies)**”) which is an exhaustive list based on the criteria set out as per above.

We have selected the use of price-to-earnings ratio (the “**P/E Ratio**”), price-to-book ratio (the “**P/B Ratio**”) and price-to-sales ratio (the “**P/S Ratio**”) for the purpose of the comparable company analysis because we consider such ratios to be suitable valuation methodologies as they are common financial analysis tools used to evaluate companies with a proven track record.

Set out in the table below are the details of the Comparable Companies and their P/E Ratios, P/B Ratios and P/S Ratios:

Company name	Stock code	Market capitalisation <i>HK\$</i> <i>(Note 1)</i>	Profit	Net asset value	Revenue <i>HK\$</i> <i>(Note 2)</i>	P/E	P/B Ratio <i>times</i> <i>(Note 3)</i>	P/S
			attributable to owners of the company <i>HK\$</i> <i>(Note 2)</i>	attributable to owners of the company <i>HK\$</i> <i>(Note 3)</i>		Ratio <i>times</i> <i>(Note 2)</i>		Ratio <i>times</i> <i>(Note 2)</i>
CEC International Holdings Limited (“CEC”)	759.HK	259,814,411	49,565,000	533,543,000	1,692,403,000	5.24	0.49	0.15
Henderson Investment Limited (“Henderson”)	97.HK	777,068,486	5,000,000	1,270,000,000	1,786,000,000	155.41	0.61	0.44
The Company (based on the Share Offer Price)		1,760,000,000	200,997,000	Latest Audited NAV: 478,712,000 Adjusted NAV: 491,754,000	2,305,907,000	8.76	Based on the Latest Audited NAV: 3.68 Based on the Adjusted NAV: 3.58	0.76

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Source: the Stock Exchange

Notes:

1. The market capitalisation of the Comparable Companies are based on their closing price per share and total issued shares as at the Latest Practicable Date.
2. P/E Ratio and P/S Ratio of the Comparable Companies are calculated based on the profit attributable to owners of the company and revenue of the respective Comparable Company for their respective latest published financial year and the respective Comparable Company's market capitalisation as at the Latest Practicable Date.
3. P/B Ratios of the Comparable Companies are calculated based on the respective net asset value attributable to owners of the company as published in their respective latest financial results and the market capitalisation as at the Latest Practicable Date.

As shown in the table above, the P/E Ratio represented by the Share Offer Price is within the range of those of CEC and Henderson, whilst each of the P/B and P/S Ratios of the Company as implied by the Share Offer Price is higher than both of the respective ratios of the Comparable Companies. However, amongst the two Comparable Companies, we consider CEC more comparable to the Company than Henderson having considered that, among other things, (i) Henderson is mainly operating department stores and supermarkets in the names of, including but not limited to, Citistore, APITA and UNY which are in relatively larger business scale with much wider product varieties, which are less similar to those of the Company; (ii) the exceptionally high P/E Ratio of Henderson could be attributable to the recent drop in profit attributable to owner of parent by around 85% as reported in Henderson's annual results for the financial year ended 31 December 2022; and (iii) CEC is mainly operating retail stores under the name 759 STORE with a similar business model, similar scale and product varieties to those of the Company. Against such backdrop, when comparing to CEC, we note that the P/E, P/B and P/S Ratios represented by the Share Offer Price are all higher than those of CEC, which are considered favourable.

DISCUSSION

We consider that the terms of the Share Offer, including the Share Offer Price, to be fair and reasonable so far as the Independent Shareholders are concerned after taking into account all of the above principal factors and reasons, in particular:

1. save for disclosed that the Purchaser will assist the Company in reviewing its business and operations with a view to formulate a long term strategy and business plan and seek for new opportunities to enhance and strengthen the business of the Group, however, no concrete and detailed business plan has been provided in the Composite Document by the Offeror or the Purchaser on the future business development of the Group;
2. the historical trading volume of the Shares has been thin during the Review Period and the Independent Shareholders may find it difficult to dispose of a significant number of Shares in the open market without causing an adverse impact on the market price of the Shares. The Share Offer therefore represents a guaranteed cash exit for the Independent Shareholders, particularly for those who hold a large volume of Shares, to dispose of their entire holdings at the Share Offer Price if they so wish;

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3. despite that the Share Offer Price represents a discount to the average closing price of HK\$1.93 per Share during the Pre-R3.7 Announcement Period, it:
 - i. is indeed roughly equivalent to the average closing price of approximately HK\$1.77 per Share as quoted on the Stock Exchange for the last thirty (30) consecutive trading days;
 - ii. represents a premium of approximately 7.3% over the average closing price of approximately HK\$1.64 per Share as quoted on the Stock Exchange for the last ninety (90) consecutive trading days; and
 - iii. represents a premium of approximately 11.4% over the average closing price of approximately HK\$1.58 per Share as quoted on the Stock Exchange for the last one hundred and twenty (120) consecutive trading days,up to and including the last trading day prior to the publication of the Rule 3.7 Announcement (i.e. the commencement of the Share Offer Period), being 24 August 2022;
4. represents a premium of approximately 267.66% over the Latest Audited NAV per Share of approximately HK\$0.4787 as well as a premium of approximately 257.87% over the Adjusted NAV per Share of approximately HK\$0.4918; and
5. represents the P/E Ratio that is within the range of those of the Comparable Companies, whilst each of the P/B and P/S Ratios of the Company as implied by the Share Offer Price is higher than both of the respective ratios of the Comparable Companies and, in particular, the P/E, P/B and P/S Ratios represented by the Share Offer Price are all higher than those of CEC which is considered more comparable to the Company.

OPINION AND RECOMMENDATIONS

Having taken into account the above principal factors set out in this letter and summarised in the section headed “Discussion” above, we consider that the terms of the Share Offer are fair and reasonable so far as the Independent Shareholders are concerned and accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to accept the Share Offer. However, following the Rule 3.7 Announcement, the Shares have traded above the Share Offer Price, closing at HK\$2.14 as at the Latest Practicable Date. Independent Shareholders who intend to realise their investments in the Company in whole or in part by accepting the Share Offer should monitor the Share price, and if the proceeds of selling in the market (net of costs) would be higher than the net proceeds receivable under the Share Offer, such Independent Shareholders should consider selling their Shares in the open market instead of realising their investment by accepting the Share Offer. Independent Shareholders should also monitor the overall trading volume of the Shares, as they may or may not be able to dispose of their Shares in the market without exerting downward pressure on the Share prices.

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Those Independent Shareholders who, after considering the information on the Offeror and the Purchaser and their intentions regarding the Group, are attracted by the future prospects of the Group following the Share Offer, in particular, synergy potential and growth opportunities arising from the future collaboration between the Offeror, the Purchaser and the Group, may consider retaining their Shares or tendering less than all their Shares under the Share Offer.

The procedures for acceptance of the Share Offer are set out in Appendix I to the Composite Document and the accompanying White Form of Acceptance and Transfer. Independent Shareholders are urged to read the timetable set out in the Composite Document and any revised timetable (if any) to be announced by the Offeror, the Purchaser and the Company carefully and act accordingly if they wish to accept the Share Offer.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED
Lyan Tam
Director

Ms. Lyan Tam is a licensed person registered with the Securities and Futures Commission and as a responsible officer of Somerley to carry out Type 6 (advising on corporate finance) regulated activities under the SFO and has over 20 years of experience in corporate finance industry.

1. PROCEDURES FOR ACCEPTANCE OF THE SHARE OFFER

To accept the Share Offer, you should duly complete and sign the relevant accompanying **WHITE** Form of Acceptance and Transfer in accordance with the instructions printed thereon, which instructions form part of the terms of the Share 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 Offer Shares is/are in your name, and you wish to accept the Share Offer in respect of your Offer Shares (whether in full or in part), you must deliver the duly completed and signed **WHITE** Form of Acceptance and Transfer together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the number of Offer Shares for which you intend to accept the Share Offer, by post or by hand, to the Registrar in an envelope marked “**Best Mart 360 Holdings Limited — Share Offer**” so as to reach the Registrar as soon as possible but in any event by no later than 4:00 p.m. (Hong Kong time) on the Closing Date or such later time(s) and/or date(s) as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code.
- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Offer Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Share Offer in respect of your Offer Shares (whether in full or in part), you must either:
 - (i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the number of Offer Shares for which you intend to accept the Share Offer with the nominee company, or other nominee, and with instructions authorising it to accept the Share Offer on your behalf and requesting it to deliver the **WHITE** Form of Acceptance and Transfer duly completed and signed together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Offer Shares tendered for acceptance to the Registrar; or
 - (ii) arrange for the Offer Shares to be registered in your name by the Company through the Registrar, and deliver the duly completed and signed **WHITE** Form of Acceptance and Transfer together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the number of Offer Shares for which you intend to accept the Share Offer to the Registrar; or

- (iii) if your Offer 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 Share Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with 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 Offer Shares have been lodged with your investor participant's account maintained with CCASS, give your instruction via the CCASS Phone System or the CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.
- (c) If you have lodged transfer(s) of any of your Offer Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Share Offer in respect of those Offer Shares, you should nevertheless duly complete and sign the **WHITE** Form of Acceptance and Transfer and deliver it to the Registrar together with the transfer receipt(s), if any, duly signed by yourself and/or other document(s) of title (as the case may be). Such action will constitute an irrevocable authority to the Offeror and/or Lego Securities and/or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Registrar on your behalf and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Share Offer, as if it was/they were delivered to the Registrar with the **WHITE** Form of Acceptance and Transfer.
- (d) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title in respect of your Offer Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Share Offer in respect of any of your Offer Shares, the **WHITE** Form of Acceptance and Transfer should nevertheless be duly completed, signed and delivered to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Offer Shares or that it is/ they are not readily available. If you subsequently find such document(s) or if it/they become(s) available, the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title should be forwarded to the Registrar as soon as possible thereafter. If you have lost the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title in respect of your Offer Shares, you should also write to the Registrar for a form of letter of indemnity which, when completed and signed in accordance with the instructions given, should be provided to the Registrar. The Offeror has absolute discretion to decide whether any Offer Shares in respect of which the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title is/are not readily available and/or is/are lost will be taken up by the Offeror.

- (e) Acceptance of the Share Offer will be treated as valid only if the duly completed and signed **WHITE** Form of Acceptance and Transfer is received by the Registrar by no later than 4:00 p.m. (Hong Kong time) on the Closing Date and the Registrar has recorded that the acceptance and any relevant documents required by Note 1 to Rule 30.2 of the Takeovers Code have been so received, and is:
- (i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the number of Offer Shares for which you intend to accept the Share Offer and, if that/those share certificate(s) and/or any other document(s) of title is/are not in your name, such other document(s) (e.g. a duly stamped transfer of the relevant Share(s) in blank or in favour of the acceptor executed by the registered holder) in order to establish your right to become the registered holder of the relevant Offer Shares; or
 - (ii) from a registered Shareholder or his/her personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Offer Shares which are not taken into account under another sub-paragraph of this paragraph (e)); or
 - (iii) certified by the Registrar or the Stock Exchange.
- (f) If the **WHITE** Form of Acceptance and Transfer is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar must be produced.
- (g) Seller's Hong Kong ad valorem stamp duty for transfer of Offer Shares arising in connection with acceptances of the Share Offer will be payable by the accepting Independent Shareholders at a rate of 0.13% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer, whichever is higher. An amount equivalent to the aforesaid stamp duty will be deducted from the cash amount payable by the Offeror to such Independent Shareholder who accepts the Share Offer. The Offeror will arrange for payment of the seller's Hong Kong ad valorem stamp duty on behalf of the relevant Independent Shareholders accepting the Share Offer and will pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptances of the Share Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).
- (h) No acknowledgement of receipt of any **WHITE** Form of Acceptance and Transfer and/or 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 Offer Shares tendered for acceptance will be given.
- (i) The address of the Registrar, Computershare Hong Kong Investor Services Limited, is at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

- (j) In making their decision, Independent Shareholders must rely on their own examination of the Group and the terms of the Share Offer, respectively, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the **WHITE** Form of Acceptance and Transfer, shall not be construed as any legal or business advice on the part of any of the Offeror, the Purchaser, parties acting in concert with any of them, CMS, Lego Securities, Lego Corporate Finance, Somerley, the Company or their respective professional advisers. Independent Shareholders should consult their own professional advisers for professional advice.

2. SETTLEMENT UNDER THE SHARE OFFER

Provided that a duly completed and signed **WHITE** Form of Acceptance and Transfer and the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Offer Shares as required by Note 1 to Rule 30.2 of the Takeovers Code have been received by the Registrar by no later than 4:00 p.m. (Hong Kong time) on the Closing Date or such later time(s) and/or date(s) as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code, a cheque from the Purchaser for and on behalf of Offeror for the amount due to each of the Independent Shareholders who accepts the Share Offer less seller's ad valorem stamp duty in respect of the Offer Shares tendered by him/her under the Share Offer will be despatched to such Independent Shareholder by ordinary post at his own risk as soon as possible but in any event within seven (7) Business Days following the date of receipt of a duly completed and signed **WHITE** Form of Acceptance and Transfer together with all of the relevant document(s) by the Registrar to render such acceptance under the Share Offer valid.

Settlement of the consideration to which any Independent Shareholder is entitled under the Share Offer will be implemented in full in accordance with its terms (save in respect of the payment of the 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 Independent Shareholder.

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

Cheque(s) not presented for payment within six months from the date of issue of the relevant cheque(s) will not be honoured and will be of no further effect, and in such circumstances cheque holders should contact the Purchaser for payment.

3. ACCEPTANCE PERIOD AND REVISIONS

Unless the Share Offer is revised or extended with the consent of the Executive and in accordance with the Takeovers Code, to be valid, the **WHITE** Form of Acceptance and Transfer must be received by the Registrar, in accordance with the instructions printed thereon and in this Composite Document by no later than 4:00 p.m. (Hong Kong time) on the Closing Date.

If the Share Offer is revised or extended, the Offeror will issue an announcement in relation to such revision or extension of the Share Offer, which announcement will state the next Closing Date. There is no obligation on the Offeror to extend the Share Offer. If, in the course of the Share Offer, the Offeror revises the terms of the Share Offer, all of the Independent Shareholders, whether or not they have already accepted the Share Offer, will be entitled to accept the revised Share Offer under the revised terms. Any revised Share Offer must be kept open for at least fourteen (14) days following the date on which the revised Share Offer document is posted. In any case where the Share Offer is revised, and the consideration offered under the revised Share Offer does not represent on such date a reduction in the value of the Share Offer in its original or any previously revised form(s), the benefit of such revised Share Offer will be made available as set out herein to acceptors of the Share Offer in its original or any previously revised form(s) (hereinafter called “**previous acceptor(s)**”). The execution by, or on behalf of, a previous acceptor of any **WHITE** Form of Acceptance and Transfer shall be deemed to constitute acceptance of the Share Offer as so revised.

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

4. NOMINEE REGISTRATION

To ensure equality of treatment of all Independent Shareholders, those registered Independent Shareholders who hold Offer Shares as nominee on behalf of more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the Offer Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Share Offer. Acceptance of the Share Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Offer Shares it has indicated in the **WHITE** Form of Share Offer Acceptance and Transfer is the aggregate number of Offer Shares for which such nominee has received authorisations from the beneficial owners to accept the Share Offer on their behalf.

5. ANNOUNCEMENTS

By 6:00 p.m. on the Closing Date (or such later time(s) and/or date(s) as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision or extension of the Share Offer. The Offeror must publish an announcement in accordance with the Listing Rules and the Takeovers Code on the Stock Exchange’s website by 7:00 p.m. on the Closing Date stating the results of the Share Offer. The announcement will state the following:

- (a) the total number of Offer Shares for which acceptances of the Share Offer have been received;
- (b) the total number of Offer Shares held, controlled or directed by the Offeror, the Purchaser and parties acting in concert with any of them before the Share Offer Period;
- (c) the total number of Offer Shares acquired or agreed to be acquired or cancelled during the Share Offer Period by the Offeror, the Purchaser and parties acting in concert with any of them; and

- (d) details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror, the Purchaser and parties acting in concert with any of them have borrowed or lent, save for any borrowed Offer Shares which have been either on-lent or sold.

The announcement will specify the percentages of the issued share capital, and the percentages of voting rights, represented by these numbers of Offer Shares.

In computing the total number of Offer Shares represented by acceptances, only valid acceptances that are duly completed and fulfil the conditions set out in the paragraph headed “1. Procedures for Acceptance of the Share Offer” in this Appendix I, and which have been received by the Registrar (in respect of the Share Offer) by no later than 4:00 p.m. (Hong Kong time) on the Closing Date, being the latest time and date for acceptance of the Share Offer, shall be included.

As required under the Takeovers Code, all announcements in relation to the Share Offer will be made in accordance with the requirements of the Takeovers Code and the Listing Rules, where appropriate.

If the Offeror, the Purchaser and parties acting in concert with any of them or their respective advisers make any statement during the Share Offer Period about the level of acceptances or the number or percentage of accepting Independent Shareholders, the Offeror must make an immediate announcement in compliance with Note 2 to Rule 19 of the Takeovers Code.

6. RIGHT OF WITHDRAWAL

As the Share Offer is unconditional in all respects, acceptances of the Share Offer tendered by the Independent Shareholders, shall be irrevocable and cannot be withdrawn, except in the circumstances set out in the paragraph below.

Under Rule 19.2 of the Takeovers Code, if the Offeror is unable to comply with the requirements set out in paragraph headed “5. Announcements” in this Appendix I, the Executive may require that the Independent Shareholders who have tendered acceptances to the relevant Share Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that section are met. In such case, where such Independent Shareholders withdraw their acceptance(s), the Offeror shall, as soon as possible but in any event within ten (10) days thereof, return by ordinary post the share certificate(s) and/or other document(s) of the title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the **WHITE** Form of Acceptance and Transfer to the relevant Independent Shareholders at their own risk.

7. HONG KONG STAMP DUTY

Seller's ad valorem stamp duty at the rate of 0.13% of (i) the consideration in respect of the acceptances of the Share Offer or (ii) if higher, the market value of the Independent Shares as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong) will be payable by the Independent Shareholders who accept the Share Offer insofar as their Offer Shares are registered on the Hong Kong branch share register of the Company. The relevant amount of stamp duty payable by the relevant Independent Shareholders will be deducted from the consideration payable to such Independent Shareholders under the Share Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the accepting Independent Shareholders in connection with the acceptance of the Share Offer and the transfer of the Offer Shares.

8. GENERAL

- (a) All communications, notices, **WHITE** Form of Acceptance and Transfer, share certificate(s), transfer receipt(s), document(s) of title or entitlement in respect of the Share Offer and/or documentary evidence of authority (and/or any satisfactory indemnity or indemnities required in respect thereof) and/or cheques to settle the consideration payable under the Share Offer if delivered by or sent to or from the Independent Shareholders or their designated agents by post, shall be posted at their own risk, and none of the Offeror, the Purchaser, parties acting in concert with any of them, CMS, Lego Securities, Lego Corporate Finance, Somerley, the Company or any of their respective directors, the Registrar or any other parties involved in the Share Offer and any of their respective agents accepts 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 **WHITE** Form of Acceptance and Transfer form part of the terms of the Share Offer.
- (c) The accidental omission to despatch this Composite Document and/or **WHITE** Form of Acceptance and Transfer or any of them to any person to whom the Share Offer are made will not invalidate the Share Offer in any way.
- (d) The Share Offer is, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong. Execution of a **WHITE** Form of Acceptance and Transfer by or on behalf of any person will constitute the agreement of such person that the courts of Hong Kong shall have exclusive jurisdiction to settle any dispute which may arise in connection with the Share Offer.
- (e) Due execution of the **WHITE** Form of Acceptance and Transfer will constitute an authority to the Offeror, Lego Securities or such person or persons as the Offeror may direct, to complete, amend and execute any document on behalf of the person or persons accepting the Share Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as it may direct, the Offer Shares.

- (f) Acceptance of the Share Offer by any person will be deemed to constitute a representation and warranty by such person or persons to:
- (i) the Offeror, the Company and Lego Securities, that the Offer Shares sold by such person or persons to the Offeror are free from all Encumbrances and are sold together with all rights attaching to them as at the date of this Composite Document or subsequently becoming attached to them, including the right to receive all dividends and distributions, if any, declared, made or paid on or after the date of this Composite Document.
 - (ii) the Offeror, the Company and their respective advisers, including Lego Corporate Finance, the financial adviser to the Offeror in respect of the Share Offer, that if such Independent Shareholder accepting the Share Offer is a citizen, resident or national of a jurisdiction outside Hong Kong, he/she has observed and is permitted under all applicable laws and regulations to which such Overseas Shareholder is subject to receive and accept the Share Offer and any revision thereof, and that he/she has obtained all requisite governmental, exchange control or other consents and made all registrations or filings required in compliance with all necessary formalities and regulatory or legal requirements, and all requirements for the payment due by the accepting Overseas Shareholder and that he/she has not taken or omitted to take any action which will or may result in the Offeror, the Company or their respective advisers, including Lego Corporate Finance, the financial adviser to the Offeror, or any other person acting in breach of the legal or regulatory requirements of any jurisdiction in connection with the Share Offer or his/her acceptance thereof, and such acceptance, surrender and/or cancellation shall be valid and binding in accordance with all applicable laws and regulations.
- (g) Reference to any of the Share Offer in this Composite Document and in the **WHITE** Form of Acceptance and Transfer shall include any extension and/or revision thereof.
- (h) In making their decisions with regard to the Share Offer, the Independent Shareholders should rely on their own examination of the Offeror, the Group and the terms of the Share Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein, together with the **WHITE** Form of Acceptance and Transfer shall not be construed as any legal or business advice on the part of the Offeror, the Company and/or Lego Securities. The Independent Shareholders should consult their own professional advisers for professional advice.
- (i) The English texts of this Composite Document and the accompanying **WHITE** Form of Acceptance and Transfer shall prevail over their respective Chinese texts for the purpose of interpretation in case of inconsistency.
- (j) The Share Offer is made in accordance with the Takeovers Code.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The following is a summary of the consolidated financial information of the Group for each of the three years ended 31 March 2021, 2022 and 2023 as extracted from the relevant annual reports of the Company respectively:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 31 March		
	2023 HK\$'000 (Audited)	2022 HK\$'000 (Audited)	2021 HK\$'000 (Audited)
Revenue	2,305,907	1,983,526	1,627,891
Cost of sales	<u>(1,488,644)</u>	<u>(1,315,872)</u>	<u>(1,107,737)</u>
Gross profit	817,263	667,654	520,154
Other income and other gains, net	19,920	875	32,815
Selling and distribution expenses	(515,266)	(457,812)	(399,140)
Administrative and other expenses	<u>(72,996)</u>	<u>(69,224)</u>	<u>(52,161)</u>
Operating profit	248,921	141,493	101,668
Finance costs	<u>(8,708)</u>	<u>(7,309)</u>	<u>(9,921)</u>
Profits before income tax	240,213	134,184	91,747
Income tax expense	<u>(39,216)</u>	<u>(24,380)</u>	<u>(10,298)</u>
Profit attributable to owners of the Company	200,997	109,804	81,449
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas operations	<u>(328)</u>	<u>108</u>	<u>–</u>
Total comprehensive income for the year	<u><u>200,669</u></u>	<u><u>109,912</u></u>	<u><u>81,449</u></u>
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and Diluted	<u><u>20.1</u></u>	<u><u>11.0</u></u>	<u><u>8.1</u></u>
Dividend distributed to the Shareholders	<u><u>160,000</u></u>	<u><u>40,000</u></u>	<u><u>20,000</u></u>
Dividend per Share (<i>HK cents</i>) (<i>Note</i>)	8.0	9.5	4.5

Note: The dividend per Share for the year ended 31 March 2023 represents the interim dividend of HK8.0 cents per Share for the six months ended 30 September 2022. The Board has decided to convene another Board meeting to consider the declaration and payment of final dividend for the financial year ended 31 March 2023, if any, on a date after the end of the Share Offer Period.

No qualified or modified opinion, emphasis of matter or material uncertainty related to going concern was contained in the reports of the independent auditor of the Company, namely BDO Limited, for the financial years ended 31 March 2021, 2022 and 2023.

Save as disclosed above, there are no other items of income or expense which are material in the financial statements of the Company for the financial years ended 31 March 2021, 2022 and 2023.

2. FINANCIAL INFORMATION OF THE GROUP

Details of the published financial information of the Group (including the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows and any other primary statement) for each of the three years ended 31 March 2021, 2022 and 2023, together with the notes to the published financial statements and significant accounting policies for the relevant financial year, were disclosed in the following documents which have been published on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<https://www.bestmart360.com>):

- Annual report of the Company for the year ended 31 March 2021 (pages 95 to 184) (<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0716/2021071601045.pdf>);
- Annual report of the Company for the year ended 31 March 2022 (pages 113 to 200) (<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0719/2022071900902.pdf>); and
- Annual report of the Company for the year ended 31 March 2023 (pages 110 to 192) (<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0703/2023070303603.pdf>)

3. INDEBTEDNESS

As at the close of business on 31 May 2023, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, the Group had the following indebtedness:

Borrowings

The Group had total outstanding borrowing of approximately HK\$78.8 million, comprising of secured and guaranteed bank borrowings of approximately HK\$78.8 million.

Lease liabilities

As at 31 May 2023, the Group had total lease liabilities of approximately HK\$243.6 million.

Contingent liabilities

As at 31 May 2023, the Group had no material contingent liabilities.

Save as aforesaid, and apart from intra-group liabilities and normal trade and other payables in the ordinary course of the business, the Group did not have any outstanding debt securities issued and outstanding, and authorised or otherwise created but unissued, term loans, bank overdrafts and loans, other loans or other similar indebtedness, liabilities under acceptance or acceptance credits, debentures, mortgages, charges, hire purchase commitments, lease obligations, guarantees or other material contingent liabilities, at the close of business on 31 May 2023.

4. PROPERTY INTEREST AND ADJUSTED NET ASSET VALUE

By taking into account the effect of fair value gain attributable to the Group arising from the valuation of the property interest of the Group as set out in Appendix III to this Composite Document, set out below is the calculation of the adjusted unaudited consolidated net asset value of the Group:

	<i>HK\$'000</i>
Audited consolidated net asset value of the Group as at 31 March 2023	478,712
Adjustment:	
– Fair value gain attributable to the Group arising from the valuation of the property interest of the Group as at 30 June 2023 based on the property valuation report set out in Appendix III to this Composite Document (<i>Note 1</i>)	13,042
Adjusted unaudited consolidated net asset value of the Group	491,754
Adjusted unaudited consolidated net asset value of the Group per Share (<i>Note 2</i>)	HK\$0.4918

Notes:

- (1) The fair value gain attributable to the Group represents the increase in the market value of the property interest of the Group as at 30 June 2023 as compared to its corresponding net book value as at 31 March 2023.
- (2) The adjusted unaudited consolidated net asset value of the Group per Share is arrived at on the basis of 1,000,000,000 Shares in issue as at the Latest Practicable Date.

5. MATERIAL CHANGE

The Directors confirm that there had been no material change in the financial or trading position or outlook of the Group since 31 March 2023 (the date to which the latest audited consolidated financial statements of the Group were made up) and up to and including the Latest Practicable Date.

The following is the valuation report prepared for the purpose of incorporation in this document received from LCH (Asia-Pacific) Surveyors Limited, an independent property valuer, in connection with its valuation as at 30 June 2023 of the designated property interests of the Group.



利駿行測量師有限公司

LCH (Asia-Pacific) Surveyors Limited

PROFESSIONAL SURVEYOR
PLANT AND MACHINERY VALUER
BUSINESS & FINANCIAL ASSETS VALUER

The readers are reminded that the report which follows has been prepared in accordance with the reporting guidelines set by the HKIS Valuation Standards (the “HKIS Standards”) and published by the Hong Kong Institute of Surveyors (the “HKIS”). The standards entitles the valuer to make assumptions which may on further investigation, for instance by the readers’ legal representative, prove to be inaccurate. Any exception is clearly stated below. Headings are inserted for convenient reference only and have no effect in limiting or extending the language of the paragraphs to which they refer. Translations of terms, if any, in English or in Chinese are for reader’s identification purpose only and have no legal status or implication in this report. Piecemeal reference to this report is considered to be inappropriate and no responsibility is assumed from our part for such piecemeal reference. It is emphasised that the findings and conclusion presented below are based on the documents and facts known to us at the Latest Practicable Date. If additional documents and facts are made available, we reserve the right to amend this report and its conclusion. The readers are further reminded that the value reported may not add to total due to rounding in conversion.

17th Floor
Champion Building
287-291 Des Voeux Road Central
Hong Kong

11 August 2023

The Board of Directors
Best Mart 360 Holdings Limited
11/F
C-BONS International Center
108 Wai Yip Street
Kwun Tong, Kowloon
Hong Kong

Dear Sirs,

In accordance with the instructions to us by the present management of Best Mart 360 Holdings Limited (hereinafter referred to as the “Instructing Party”) to value the designated real property (same as the word *property* in this report) in which Best Mart 360 Holdings Limited (hereinafter referred to as the “Company”) and its subsidiaries (collectively, together with the Company hereinafter referred to as the “Group”) have interest in Hong Kong, we confirm that we have made inspection, enquiries and obtained such further information as we consider necessary to support our findings and our opinion of value of the

property as at 30 June 2023 (hereinafter referred to as the “Valuation Date”). We are given to understand our work product is for the Company’s internal management reference purpose and will be included in the Company’s composite document for its shareholders’ reference. This valuation report comprises the text section and property particulars with value section.

We understand that the Instructing Party will incorporate our work product (regardless of form of presentation) as part of its business due diligence and we have not been engaged to make specific sales or purchase recommendations, or give opinion for any financing arrangement. We further understand that the use of our work product will not supplant other due diligence, which the Instructing Party should conduct, in reaching its business decisions regarding the property valued. Our work is designed solely to provide an independent valuation that will allow the Instructing Party to make an informed decision.

BASIS OF VALUE AND ASSUMPTIONS

In this engagement, we have provided our opinion of value of the property on market value basis. The concept of market value presumes a price negotiated in an open and competitive market where the participants are acting freely.

The term “Market Value” is defined by the HKIS Standards as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transactions after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

Unless otherwise stated, our valuation of the property has been made on the assumptions that, as at the Valuation Date,

1. the legally interested party in the property has free and uninterrupted rights to assign its relevant property interest for the whole of the unexpired terms as granted, and any premium payable have already been fully paid; and
2. the legally interested party in the property sells its relevant property interest in the market in its existing state without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any other similar arrangement which could serve to increase the value of the property interest.

Should any of the above not be the case, it will have adverse impact to the value as reported.

APPROACH TO VALUE

There are three generally accepted approaches in arriving at the market value of a property on an absolute title basis i.e. free to assign, transfer, let and mortgage, namely the Sales Comparison Approach (or known as the Market Approach), the Cost Approach and the Income Approach.

Having consider the physical characteristic of the property and the availability of sales transaction evidences in the market, we consider the Market Approach is the most appropriate approach to value the property. The property is not held for leasing purpose, the Income Approach considering rental income is considered less appropriate given that there are numerous sales transaction evidences in the market. The Cost Approach is also considered not appropriate as it is normally adopted for valuing special property where lack of transaction evidence in the market. In valuing the property, we have adopted the Sales Comparison Approach (also known as the Market Approach) on the assumption that the property could be sold with the benefit of vacant possession as at the Valuation Date. This approach considers the sales, listings or offering of similar or substitute properties and related market data and establishes a value of a property that a reasonable investor would have to pay for a similar property of comparable utility and with an absolute title.

Unless otherwise stated, we have not carried out any valuation on redevelopment basis to the property and the study of possible alternative development options and the related economics do not come within the scope of our work product.

MATTERS THAT MIGHT AFFECT THE VALUE REPORTED

No allowance has been made in our valuation for any charges, mortgages, outstanding premium or amounts owing on the property valued nor any expenses or taxation which may be incurred in affecting a sale of the property. Unless otherwise stated, it is assumed that the property is free from all encumbrances, restrictions and outgoings of an onerous nature which could affect the value.

In our valuation, we have assumed that the property is able to be sold and purchased in the market without any legal impediment (especially from the regulators). Should this not be the case, it will affect the reported value significantly. The readers are reminded to have their own legal due diligence work on such issues. No responsibility or liability is assumed.

As advised by the Instructing Party, disposal of property situated in Hong Kong will be subject to stamp duty and profit tax of 16.5% on net profit. As confirmed by the Instructing Party, the property is held for self-occupation and the Group has no intention to dispose it at the near future. Thus, the likelihood of such potential tax liability is remote.

ESTABLISHMENT OF TITLES

We have conducted title searches on the property in the Land Registry of Hong Kong. However, we have not inspected the original documents to verify ownership or to verify any amendment which may not appear on the copies handed to us. We are not legal professional and we are unable to ascertain the titles and to report any encumbrances (if any) that are registered against the property. No responsibility or liability is assumed.

In our report, we have assumed that the registered owner of the property has free and uninterrupted rights to occupy, to transfer, to mortgage or to let its relevant property interests (in this instance, an absolute title) for the whole of the unexpired terms as granted, free of all encumbrances, and that there would have no legal impediment (especially from the regulators) for the registered owner to continue the legal titles of the property. Should this not be the case, it will affect our findings or conclusion of value in this report significantly. The readers are reminded to have their own legal due diligence work on such issues. No responsibility or liability is assumed.

INSPECTIONS AND INVESTIGATIONS OF THE PROPERTY

The inspection to the property was conducted by Sr Ng Hung Mui in April 2023. As confirmed by the Instructing Party, there is no material physical change to the property from the last inspection date to the Valuation Date. In our last inspection, we have inspected the exterior, where possible, the interior of the property for the purpose of this assignment, we have not inspected those parts of the property which were covered, unexposed or inaccessible and such parts have been assumed to be in a reasonable condition. We cannot express an opinion about or advise upon the conditions of the property and our work product should not be taken as making any implied representation or statement about the conditions of the property. No building survey, structural survey, investigation or examination has been made, but in the course of our inspection, we did not note any serious defects in the property inspected. We are not, however, able to report that the property is free from rot, infestation or any other structural defects. We assumed all usual main services of water, electricity, telephone and drainage are provided to the property. No tests were carried out to the services (if any) and we are unable to identify those services either covered, unexposed or inaccessible.

Our valuation has been made on the assumption that no unauthorised alteration, extension or addition has been made in the property, and that the use of this report should not be used as the building surveys of the property. If the Instructing Party or any party interested in the property wants to satisfy themselves for the condition of the property, they should obtain a surveyor's detailed inspection and report of their own.

We have not carried out on-site measurements to verify the correctness of the floor areas of the property, but have assumed that the floor areas shown on the documents and official floor plans handed to us are correct. All dimensions, measurements and areas are approximations.

Our engagement did not include land survey to verify the legal boundaries and the exact locations of the property. We need to state that we are not in the land survey profession, therefore, we are not in the position to verify or ascertain the correctness of the representation of the Company's personnel with regard to the legal boundaries and locations of the property. No responsibility is assumed in this regard.

SOURCES OF INFORMATION AND ITS VERIFICATION

We have relied solely on the information provided by the Instructing Party or appointed personnel of the Company and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, occupation, site and floor areas and all other relevant matters.

When we adopted the work products from other professions, external data providers and/or the Instructing Party or appointed personnel of the Company in our valuation, the assumptions and caveats adopted by them in arriving at their opinion also applied in our valuation. The procedures we have taken do not require us to examine all the evidences, like an auditor, in reaching at our opinion. As we have not performed an audit, we are not expressing an audit opinion in our valuation.

As at the Latest Practicable Date, we are unable to identify any adverse news against the property which may affect the reported value in this report. Thus, we are not in the position to report and comment on its impact (if any) to the property. However, should it be established subsequently that such news did exist at the Valuation Date, we reserve the right to adjust the value reported herein.

We are unable to accept any responsibility for the information that has not been supplied to us by the Instructing Party or appointed personnel of the Company. Also, we have sought and received

confirmation from the Instructing Party or appointed personnel of the Company that no material factors have been omitted from the information supplied. Our analysis and valuation are based upon full disclosure between us and the Instructing Party of material and latent facts that may affect the valuation.

To the best of our knowledge, all data set forth in this report are true and accurate. Although gathered from reliable sources, no warranty is made nor liability assumed for the accuracy of any data, opinion, or estimates identified as being furnished by others which have been used in formulating this report.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Instructing Party or appointed personnel of the Company. We consider that we have been provided with sufficient information to reach an informed view, and have had no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary amounts are in Hong Kong dollars (“HK\$”).

OPINION OF VALUE

Based on the above information and assumptions, we are of the opinion that the Market Value of the property for the Company’s internal management reference purpose as at the Valuation Date in its existing states and assuming free of all encumbrances, was in the order of **HONG KONG DOLLARS ONE HUNDRED SEVENTY NINE MILLION AND FOUR HUNDRED THOUSAND (HK\$179,400,000)**.

LIMITING CONDITIONS

Our opinion of value of the property in this report is valid only for the stated purpose as at the Valuation Date and for the sole use of the Instructing Party or the Group. No responsibility is taken for changes in market conditions and no obligation is assumed to revise the report to reflect events or conditions which occur subsequent to the date hereof.

The report is prepared in line with the requirements contained in Chapter 5 of the Listing Rules, Rule 11 of the Code on Takeovers and Mergers of the Securities and Futures Commission as well as the reporting guidelines contained in the HKIS Standards. The valuation has been undertaken by us, acting as external valuer, qualified for the purpose of the valuation.

Neither we nor any individuals signing or associated with this engagement shall be required by reason of this engagement to give further consultation, testimony, or appear in court or other legal proceedings, unless prior specific arrangements have been made.

Our maximum liability relating to the services rendered under this report (regardless of form of action, whether in contract, negligence or otherwise) shall be limited to the charges paid to us for the portion of its services or work products giving rise to liability. In no event shall we be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, lost profits, opportunity costs, etc.), even if it has been advised of their possible existence.

The Instructing Party and the Company are required to indemnify and hold us and our personnel harmless from any claims, liabilities, costs and expenses (including, without limitation, attorney's fees and the time of our personnel involved) brought against, paid or incurred by us at a time and in any way based on the information made available in connection with our work product except to the extent that any such losses, expenses, damages or liabilities are ultimately determined to be the result of gross negligence of our engagement team in conducting its work. This provision shall survive even after the termination of this engagement for any reason.

Neither the whole nor any part of the report or any reference made hereto may be included in any published document, circular or statement, or be published in any way, without our written approval of the form and context in which it may appear. Nonetheless, we consent to the publication of this report in this document to the Company's shareholders' reference.

We retain a copy of this report together with the data from which it was prepared, and these data and documents will, according to the laws of Hong Kong, be kept for a period of 6 years from the date it provided to us and to be destroyed thereafter. We considered these records confidential, and we do not permit access to them by anyone, with the exception for law enforcement authorities or court order, without the Instructing Party's authorisation and prior arrangement made with us. Moreover, we will add the Company's information into our client list for future reference.

We hereby certify that the fee for this service is not contingent upon our conclusion of value and we have no significant interest in the property, the Group or the value reported.

Yours faithfully,

For and on behalf of

LCH (Asia-Pacific) Surveyors Limited

J. Junior Ho

B.Sc. M.Sc. RPS (GP)(PD)

Director

Sr J. Junior Ho is a fellow of The HKIS and has been conducting valuation of real properties in Hong Kong, Macau, Taiwan, mainland China, Canada, the United Kingdom, France, Singapore, Guyana, Samoa, Argentina and Vietnam since 2010.

PROPERTY PARTICULARS WITH VALUE

Property	Description and tenure	Particulars of occupancy	Amount of valuation in its existing state as at 30 June 2023
Office Nos. 1, 2, 3, 5, 6, 7, 8, 9, 10, 11, 12, 15 and 16 on 11th Floor and Car Parking Spaces Nos. P59, P60 and P65 on the 3rd Floor, C-Bons International Center, No. 108 Wai Yip Street, Kowloon, Hong Kong	<p>The property comprises all 13 various office units on the whole of the 11th Floor and 3 various car parking spaces on the 3rd Floor of a 26-storey commercial building.</p> <p>The building was completed in 2009.</p>	As inspected and confirmed by the appointed personnel of the Company, as at the Valuation Date, the property was owner-occupied.	<p>HK\$179,400,000</p> <p>(100 per cent. interest)</p>
21,115/ 427,875th shares of The Remaining Portion of Kwun Tong Inland Lot No. 751 (the "Lot")	<p>According to information available to us, the property has a gross floor area of approximately 16,844 square feet (1,565 square meters) and a saleable area of approximately 11,323 square feet (1,052 square meters).</p> <p>The Lot is held under a Conditions of Exchange No. 20028 for a term of 50 years from 25 July 2006.</p> <p>The current annual rent payable for the Lot is equal to 3% of the rateable value per annum.</p>		

Notes:

1. The registered owner of the property is Allied Wide Limited, an indirect wholly-owned subsidiary of the Company, vide an Assignment with Plans dated 31 January 2011 and registered in the Land Registry by Memorial No. 11022301970010 on 23 February 2011.
2. The property is subject to an Occupation Permit No. KN 30/2009 dated 2 December 2009 and registered in the Land Registry by Memorial No. 10012102780012 on 21 January 2010.
3. The property is subject to a Deed of Mutual Covenant and Management Agreement with Plans dated 1 June 2010 and registered in the Land Registry by Memorial No. 10062402820605 on 24 June 2010.
4. The property is subject to a Tripartite Legal Charge/ Mortgage in favour of Standard Chartered Bank (Hong Kong) Limited at a consideration of all moneys dated 22 October 2020 and registered in the Land Registry by Memorial No. 20110501330036 on 5 November 2020.

1. RESPONSIBILITY STATEMENT

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

2. SHARE CAPITAL

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

	<i>HK\$</i>
<i>Authorised:</i>	
10,000,000,000 Shares of HK\$0.01 each	100,000,000
<i>Issued and fully paid share capital:</i>	
1,000,000,000 Shares of HK\$0.01 each	10,000,000

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

No Shares had been issued since 31 March 2023 (being the date on which the latest audited consolidated financial statements of the Company were prepared) and up to and including the Latest Practicable Date.

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

3. MARKET PRICES

The table below shows the closing price of the Shares quoted on the Stock Exchange on (i) the last Business Day of each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date:

Date	Closing price of Shares (HK\$)
28 February 2022	1.50
31 March 2022	1.31
29 April 2022	1.30
31 May 2022	1.55
30 June 2022	1.78
29 July 2022	1.65
24 August 2022 (the Last Trading Day)	2.02
31 August 2022	2.42
30 September 2022	2.17
31 October 2022	2.07
30 November 2022	2.24
30 December 2022	2.12
31 January 2023	2.21
28 February 2023	2.13
31 March 2023	2.08
28 April 2023	2.05
31 May 2023	1.98
30 June 2023	2.10
31 July 2023	2.04
8 August 2023 (the Latest Practicable Date)	2.14

During the Relevant Period, the highest and lowest daily closing prices of the Shares as quoted on the Stock Exchange were HK\$2.65 per Share on 25 August 2022 and HK\$1.18 per Share on 14 March 2022, respectively.

4. DISCLOSURE OF INTERESTS

(a) Interests of the Directors and chief executive in the Shares or securities of the Company

Save as disclosed below, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had any interest or short position 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) which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) required, pursuant to the Model Code to be notified to the Company and the Stock Exchange; or (iv) required to be disclosed under the Takeovers Code:

(i) Long positions in the Shares

Name	Capacity	Number of Shares	Shareholding (%)
UEGL	Beneficial owner	71,500,000	7.15
UTL	Beneficial owner	58,500,000	5.85
Mr. Lin	Interest in controlled corporation (<i>Note 1</i>)	130,000,000	13.0
SSEL	Beneficial owner	50,000,000	5.0
GBGL	Beneficial owner	80,000,000	8.0
Ms. Hui	Interest in controlled corporation (<i>Note 2</i>)	130,000,000	13.0

Notes:

- Pursuant to the SFO, Mr. Lin is deemed to be interested in the 71,500,000 Shares and 58,500,000 Shares held by UEGE and UTL, respectively, both of which are wholly-owned by Mr. Lin. Mr. Lin is therefore deemed to be interested in the aggregate of 130,000,000 Shares held by UEGE and UTL under the SFO.
- Pursuant to the SFO, Ms. Hui is deemed to be interested in the 50,000,000 Shares and 80,000,000 Shares held by SSEL and GBGL, respectively, both of which are wholly owned by Ms. Hui. Ms. Hui is therefore deemed to be interested in the aggregate of 130,000,000 Shares held by SSEL and GBGL under the SFO.

(b) Interests of the substantial Shareholders in the Shares or securities of the Company

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, save as disclosed below, there was no persons (other than the Directors or chief executive of the Company) who had, or were deemed or taken to have, an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or held any option in respect of such capital:

Name	Capacity	Number of Shares	Shareholding (%)
Purchaser	Beneficial owner	490,000,000 (L)	49.0
China Merchants Holdings (Hong Kong) Co. Ltd	Interest of controlled corporation (<i>Note 1</i>)	490,000,000 (L)	49.0
China Merchants Steam Navigation Company Limited	Interest of controlled corporation (<i>Note 1</i>)	490,000,000 (L)	49.0
CMG	Interest of controlled corporation (<i>Note 1</i>)	490,000,000 (L)	49.0

Note:

- As at the Latest Practicable Date, the Purchaser was controlled as to 100% by China Merchants Holdings (Hong Kong) Co. Ltd, which was controlled as to 100% by China Merchants Steam Navigation Company Limited. China Merchants Steam Navigation Company Limited was controlled as to 100% by CMG. Under the SFO, CMG, China Merchants Steam Navigation Company Limited and China Merchants Holdings (Hong Kong) Co. Ltd were deemed to be interested in the Shares in which the Purchaser was interested in.

5. SHAREHOLDINGS

As at the Latest Practicable Date,

- (i) the Company did not hold any interest in the shares, convertible securities, warrants, options or derivatives of the Offeror or the Purchaser;
- (ii) save as disclosed in the paragraph headed “4. Disclosure of Interests” in this appendix, none of the Directors had any interest in the Shares, convertible securities, warrants, options or derivatives of the Company;
- (iii) save for Ms. Hui, none of the Directors had any interest in the shares, convertible securities, warrants, options or derivatives of the Offeror or the Purchaser;
- (iv) none of the subsidiaries of the Company, pension funds of the Company or of any member of the Group or a person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” or who is an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code had owned or controlled any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company;
- (v) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of acting in concert or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of associate;
- (vi) no Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company were managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company and no such person had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company; and
- (vii) none of the Company nor any Directors had borrowed or lent any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company.

6. DEALINGS IN SECURITIES

During the Relevant Period,

- (i) the Company had not dealt for value in any shares, convertible securities, warrants, options or derivatives of the Offeror or the Purchaser;
- (ii) save for the Acquisition, none of the Directors has dealt for value in the Shares, convertible securities, warrants, options or derivatives of the Company; and

- (iii) none of the Directors has dealt for value in the shares, convertible securities, warrants, options or derivatives of the Offeror or the Purchaser.

During the Share Offer Period and up to the Latest Practicable Date,

- (i) none of the subsidiaries of the Company, pension funds of the Company or of any member of the Group or any advisers to the Company or persons who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of acting in concert or who is an associate of the Company by virtue of class (2) of the definition of associate under the Takeovers Code but excluding exempt principal traders and exempt fund managers (as defined under the Takeovers Code) had dealt for value in any of the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;
- (ii) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of acting in concert or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of associate, and hence no such person had dealt for value in the Shares; and
- (iii) no fund manager connected with the Company who manage shareholdings in the Company on a discretionary basis, and hence no such person had dealt for value in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

7. ARRANGEMENTS AFFECTING AND RELATING TO DIRECTORS

As at the Latest Practicable Date:

- (a) no benefit (other than statutory compensation) would be given to any Director as compensation for loss of office or otherwise in connection with the Share Offer;
- (b) there was no agreement or arrangement between any Director and any other person which was conditional on or dependent upon the outcome of the Share Offer or otherwise connected with the Share Offer;
- (c) there was no material contract entered into by the Offeror in which any Director had a material personal interest; and
- (d) save for the Sale and Purchase Agreement, there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (1) any Shareholder and (2) the Company, its subsidiaries or associated Companies.

8. SERVICE CONTRACTS OF DIRECTORS

As at the Latest Practicable Date, none of the Directors had any existing or proposed 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 within 6 months before the commencement of the Share Offer Period;
- (b) were continuous contracts with a notice period of 12 months or more; or
- (c) were fixed term contracts with more than 12 months to run irrespective of the notice period.

9. MATERIAL CONTRACTS

No contracts which are or may be material (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by any member of the Group) have been entered into by the members of the Group after the date two (2) years before the commencement of the Share Offer Period and up to and including the Latest Practicable Date.

10. MATERIAL LITIGATION

As at the Latest Practicable Date, neither the Company nor any subsidiary in the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance or may become a party, is known to the Directors to be pending or threatened against either the Company or any other company in the Group.

11. EXPERTS' QUALIFICATION AND CONSENT

The following are the names and qualifications of the experts who have given its letter/opinion which is contained in this Composite Document:

Name	Qualification
Somerley	a corporation licensed by SFC to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
LCH (Asia-Pacific) Surveyors Limited	an independent property valuer

Each of the above experts 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, report, and/or references to its name in the form and context in which it appears.

12. MISCELLANEOUS

- a. The principal place of business of the Company in Hong Kong is at 11th Floor, C-Bons International Center, No. 108 Wai Yip Street, Kowloon, Hong Kong. The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- b. The company secretary of the Company is Mr. Ko Wilson Wai Shun, is a member of the Law Society of Hong Kong, and was admitted as a solicitor of the High Court in Hong Kong.
- c. The address of the Registrar is Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- d. The registered office of Somerley is at 20/F, China Building, 29 Queen's Road Central, Hong Kong.
- e. The English texts of this Composite Document and the **WHITE** Form of Acceptance and Transfer shall prevail over the Chinese translations in the case of inconsistency.

13. DOCUMENTS ON DISPLAY

A copy of the following documents will be available for inspection (i) on the website of the SFC (<https://www.sfc.hk>); and (ii) on the website of the Company (<https://www.bestmart360.com>) during the period from the date of this Composite Document up to and including the Closing Date:

- a) the memorandum and articles of association of the Company;
- b) the annual reports of the Company for the three years ended 31 March 2021, 31 March 2022 and 31 March 2023;
- c) the letter from Lego Securities as set out on pages 8 to 22 of this Composite Document;
- d) the letter from the Board, the text of which is set out on pages 23 to 28 of this Composite Document;
- e) the letter from the Independent Board Committee, the text of which is set out on pages 29 to 30 of this Composite Document;
- f) the letter from Somerley, the text of which is set out on pages 31 to 56 of this Composite Document;
- g) the letter and full property valuation report of the Group prepared by LCH (Asia-Pacific) Surveyors Limited, a summary of which is set out in Appendix III to this Composite Document.
- h) the written consents referred to in the paragraph headed "11. Experts' qualification and consent" in this appendix; and
- i) this Composite Document and the accompanying **WHITE** Form of Acceptance and Transfer.

1. RESPONSIBILITY STATEMENT

The sole director of the Offeror accepts full responsibility for the accuracy of information contained in this Composite Document (other than those relating to the Group and the Purchaser) and confirms, having made all reasonable inquiries, that to the best of her knowledge, opinions expressed in this Composite Document (other than those expressed by the directors of the Purchaser and the Directors acting in their capacity as 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.

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

2. DISCLOSURE OF INTERESTS IN SHARES

As at the Latest Practicable Date, the Offeror, the Purchaser and parties acting in concert with any of them held 750,000,000 Shares, representing 75% of the total issued share capital of the Company.

Save as disclosed above, as at the Latest Practicable Date, none of the Offeror, the Purchaser and parties acting in concert with any of them is interested in any Shares or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company.

3. DEALINGS IN THE COMPANY'S SECURITIES

As at the Latest Practicable Date, the Company does not have in issue any warrants, options, derivatives, convertible securities or other securities convertible into Shares.

The Offeror and the Purchaser confirm that, as at the Latest Practicable Date, they and parties acting in concert with any of them held 750,000,000 Shares in aggregate, representing 75% of the total issued share capital of the Company. Please see the paragraph headed "The Share Offer" in the "Letter from Lego Securities" in this Composite Document. Save as aforesaid, as at the Latest Practicable Date, the Offeror, the Purchaser and parties acting in concert with any of them did not hold, control or have direction over any Shares or hold any convertible securities, warrants, options or derivatives in respect of the Company.

Save for the Sale Shares, the Offeror, the Purchaser and parties acting in concert with any of them have not dealt for value in any Shares or any options, warrants, derivatives or securities convertible into Shares during the Relevant Period.

4. ARRANGEMENTS IN CONNECTION WITH THE SHARE OFFER

As at the Latest Practicable Date,

- (a) none of the Directors had been given any benefit as compensation for loss of office or otherwise in connection with the Share Offer;
- (b) save for the Share Charge Agreement, no agreement, arrangement or understanding (including any compensation arrangement) existed between the Offeror, the Purchaser and parties acting in concert with any of them and any of the Directors or recent Directors, Shareholders or recent Shareholders having any connection with or was dependent upon the outcome of the Share Offer;
- (c) no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code had been entered into between the Offeror, the Purchaser and parties acting in concert with any of them and/or associates of the Offeror and the Purchaser on the one hand and any other person on the other;
- (d) no person who owned or controlled Shares, options or convertible securities, warrants, options or derivatives in respect of Shares had irrevocably committed themselves to accept or reject the Share Offer;
- (e) there were no Shares, options or convertible securities, warrants, options or derivatives in respect of Shares which the Offeror, the Purchaser and parties acting in concert with any of them had borrowed or lent;
- (f) since the Share Offer is unconditional in all respects, there was no agreement or arrangement to which the Offeror, the Purchaser and parties acting in concert with any of them was a party which related to the circumstances in which it might or might not invoke or seek to invoke a condition to the Share Offer;
- (g) save for the Sale and Purchase Agreement, there is no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Offeror, the Purchaser and parties acting in concert with any of them on the one hand and Vendors and parties acting in concert with the Vendors on the other hand;
- (h) save for the Shares that will be sold by the Offeror to restore the public float of the Company under the Sale and Purchase Agreement, the Offeror had no intention to transfer, charge or pledge any Shares acquired pursuant to the Share Offer to any other persons and had no agreement, arrangement or understanding with any third party to do so;
- (i) save for the Total Consideration paid by the Purchaser to the Vendors, there is no other consideration, compensation, or benefit in whatever form that has been or will be paid by the Purchaser to the Vendors and parties acting in concert with any Vendor in connection to the sale and purchase of the Sale Shares;

- (j) save for the Sale and Purchase Agreement, there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (1) any Shareholder and (2) the Offeror or the Purchaser; and
- (k) save as the Sale Shares, none of the Offeror, the Purchaser or parties acting in concert with any of them had dealt in the Shares, options, derivatives, warrants or other securities convertible into Shares during the six-month period prior to and up to the Latest Practicable Date.

5. MISCELLANEOUS

- (a) The Offeror is a limited liability company formed in the British Virgin Islands. The registered office of the Offeror is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands.
- (b) The Purchaser is a limited liability company formed in Hong Kong. The registered office of the Purchaser is situated at 27th Floor, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.
- (c) The Offeror is wholly owned by Ms. Hui. The correspondence address of Ms. Hui is 11th Floor, C-Bons International Center, No. 108 Wai Yip Street, Kowloon, Hong Kong.
- (d) The Purchaser is a wholly-owned subsidiary of CMG. CMG is a state wholly-owned enterprise established under the laws of the PRC on 14 October 1986 under the direct control of the SASAC. The registered address of CMG is at Block A, 5/F, China Merchants Tower, No. 118 Jianguo Road, Chaoyang District, Beijing, China.
- (e) The registered office of Lego Corporate Finance is situated at Room 1601, 16/F, China Building, 29 Queen's Road Central, Hong Kong.
- (f) The registered office of Lego Securities is situated at Room 301, 3/F, China Building, 29 Queen's Road Central, Hong Kong.
- (g) The registered office of CMS is at 48/F, One Exchange Square, Central, Hong Kong.
- (h) The principal members of the parties acting in concert with the Offeror and the Purchaser are CMG, Ms. Hui and Mr. Lin.
- (i) The correspondence address of Mr. Lin is at 11th Floor, C-Bons International Center, No. 108 Wai Yip Street, Kowloon, Hong Kong.
- (j) The sole director of the Offeror is Ms. Hui, and her correspondence address is at 11th Floor, C-Bons International Center, No. 108 Wai Yip Street, Kowloon, Hong Kong.
- (k) The directors of the Purchaser are Mr. Li Yadong, Mr. Li Guanpeng, Mr. Cao Jieshui, Mr. Fan Duanwei, Mr. Li Xiaofei, Ms. Luo Li and Mr. Wong For Yam.

6. CONSENT AND QUALIFICATIONS OF EXPERT

The following is the qualifications of the expert who have given its report, opinion or advice which are contained in this Composite Document:

Name	Qualification
Lego Securities Limited	a corporation licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO

Lego Securities has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of its opinions, recommendations, letter of advice and all references to its name in the form and context in which they appear.

7. DOCUMENTS ON DISPLAY

Copies of the following documents are published on the websites of the SFC (<https://www.sfc.hk>) and the Company (<https://www.bestmart360.com>) from the date of this Composite Document up to and including the Closing Date:

- (a) the Letter from Lego Securities, the text of which is set out on pages 8 to 22 of this Composite Document;
- (b) the written consent of the expert as referred to under the paragraph headed “6. Consent and qualifications of expert” in this appendix;
- (c) the Sale and Purchase Agreement; and
- (d) this Composite Document and the accompanying **WHITE** Form of Acceptance and Transfer.